



\$~39

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
Date of decision: 7th November, 2025

+ **W.P.(C) 16871/2025 & CM APPLs.69393-94/2025**

RAM ASHISH

.....Petitioner

Through: Mr. Bharat Singh, Adv. (M:
7011811261)

versus

THE UNION OF INDIA & ORS.

.....Respondents

Through: Mr. Akshay Amritanshu, Senior
Standing Counsel, Ms. Drishti Rawal,
Mr. Abhay Nair, Mr. Mayur Goyal &
Mr. Sarthak Srivastava, Advs. (M:
9931282222)

Mr. Mohit K Mudgal, SPC, Ms. Vinita
Sejwal, Ms. Harshita Verma & Mr.
Tushar Upadhyay, Advs. for R-1. (M:
8595206803)

CORAM:

JUSTICE PRATHIBA M. SINGH

JUSTICE MADHU JAIN

JUDGMENT

Prathiba M. Singh, J.

1. This hearing has been done through hybrid mode.
2. The present petition has been filed by the Petitioner under Article 226 of the Constitution of India, *inter alia*, challenging the Order for Cancellation of Registration of the Petitioner dated 21st March, 2025 (hereinafter, '*impugned order*'). *Vide* the impugned order, the GST registration of the Petitioner has been cancelled retrospectively from 14th June, 2024.
3. This case has some history. The Petitioner claims to have a place of business at Khasra No. 493 & 494 Extension Street No. 11, Ground Floor,



Jeevan Park, New Delhi. The Petitioner obtained a GST registration bearing no. 07HALPK9370K1ZX. A Show Cause Notice (hereinafter, 'SCN') was issued to the Petitioner on 6th January, 2025 seeking certain bank details from the Petitioner to which a reply was duly filed by the Petitioner and, thereafter, the proceedings were dropped on 7th March, 2025.

4. However, on the very same day i.e., 7th March, 2025 another SCN was issued to the Petitioner giving various reasons for cancellation of the GST registration of the Petitioner. The said reasons are as under:

- “1. Section 29(2)(e)-registration obtained by means of fraud, wilful misstatement or suppression of facts*
- 2. Rule 21(a) - Person does not conduct any business from declared place of business/place of business not found*
- 3. Rule 21(b)- person issues invoice or bill without supply of goods or services or both in violation of the provisions of the Act, or the rules made thereunder*
- 4. Rule 21(d)-person violates the provision of rule 10A (Bank details)*
- 5. Rule 21(e)-person avails ITC in violation of the provisions of section 16 of the Act or the rules made thereunder*
- 6. Rule 21(g)-person violates the provision of rule 86B*
- 7. Others”*

5. Ld. Counsel submits that the Petitioner did not any reply to this SCN dated 7th March, 2025 and the same resulted in the impugned order dated 21st March, 2025.

6. The Petitioner then sought revocation of the said impugned order on 16th May, 2025. However, another SCN was issued to the Petitioner to show cause as to why the said revocation application ought not to be rejected. Finally, vide order dated 2nd June, 2025, the revocation application was also



rejected. Thereafter, the Petitioner filed an appeal on 29th August, 2025 assailing the order dated 2nd June, 2025.

7. It is the submission of Id. Counsel for the Petitioner that the retrospective cancellation of the GST registration of the Petitioner is not tenable. Further, Id. Counsel for the Petitioner submits that the appeal filed by the Petitioner is also not being decided, thereby causing irreparable prejudice to the Petitioner's business activities.

8. Heard. The settled legal position is that if the SCN did not contemplate retrospective cancellation, the order cannot retrospectively cancel the registration of the Petitioner. This is clear from the decision of this Court in ***W.P.(C) 3492/2025*** titled ***Akash Bansal (Proprietor M/s Shri Prem Ji Traders) v. Superintendent Range – 109 Central Goods and Services Tax Department, Delhi West, Division-Rohini***. The relevant portion of the said decision reads as under:

“7. The Court has heard the parties and perused the documents placed on records. The settled legal position is that if the SCN does not contemplate retrospective cancellation, the order cannot be passed directing retrospective cancellation. This position has been reiterated by this Court in various decisions including in ‘Subhana Fashion v. Commissioner Delhi Goods and Service Tax (W.P. (C) 12255/2024)’, ‘M/S Balaji Industries v. The Principal Commissioner CGST Delhi North Commissionerate & Anr. (W.P.(C) 11913/2024)’ and ‘Ridhi Sidhi Enterprises v. Commissioner of Goods & Service Tax (CGST), South Delhi & Anr. (W.P.(C) 8061/2024)’.

8. The relevant portions of the decision in Subhana Fashion (supra) is as under:

“10. It is apparent to note that non-payment of dues for a period of three months is not a prescribed



ground for cancelling the petitioner's GST registration.

