



**IN THE HIGH COURT OF PUNJAB & HARYANA
AT CHANDIGARH**

(Sr. No. 140)

CWP No. 8055 of 2026

Date of decision: 01.04.2026

M/s AMC Trade Link

.....Petitioner

Versus

State of Punjab and others

.....Respondents

CORAM : HON'BLE MR. JUSTICE DEEPAK SIBAL

HON'BLE MS. JUSTICE LAPITA BANERJI

Present : Mr. Sandeep Goyal, Senior Advocate with
Mr. Rishab Singla, Advocate for the petitioner.
Mr. Saurabh Kapoor, Addl. A. G., Punjab.

* * *

DEEPAK SIBAL, J. (Oral)

(1) The respondent - revenue authorities served upon the petitioner a notice dated 14.01.2026 requiring the petitioner to show cause as to why its GST registration be not cancelled. To the said show cause notice, the petitioner filed replies/additional replies dated 27.01.2026, 19.02.2026 and 20.02.2026. On 20.02.2026, at 12:00 noon, the petitioner received another notice, through registered post, through which the petitioner was informed that the earlier notice sent to the petitioner dated 14.01.2026 be treated as a notice as to why its GST registration may not be cancelled retrospectively. At 07:00 p.m. on the same day i.e. 20.02.2026, the impugned order was passed cancelling the petitioner's GST registration with retrospective effect.

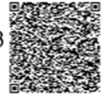


(2) Through this petition the petitioner challenges order dated 20.02.2026 cancelling its GST registration with retrospective effect on the ground that the initial notice served upon the petitioner dated 14.01.2026 did not put the petitioner to notice that its GST registration was sought to be cancelled retrospectively and that the subsequent notice dated 17.02.2026, physically received by the petitioner through registered post on 20.02.2026, at 12:00 noon, through which the petitioner was, for the first time, put to notice that its GST registration was sought to be retrospectively cancelled, did not grant the petitioner adequate time to respond in terms of Rule 22 of the Central Goods and Services Tax Rules, 2017 (for short – the 2017 Rules). In support of its case, learned counsel for the petitioner places reliance on a Division Bench judgment of this Court dated 20.02.2026 passed in ***CWP No.16770 of 2024 – M/s Bansal Casting Vs. Union of India and another.***

(3) Learned State counsel, who appears on advance notice, submitted that in addition to the aforesaid two notices dated 14.01.2026 and 17.02.2026, the petitioner was also sent an e-mail dated 17.02.2026 through which the petitioner was also put to notice that its GST registration is sought to be cancelled retrospectively and therefore, the petitioner's claim that the impugned order dated 20.02.2026 is in violation of principles of natural justice is misconceived.

(4) Learned counsel for the parties have been heard.

(5) In ***M/s Bansal Casting's*** case (supra) a Division Bench of this Court held as under :-



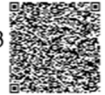
“13. Undoubtedly, there is a provision for retrospective cancellation of registration in terms of Section 29 of CGST Act, subject to the provisions as contained therein. It is apposite to note that while such power of retrospective cancellation of registration is definitely conferred, it is apparent that such action can be taken only upon existence of specific contingencies and that an order under Section 29(2) of CGST Act must definitely reflect the reasons for such cancellation with retrospective effect. Furthermore, it is a basic, accepted and settled principle that concerned authority is enjoined upon to put the assessee to notice of the action which is intended to be taken and reasons or the premise on which such action is sought to be taken. Hon'ble the Supreme Court in *ORYX Fisheries Pvt. Ltd. Vs. Union of India and others*, 2010(13) SCC 427, has held as under:-

"24. It is well settled that a quasi-judicial authority, while acting in exercise of its statutory power must act fairly and must act with an open mind while initiating a show cause proceeding. A show cause proceeding is meant to give the person proceeded against a reasonable opportunity of making his objection against the proposed charges indicated in the notice.

14. Thus a show cause notice must contain the basic grounds or premises on which action is sought to be taken. In the present matters, it was incumbent upon authorities to have put petitioners to notice about the proposal to take action against them with retrospective effect and supply or at least mention the material on which reliance was placed. Moreover, once mentioned in show cause notice itself, that supporting documents are attached, such material should have been supplied to petitioners.

15. Delhi High Court in the case of ***Riddhi Siddhi Enterprises Vs. Commissioner of Goods and Service Tax (CGST), South Delhi***, (2024) 167 taxmann.com 302 (Delhi), observed as under:-

"As is manifest from a reading of Section 29, clauses (a) to (e) of Section 29(2) constitute independent limbs on the basis of which a registration may warrant cancellation. While the provision does enable the respondents to cancel that registration with retrospective effect, the mere existence or conferral of that power would not justify a revocation of registration. The order under Section 29(2) must itself reflect the reasons which may have weighed upon the respondents to cancel registration with retrospective effect. Given the deleterious consequences which would ensue and accompany



a retroactive cancellation makes it all the more vital that the order be reasoned and demonstrative of due application of mind. It is also necessary to observe that the mere existence of such a power would not in itself be sufficient to sustain its invocation. What we seek to emphasise is that the power to cancel retrospectively can neither be robotic nor routinely applied unless circumstances so warrant. When tested on the aforesaid precepts it becomes ex facie evident that the impugned order of cancellation cannot be sustained."

