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

% *Date of Decision: 18.07.2024*

\+ **W.P.(C) 9673/2024 & CM APPL. 39749-50/2024**

JAI GURU SUDARSHAN ENTERPRISES .....Petitioner
Through: Mr.Jitin Singhal, Mr.Pravesh Bahuguna and Ms.Megha, Advocates.

versus

DELHI STATE GOODS AND SERVICES TAX & ANR. .....Respondents
Through: Mr.Rajeev Aggarwal, ASC and Mr.Shubham Goel, Advocate.

CORAM:
HON'BLE MR. JUSTICE VIBHU BAKHRU
HON'BLE MR. JUSTICE SACHIN DATTA

VIBHU BAKHRU, J. (*ORAL*)

1. Issue notice.

2. The learned counsel for the respondents accepts notice.

3. The petitioner has filed the present petition, *inter alia,* impugning the order dated 06.03.2024 (hereafter *the impugned order*), whereby the petitioner's Goods and Services Tax (GST) registration was cancelled. The impugned order was passed pursuant to the Show Cause Notice dated 07.08.2023 (hereafter *the impugned SCN*).

4. The Proper Officer had issued the impugned SCN proposing to cancel the petitioner's GST registration. The only reason stated in the impugned SCN for proposing to cancel the GST registration reads as under: -

> "1 Rule 21(e)-person avails ITC in violation of the provisions of section 16 of the Act or the rules

made thereunder"

5. The petitioner was called upon to respond to the impugned SCN within a period of seven working days from the date of the impugned SCN and was also directed to appear in person before the Proper Officer, who had issued the impugned SCN, on 16.08.2023 at 12:00 PM. The petitioner's GST registration was also suspended with effect from the date of the issuance of the impugned SCN.

6. It is apparent from the impugned SCN that it does not clearly reflect the reasons for proposing the adverse action of cancellation of the GST registration of the petitioner. It merely suggests that the petitioner had availed Input Tax Credit (ITC) in violation of the provision of Section 16 of the Central Goods and Services Tax Act, 2017 (hereafter *the CGST Act*)/ Delhi Goods and Services Tax Act, 2017 (hereafter *the DGST Act*) or the rules made thereunder. However, the impugned SCN does not provide any the details regarding wrongful availment of ITC. It provides no clue as to how the provisions of Section 16 of the CGST Act/DGST Act are violated. Thus, in effect, the impugned SCN does not provide any intelligible reasons for proposing cancellation of the petitioner's GST registration.

7. The purpose of a show cause notice is to enable the noticee to respond to the allegations on the basis of which the adverse action is proposed. It is, thus, necessary that the show cause notice must clearly specify the allegations along with necessary details for eliciting a meaningful response. Bereft of any details, the noticee is left clueless as to the case, which he is required to meet. In the event the petitioner desires to contest the notice, the only response that he could give is that he has not

violated the provisions of Section 16 of the CGST Act/ DGST Act. Plainly, that would be of little assistance to the respondent.

8. The impugned order also does not provide any reason for cancelling the petitioner's GST registration except to say that it is in reference to the impugned SCN.

9. It is also material to note that the GST registration of the petitioner has been cancelled with retrospective effect, that is, from 02.07.2017. However, the impugned SCN did not mention any such proposed action.

10. It is apparent that the impugned order has been passed in violation of the principles of natural justice.

11. In view of the above, the impugned SCN and the impugned order are set aside. The petitioner's GST registration is directed to be restored forthwith.

12. It is clarified that the respondents are not precluded from initiating any fresh action for cancellation of the petitioner's GST registration for non-compliance of the statutory provision, *albeit,* in accordance with law.

13. The petition stands disposed of in the aforesaid terms. Pending applications also stand disposed of.

VIBHU BAKHRU, J

SACHIN DATTA, J

JULY 18, 2024

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