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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

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Date of Decision : 16.07.2024+ **W.P.(C) 9414/2024****M/S VK TRADERS**

.....Petitioner

Through: Mr.Pranay Jain and Mr.Karan Singh,
Advocates.

versus

**ASSISTANT COMMISSIONER OF CENTRAL GOODS AND
SERVICE TAX, MANDOLI DIVISION, EAST DELHI**

.....Respondent

Through: Mr.Aditya Singla, SSC and
Ms.Saakshi Garg, Advocates.**CORAM:****HON'BLE MR. JUSTICE VIBHU BAKHRU****HON'BLE MR. JUSTICE SACHIN DATTA****VIBHU BAKHRU, J. (ORAL)**

1. The petitioner has filed the present petition, *inter alia*, praying that directions be issued to the respondent to restore its Goods and Services Tax Identification (GSTIN) – No.07EEKPK9881K1ZL which was cancelled in terms of the cancellation order dated 29.05.2024 (hereafter *the impugned cancellation order*).

2. The petitioner was registered with the GST authorities on 01.11.2023. The respondent proposed to cancel the GST registration and accordingly, issued the show cause notice dated 29.03.2024 (hereafter *the impugned SCN*). The only reason specified in the impugned SCN for proposing to



cancel the petitioner's GST registration reads as under :-

“1 Non compliance of any specified provisions in the GST Act or the Rules made thereunder as may be prescribed”

3. The petitioner was called upon to furnish the response to the impugned SCN within seven working days from the date of its receipt. The petitioner appear before the Proper Officer on 05.04.2024 at 12:32 PM and was also put to notice that if it failed to respond within the stipulated date or failed to appear for personal hearing on the appointed date and time, the case will be decided *ex parte* on the basis of available records and on merits.

4. The petitioner's GST registration was also suspended with effect from 29.03.2024 – the date of the impugned SCN.

5. The petitioner responded to the SCN claiming that it was a genuine tax payer and was ready to comply with the statutory provisions. The petitioner also uploaded a copy of the Aadhaar Card, PAN Card and Rent Agreement and requested the Proper Officer to examine all the documents. There was an obvious typographical error in the response of the petitioner in as much as it requested the Proper Officer to revoke its GST registration instead of the suspension.

6. Thereafter, the Proper Officer passed the impugned cancellation order, which mentions no reason for cancelling the petitioner's GST registration. It merely states that it is in reference to the impugned SCN. It is also material to note that the petitioner's GST registration was cancelled *ab initio* – with retrospective effect from 11.11.2023.



7. We concur with the submission that the impugned SCN and the impugned cancellation order are liable to be set aside. The impugned SCN does not contain any specific allegation other than alleging that there was non-compliance of “*any specified provision in the GST Act or the Rules made thereunder*”. The impugned SCN does not mention any specific provision, which is alleged to have been violated. It is impossible to ascertain as to which provisions of the Central Goods and Services Tax Act, 2017 (hereafter *the CGST Act*) and the Delhi Goods and Services Tax Act, 2017 (hereafter *the DGST Act*) are allegedly not complied with by the petitioner.

8. This Court has in several decisions held that such cryptic show cause notices fail to meet the requisite standards of a show cause notice. A show cause notice must clearly specify the allegations on the basis of which an adverse action is proposed. The entire object of a show cause notice is to enable the noticee to respond to such allegations and set out why the proposed adverse action should not be taken. The impugned SCN fails to clearly specify the allegations capable of eliciting any meaningful response. Such mechanical exercise of issuing the show cause notice serves little purpose.

9. It is material to bear in mind that the impugned show cause notice is issued in compliance of the principle of natural justice. A notice which fails to clearly specify the allegations effectively disables the noticee from responding to the same. It is well settled law that any order passed in violation of the natural justice is void. We are of the view that impugned SCN must suffer the same fate.



10. The impugned cancellation order is also unreasoned and fails to disclose the grounds on which the Proper Officer has cancelled the petitioner's GST registration. Therefore, apart from falling foul of the principle of natural justice, the impugned order is also liable to set aside as not being informed about any reason.

11. In view of above, the impugned SCN and impugned cancellation order are set aside.

12. It is clarified that this order will not preclude the respondent from issuing any fresh show cause notice being in accordance with law, if the Proper Officer proposes to take any action for cancellation of the petitioner's GST registration for non-compliance of any statutory provisions.

13. The petition stands allowed in the aforesaid terms.

VIBHU BAKHRU, J

SACHIN DATTA, J

JULY 16, 2024

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Click here to check corrigendum, if any