



\$~93

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

Date of decision: 07th May, 2025

+ **W.P.(C) 548/2025 & CM APPL. 2489/2025**

M/S. SHUDH HOSPITALITY PRIVATE LIMITED

.....Petitioner

Through: Mr. Akshay Allagh, Adv.

versus

**GOODS AND SERVICE TAX OFFICER WARD- 44, DELHI
DEPARTMENT OF TRADE AND TAXES, GOVERNMENT OF
N.C. T. OF DELHI & ANR.**

.....Respondents

Through: Mr. K. G. Gopalakrishnan
Mr. Lalitaksh Joshi & Ms. Ananya
Sanjiv Saraori, Advs.

CORAM:

JUSTICE PRATHIBA M. SINGH

JUSTICE RAJNEESH KUMAR GUPTA

Prathiba M. Singh, J. (Oral)

1. This hearing has been done through hybrid mode.
2. The present petition has been filed by the Petitioner – M/s Shudh Hospitality Private Limited under Article 226 of the Constitution of India *inter alia* challenging the Show Cause Notice (*hereinafter, 'the SCN'*) dated 24th September, 2023 issued by the Sales Tax Officer Class II/AVATO, Delhi (*hereinafter, the 'Sales Tax Officer'*) as also the consequent order dated 30th December, 2023 passed by the Sales Tax Officer (*hereinafter, 'the impugned order'*).
3. The petition also challenges the *vires* of **Notification No. 56/2023-Central Tax dated 28th December, 2023** and **Notification No. 9/2023-**



Central Tax dated 31st March, 2023 (hereinafter, ‘impugned notifications’).

4. The validity of the impugned notifications was under consideration before this Court in a batch of petitions with the lead petition being ***W.P.(C) 16499/2023*** titled ‘***DJST Traders Pvt. Ltd. vs. Union of India and Ors.***’. In the said batch of petitions, on 22nd April, 2025, the parties were heard at length *qua* the validity of the impugned notifications and accordingly, the following order was passed:

“4. *Submissions have been heard in part. The broad challenge to both sets of Notifications is on the ground that the proper procedure was not followed prior to the issuance of the same. In terms of Section 168A, prior recommendation of the GST Council is essential for extending deadlines. In respect of Notification no.9, the recommendation was made prior to the issuance of the same. However, insofar as Notification No. 56/2023 (Central Tax) the challenge is that the extension was granted contrary to the mandate under Section 168A of the Central Goods and Services Tax Act, 2017 and ratification was given subsequent to the issuance of the notification. The notification incorrectly states that it was on the recommendation of the GST Council. Insofar as the Notification No. 56 of 2023 (State Tax) is concerned, the challenge is to the effect that the same was issued on 11th July, 2024 after the expiry of the limitation in terms of the Notification No.13 of 2022 (State Tax).*

5. *In fact, Notification Nos. 09 and 56 of 2023 (Central Tax) were challenged before various other High Courts. The Allahabad Court has upheld the validity of Notification no.9. The Patna High Court has upheld the validity of Notification no.56. Whereas, the*



Guwahati High Court has quashed Notification No. 56 of 2023 (Central Tax).

6. *The Telangana High Court while not delving into the vires of the assailed notifications, made certain observations in respect of invalidity of Notification No. 56 of 2023 (Central Tax). This judgment of the Telangana High Court is now presently under consideration by the Supreme Court in S.L.P No 4240/2025 titled M/s HCC-SEW-MEIL-AAG JV v. Assistant Commissioner of State Tax & Ors. The Supreme Court vide order dated 21st February, 2025, passed the following order in the said case:*

“1. The subject matter of challenge before the High Court was to the legality, validity and propriety of the Notification No.13/2022 dated 5-7-2022 & Notification Nos.9 and 56 of 2023 dated 31-3-2023 & 8-12-2023 respectively.

2. However, in the present petition, we are concerned with Notification Nos.9 & 56/2023 dated 31-3-2023 respectively.

3. These Notifications have been issued in the purported exercise of power under Section 168 (A) of the Central Goods and Services Tax Act, 2017 (for short, the "GST Act").

4. We have heard Dr. S. Muralidhar, the learned Senior counsel appearing for the petitioner.

5. The issue that falls for the consideration of this Court is whether the time limit for adjudication of show cause notice and passing order under Section 73 of the GST Act and SGST Act (Telangana GST Act) for financial year 2019-2020 could have been extended by issuing the Notifications in question under Section 168-



A of the GST Act.

6. There are many other issues also arising for consideration in this matter.

7. Dr. Muralidhar pointed out that there is a cleavage of opinion amongst different High Courts of the country. 8. Issue notice on the SLP as also on the prayer for interim relief, returnable on 7-3-2025.”

7. In the meantime, the challenges were also pending before the Bombay High Court and the Punjab and Haryana High Court . In the Punjab and Haryana High Court vide order dated 12th March, 2025, all the writ petitions have been disposed of in terms of the interim orders passed therein. The operative portion of the said order reads as under:

“65. Almost all the issues, which have been raised before us in these present connected cases and have been noticed hereinabove, are the subject matter of the Hon'ble Supreme Court in the aforesaid SLP.

