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* IN THE HIGH COURT OF DELHI AT NEW DELHI

Judgment delivered on: 02.04.2024

+ W.P.(C) 4689/2024 & CM APPL. 19233-34/2024

CANARA BANK

..... Petitioner

versus

ASSISTANT COMMISSIONER, DGST

..... Respondent

Advocates who appeared in this case:

For the Petitioner:	Mr. G. Shivadass, Senior Advocate with Mr. Prashanth Shivadass, Mr. Devashish Marwah, Mr. Rishabh and Mr. Sampath, Advocates
For the Respondents:	Mr. Rajiv Aggarwal, ASC with Ms. Samridhi Vats, Advocate

CORAM:-

HON'BLE MR. JUSTICE SANJEEV SACHDEVA

HON'BLE MR. JUSTICE RAVINDER DUDEJA

JUDGMENT

SANJEEV SACHDEVA, J. (ORAL)

1. Petitioner impugns order dated 26.12.2023, whereby the impugned Show Cause Notice dated 25.09.2023, proposing a demand of Rs.20,07,15,517.00 against the Petitioner has been disposed of and a demand including penalty has been raised against the Petitioner. The order has been passed under Section 73 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as the Act).

2. Learned counsel for Petitioner submits that Petitioner had filed



a detailed reply dated 19.10.2023, however, the impugned order dated 26.12.2023 does not take into consideration the reply submitted by the Petitioner and is a cryptic order.

3. Perusal of the Show Cause Notice shows that the Department has given separate headings i.e., excess claim Input Tax Credit [“ITC”]; under declaration of ineligible ITC; ITC be reversed on non-business transactions and exempt supplies; under declaration of ineligible ITC and ITC claimed from cancelled dealers, return defaulters and tax nonpayers. To the said Show Cause Notice, a detailed reply was furnished by the petitioner giving full disclosures under each of the heads.

4. The impugned order, however, after recording the narration, records that the reply uploaded by the taxpayer is incomplete, not duly supported by adequate documents, not clear and unsatisfactory. It merely states that *“On the basis of reply uploaded by the taxpayer, it has been observed that the same is incomplete, not duly supported by adequate documents and unable to clarify the issue. As such, taxpayer is not entitled to get benefit on the basis of its plain reply which is not supported with proper calculations/reconciliation and relevant documents. Since, the reply filed is not clear and satisfactory, the demand of tax and interest conveyed via DRC-01 is confirmed, with the direction to deposit the amount mentioned in DRC- 07 within one*



month from the date of receipt of this demand notice, failing which recovery proceedings u/s 79 of CGST Act will be initiated and the actions as per law will be initiated without further reference.” The Proper Officer has opined that the reply is not clear and unsatisfactory.

5. The observation in the impugned order dated 26.12.2023 is not sustainable for the reasons that the reply dated 19.10.2023 filed by the Petitioner is a detailed reply. Proper Officer had to at least consider the reply on merits and then form an opinion. He merely held that the reply is incomplete, not clear and unsatisfactory which *ex-facie* shows that Proper Officer has not applied his mind to the reply submitted by the petitioner.

6. Further, if the Proper Officer was of the view that any further details were required, the same could have been specifically sought from the Petitioner. However, the record does not reflect that any such opportunity was given to the Petitioner to clarify its reply or furnish further documents/details.

7. In view of the above, the order cannot be sustained, and the matter is liable to be remitted to the Proper Officer for re-adjudication. Accordingly, the impugned order dated 26.12.2023 is set aside and the matter is remitted to the Proper Officer for re-adjudication.



8. As noticed hereinabove, the impugned order records the reply furnished by the Petitioner is incomplete, not duly supported by adequate documents, not clear and unsatisfactory. Proper Officer is directed to intimate to the petitioner details/documents, as maybe required to be furnished by the petitioner. Pursuant to the intimation being given, petitioner shall furnish the requisite explanation and documents. Thereafter, the Proper Officer shall re-adjudicate the Show Cause Notice after giving an opportunity of personal hearing and shall pass a fresh speaking order in accordance with law within the period prescribed under Section 75(3) of the Act.

9. It is clarified that this Court has neither considered nor commented upon the merits of the contentions of either party. All rights and contentions of parties are reserved.

10. The challenge to Notification No. 9 of 2023 with regard to the initial extension of time is left open.

11. Petition is disposed of in the above terms.

SANJEEV SACHDEVA, J

APRIL 2, 2024/'rs'

RAVINDER DUDEJA, J