

Order to cancel GST registration without specifying reason is not sustainable

The Hon'ble Delhi High Court in ***Singla Exports v. Central Board of Indirect Taxes and Customs & Ors [W.P.(C) 2732 of 2023 dated August 09, 2023]*** quashed the GST registration cancellation order by holding that the auto generated order which does not specify reason for cancellation cannot be sustained.

Facts:

M/s. Singla Exports ("**the Petitioner**") decided to discontinue the business operations. Accordingly, the Petitioner filed an application for cancellation of its GST Registration with effect from April 30, 2022.

The Revenue Department issued a SCN dated May 05, 2022 ("**the Impugned SCN**") to the Petitioner seeking documents and details from the Petitioner.

The Revenue Department did not process the Petitioner's application on the ground that the Petitioner had not responded to the Impugned SCN seeking further documents and details.

Thereafter the Revenue Department vide the Order dated June 10, 2022 ("**the Impugned Order**") cancelled the GST Registration of the Petitioner w.e.f. July 02, 2017.

Aggrieved by the Impugned Order the Petitioner filed writ before the Hon'ble Delhi High Court.

Issue:

Whether the GST registration can be cancelled without mentioning proper reason in Registration cancellation Order?

Held:

The Hon'ble Delhi High Court in ***W.P.(C) 2732 of 2023*** held as under:

- Stated that, it is settled law that the SCN must specify the reasons for the proposed action so as to enable the Noticee to respond to the same.
- Noted that, the Impugned SCN was incapable of eliciting any meaningful response. Plainly, the Impugned order passed pursuant to the Impugned SCN cannot be sustained for the same reason. The only reason provided in the Impugned order for cancelling the Petitioner's GST registration is that the petitioner had not submitted any response to the Impugned SCN and not attended the personal hearing.
- Observed that, the Impugned Order does not indicate the alleged statutory violations on account of which the petitioner's GST registration was cancelled and it is not an undisputed fact that no notice of personal hearing was communicated to the Petitioner.
- Set aside the Impugned Order.
- Remanded the matter to the Revenue Department to consider afresh and directed, the Petitioner to file documents in response to the SCN dated May 17, 2022 within a period of two weeks.



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