66. Keeping in view the judicial discipline, we refrain from giving our opinion with respect to the vires of Section 168-A of the Act as well as the notifications issued in purported exercise of power under Section 168-A of the Act which have been challenged, and we direct that all these present connected cases shall be governed by the judgment passed by the Hon'ble Supreme Court and the decision thereto shall be binding on these cases too.

67. Since the matter is pending before the Hon'ble Supreme Court, the interim order passed in the present cases, would continue to



operate and would be governed by the final adjudication by the Supreme Court on the issues in the aforesaid SLP-4240-2025.

68. In view of the aforesaid, all these connected cases are disposed of accordingly along with pending applications, if any.”

8. The Court has heard ld. Counsels for the parties for a substantial period today. A perusal of the above would show that various High Courts have taken a view and the matter is squarely now pending before the Supreme Court.

9. Apart from the challenge to the notifications itself, various counsels submit that even if the same are upheld, they would still pray for relief for the parties as the Petitioners have been unable to file replies due to several reasons and were unable to avail of personal hearings in most cases. In effect therefore in most cases the adjudication orders are passed ex-parte. Huge demands have been raised and even penalties have been imposed.

10. Broadly, there are six categories of cases which are pending before this Court. While the issue concerning the validity of the impugned notifications is presently under consideration before the Supreme Court, this Court is of the prima facie view that, depending upon the categories of petitions, orders can be passed affording an opportunity to the Petitioners to place their stand before the adjudicating authority. In some cases, proceedings including appellate remedies may be permitted to be pursued by the Petitioners, without delving into the question of the validity of the said notifications at this stage.

11. The said categories and proposed



reliefs have been broadly put to the parties today. They may seek instructions and revert by tomorrow i.e., 23rd April, 2025.”

5. Thereafter, on 23rd April, 2025, this Court, having noted that the validity of the impugned notifications is under consideration before the Supreme Court, had disposed of several matters in the said batch of petitions after addressing other factual issues raised in the respective petitions. Additionally, while disposing of the said petitions, this Court clearly observed that the validity of the impugned notifications therein shall be subject to the outcome of the proceedings before the Supreme Court.

6. However, in the present case, the ground raised by the Petitioner is that in the Show Cause Notice dated 24th September, 2023, the date on which the reply had to be filed was also given as 24th September, 2023 *i.e.*, the same date as that of the SCN.

7. However, a perusal of the record would show that the Petitioner has thereafter, filed a reply on 28th October, 2023. In fact, the Petitioner has relied on various documents in the reply. Further, the Petitioner has been given an opportunity to appear and subsequently, his accountant had appeared in the matter on 24th December, 2023. Considering these circumstances, the impugned order has been passed.

8. The Court has perused the impugned order. The same reads as under:

*“Whereas, SCN/ DRC-1 [see rule 100(2) & 142(1)(a)] was issued to the taxpayer under Section 73 of CGST / DGST Act & Rules, 2017; along with opportunity for personal hearing.
And whereas, it is noticed that the Taxpayer filed reply dated 28.10.2023*



a.) *The taxpayer of the taxpayer considered but not acceded to as the reply is not supported with relevant documents with regards to claim of ITC related to block credit under section 17(5) of CGST ACT.*

b.) *The reply is not supported with relevant document with regards to ITC claimed by the taxpayer from cancelled suppliers and supplier who has not filed GSTR-3b. As the tax not paid to the government ITC cannot be availed as per section 16 of CGST/DGST Act. Hence reply considered but not acceded to.*

And whereas another opportunity given to the taxpayer to submit reply and for personal Hearing for the sake of natural justice, as per provision of Section 75(4) DGST Act, by issuing “REMINDER” DATED 12.12.2023 through the GST portal.

Present SHRI Babu LAL Accountant of the firm on 21.12.2023 and requested for 15 days to filed detailed reply. The request of the taxpayer cannot be accessed to due to time constant.

And whereas sufficient and repeated opportunities has been given to the taxpayer but neither satisfactory reply has been submitted by the taxpayer nor any AR present before the proper officer on the dated fixed for personal hearing. In view of aforementioned circumstance, undersigned is left with no other option to proceed on the basis of information available and reply submitted by the taxpayer.

Hence, tax, interest, penalty is determined as per section 73(9) of CGST/DGST Act, 2017 and ordered accordingly.”

9. The above order is a reasoned order. In view of the above, in the opinion of the Court, this is a fit case for permitting the Petitioner to avail of the appellate remedy under Section 107 of the Central Goods and Service Tax Act, 2017 – *albeit* belatedly.

10. Let an appeal be filed by 10th July, 2025 with pre-deposit. If the same



2025:DHC:3595-DB



is filed within the stipulated date, it would not be dismissed on ground of limitation and the same shall be heard on merits.

11. However, it is made clear that the issue in respect of the validity of the impugned notifications is left open. Any order passed by the Adjudicating Authority shall be subject to the outcome of the decision of the Supreme Court in *S.L.P No 4240/2025 titled M/s HCC-SEW-MEIL-AAG JV v. Assistant Commissioner of State Tax & Ors.*

12. Petition is disposed of in these terms. All pending applications are also disposed of.

**PRATHIBA M. SINGH
JUDGE**

**RAJNEESH KUMAR GUPTA
JUDGE**

MAY 7, 2025

kk/rks

(corrected & released on 13th May, 2025)