16. *In all the present writ petitions, it is a matter of record that there is no proposal whatsoever for retrospective cancellation of petitioners' registration in the show cause notice(s) which were issued. Relevant portion of Show Cause Notices in the three writ petitions read as under:-*

17.1 *xx xx xx xx xx*

17.2 *xx xx xx xx xx*

17.3 *xx xx xx xx xx*

18. *There is no gain saying that power to cancel GST registration cannot be exercised by authorities in a mechanical or routine manner. Reasons thereof necessarily have to be detailed in the show cause notice, which in the present case(s) are admittedly missing. Apart from the fact that there is no proposal for retrospective cancellation of registration, it is to be noted that in show cause notices issued in all these petitions there is a recital that reference can be made to supportive documents attached for specific details. However, it has been affirmed and verified by learned counsel for respondents that no such supportive documents were uploaded or supplied to petitioners. Petitioners cannot be put to peril in such a manner and be expected to put up an effective defence in the absence of entire relevant material, on the basis of which proceedings are being initiated.*

19. *It is further to be noted that impugned orders of cancellation apart from proceeding to cancel petitioners' registration with retrospective effect without there being such a proposal are indeed cryptic. It is reiterated that there is no bar to cancel registration of a given entity/person with retrospective effect, however, due notice thereof should be given and cancellation can be given retrospective effect in case required circumstances are found to be established. Appropriate authority necessarily has to consider the*



facts, circumstances, material on record and arrive at a specific conclusion in this regard. This consideration should be so reflected in the order. Due process has to be followed. In some of the orders no reason for cancellation is given or said reason is a mere reproduction of the cryptic ground in the show cause notice. A bare perusal of these orders displays total non-application of mind by the authority. Attempt by respondents in some of the cases to justify passing of impugned orders, for reasons mentioned in the written statement/reply are of no avail because such grounds should have been reflected in the impugned order itself. It is not open to respondent-authorities to support the impugned non-speaking orders by reasons now mentioned in the written statement(s). Relevant portion of the impugned orders of cancellation in these petitions reads as under:-

19.1 xx xx xx xx xx

19.2 xx xx xx xx xx

19.3 xx xx xx xx xx”

(6) Thus, this Court has categorically held that retrospective cancellation of GST registration can be resorted to but only after the assessee is served with a specific show cause notice in this regard.

(7) Notice dated 14.01.2026, initially served upon the petitioner was not pertaining to retrospective cancellation of the petitioner’s GST registration. Notice dated 17.02.2026, which was received by the petitioner, through registered post on 20.02.2026 *i.e.* the day on which the impugned order was passed and the e-mail dated 17.02.2026, received by the petitioner on 17.02.2026 also cannot come to the aid of the respondent-State because it is clearly specified in Rule 22 of the 2017 Rules that the show cause notice for cancellation of an assessee’s registration should give the assessee at least 07 working days to respond. Rule 22 of the 2017 Rules is reproduced below for ready reference :-



“22. Cancellation of registration. - (1) Where the proper officer has reasons to believe that the registration of a person is liable to be cancelled under section 29, he shall issue a notice to such person in FORM GST REG-17, requiring him to show cause, within a period of seven working days from the date of the service of such notice, as to why his registration shall not be cancelled.

(2) The reply to the show cause notice issued under sub-rule (1) shall be furnished in FORM REG-18 within the period specified in the said sub-rule.

(3) Where a person who has submitted an application for cancellation of his registration is no longer liable to be registered or his registration is liable to be cancelled, the proper officer shall issue an order in FORM GST REG-19, within a period of thirty days from the date of application submitted under [sub-rule (1) of] rule 20 or, as the case may be, the date of the reply to the show cause issued under sub-rule (1), [or under sub-rule (2A) of rule 21A] cancel the registration, with effect from a date to be determined by him and notify the taxable person, directing him to pay arrears of any tax, interest or penalty including the amount liable to be paid under sub-section (5) of section 29.

(4) Where the reply furnished under sub-rule (2) [or in response to the notice issued under sub-rule(2A) of rule 21A] is found to be satisfactory, the proper officer shall drop the proceedings and pass an order in FORM GST REG -20:

[Provided that where the person instead of replying to the notice served under sub-rule (1) for contravention of the provisions contained in clause (b) or clause (c) of sub-section (2) of section 29, furnishes all the pending returns and makes full payment of the tax dues along with applicable interest and late fee, the proper officer shall drop the proceedings and pass an order in FORM GST-REG 20]

(5) The provisions of sub-rule (3) shall, *mutatis mutandis*, apply to the legal heirs of a deceased proprietor, as if the application had been submitted by the proprietor himself.”

(8) In the case in hand, no notice with regard to retrospective cancellation of GST registration was served on the petitioner giving it 07 working days to respond. Therefore, the action of the respondents in



retrospectively cancelling of the petitioner's GST registration is violative of Rule 22 of the 2017 Rules. Resultantly, order dated 20.02.2026 is set aside. However, liberty is granted to the State-authorities to proceed against the petitioner for retrospective cancellation of its GST registration, in accordance with law.

(9) The prayer made in this petition with regard to challenge of the vires of Section 21(2) is kept open to be decided in an appropriate case.

(10) Disposed of.

(DEEPAK SIBAL)
JUDGE

01.04.2026
sunil yadav

(LAPITA BANERJI)
JUDGE

Whether speaking/reasoned : Yes / No

Whether reportable : Yes / No