

## **Orders to be set aside in cases wherein the Reason for Cancellation of GST**

### **Registration is not mentioned**

The Hon'ble Delhi High Court in the case of *M/s. VAB Apparel LLP v. Commissioner, Delhi GST and Ors [W.P.(C) 13642/2023 dated November 10, 2023]* held that without specifying any particular reason and explanation for the cancellation of GST Registration by means of fraud, wilful misstatement or suppression, also there is no explanation as to why the buyers and suppliers have been found to be suspicious. Merely because the Petitioner's shop was found closed, absent anything more, is not a ground for cancellation of the Petitioner's GST registration. Thus, the impugned order is set aside, the Respondents have been directed to restore the GST Registration and the writ petition stands disposed of.

#### **Facts:**

M/s. VAB Apparel LLP ("**the Petitioner**") received a Show Cause Notice ("**the SCN**") dated May 19, 2022, for cancellation of the GST Registration, with effect from March 03, 2018, for the reason that the Petitioner obtained registration by fraud, wilful misstatement, or suppression of facts. And GST Registration was suspended with effect from the date of issuance of the SCN. Thereafter, the Revenue Department ("**the Respondent**") without waiting for a reply against the SCN from the Petitioner, issued the Order dated May 23, 2022 ("**the Impugned Order**").

The reasons stated in the Impugned Order are that the Petitioner's response to the query was not proper; no documentary evidence had been produced by the taxpayer; and none had appeared for a personal hearing. The Impugned Order neither refers to any fraud that was found to have been committed by the petitioner nor mentions any misstatement allegedly made by the Petitioner.

Hence, aggrieved by the Impugned Order, the Petitioner filed a writ petition before the Hon'ble Delhi High Court for quashing and setting aside the impugned order.

**Issue:**

Whether the GST registration be cancelled, without specifying the reason and explanation in the SCN?

**Held:**

The Hon'ble Delhi High Court in the case of ***W.P.(C) 13642/2023*** held as under:

- Observed that, the Impugned Order neither refers to any fraud that was found to have been committed by the petitioner nor mentions any misstatement allegedly made by the Petitioner.
- Opined that, there is no explanation as to why the buyers and suppliers have been found to be suspicious. Merely because the Petitioner's shop was found closed, absent anything more, is not a ground for cancellation of Petitioner's GST registration.
- Directed that, the Respondent to restore the GST Registration forthwith.
- Held that, the Impugned Order is to be set aside and the writ petition is allowed.

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