11. It is also important to note that the impugned order sets out a tabular statement, which indicates that no amount has been determined as payable by the petitioner. The Central Tax, State Tax, Integrated Tax and Cess payable by the petitioner is reflected as, "0.0".

12. Apart from the above, the impugned order has also been passed in violation of principles of natural justice. Although the SCN called upon the petitioner to appear for a personal hearing at the appointed date and time, no such date or time was indicated. Thus, in effect the petitioner was not afforded an opportunity to be heard.

13. In view of the above, we set aside the impugned order. The respondents are directed to restore the petitioner's GST registration forthwith."

9. The relevant part of the judgment in "M/s Balaji Industries (Vipin Kumar) (Supra) is as under:

"8. It is apparent from the above that the reasons as set out in the impugned order were not the reasons as set out in the SCN. Further, the SCN also did not propose cancellation of the petitioner's GST registration with retrospective effect from 11.09.2017.

9. The petitioner filed an appeal against the impugned order cancelling its registration. However, the same was rejected by the appellate authority by the order dated 14.05.2024 on the ground that the petitioner's appeal was barred by limitation.

10. As noted above, the reason for which the petitioner's GST registration was cancelled was not reflected in the SCN. Although, the petitioner claims that it did not receive the SCN, it is apparent that even if it had, the same provided it no opportunity to respond to the reasons as set out in the impugned order cancelling its GST registration.

11. As noted above, the petitioner is not aggrieved by the cancellation of its GST registration as it had closed down



its business. The petitioner is, essentially, aggrieved by cancelling of its GST registration with retrospective effect.

12. The present petition was listed on 29.08.2024 and the learned counsel appearing for the respondents sought time to take instructions.

13. The learned counsel for the respondents states that the respondents have no objection if the cancellation of the petitioner's GST registration is made operative with effect from the date of the SCN, that is, with effect from 24.05.2022.

14. In view of above, the present petition is disposed of with the direction that the petitioner's GST registration stands cancelled with effect from 24.05.2022 (being the date on which it was suspended) and not with retrospective effect from 11.09.2017.

15. The impugned order is modified to the aforesaid extent.”

10. The relevant part of the judgment in ‘Riddhi Siddhi Enterprises (supra)’ is as under:

“5. 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.

6. We note that while dealing with the right of the respondents to cancel GST registration with retrospective effect and the manner in which such power should be exercised in accordance with the statutory scheme was an issue which was noticed in *Ramesh Chander vs Assistant Commissioner of Goods and Services Tax, Dwarka Division, CGST Delhi & Anr.* The Court in *Ramesh Chander* taking note of the contours of Section 29 had held:-

“1-5.....

6. Neither the show cause notice, nor the order spell out the reasons for retrospective cancellation. In fact, in our view, order dated 13.07.2022 does not qualify as an order of cancellation of registration.

7-8.....

9. In terms of Section 29(2) of the Central Goods and Services Tax Act, 2017, the proper officer may cancel the GST registration of a person from such date including any retrospective date, as he may deem fit if the circumstances set out in the said sub-section are satisfied. The registration cannot be cancelled with retrospective effect mechanically. It can be cancelled only if the proper officer deems it fit to do so. Such satisfaction cannot be subjective but must be based on some objective criteria. Merely, because a taxpayer has not filed the returns for some period does not mean that the taxpayer's registration is required to be cancelled with retrospective date also covering the period when the



returns were filed and the taxpayer was compliant.

10. It is important to note that, according to the respondent, one of the consequences for cancelling a tax payer's registration with retrospective effect is that the taxpayer's customers are denied the input tax credit availed in respect of the supplies made by the tax payer during such period. Although, we do not consider it apposite to examine this aspect but assuming that the respondent's contention in this regard is correct, it would follow that the proper officer is also required to consider this aspect while passing any order for cancellation of GST registration with retrospective effect. **Thus, a taxpayer's registration can be cancelled with retrospective effect only where such consequences are intended and are warranted.**

11. The show cause notice does not even state that the registration is liable to be cancelled from a retrospective date.

12. The petition is allowed. The impugned show cause notice dated 07.04.2022, order of cancellation dated 13.07.2022 and the order in appeal dated 29.12.2023 are accordingly set aside. GST registration of the petitioner is restored, subject to petitioner filing requisite returns upto date."

7. We further take note of the judgment in Delhi Polymers vs Commissioner, Trade and Taxes & Anr. wherein the following was observed :-

"1-3.....

4. Show Cause Notice dated 04.09.2021 was issued to the Petitioner seeking to cancel its registration. However, the Show Cause Notice also does not put the petitioner to notice that the registration is liable to be cancelled retrospectively. Accordingly, the petitioner had no opportunity to even object to the retrospective cancellation of the registration.

5. Further, the impugned order dated 15.12.2021 passed



on the Show Cause Notice dated 04.09.2021 does not give any reasons for cancellation. It, however, states that the registration is liable to be cancelled for the following reason “whereas no reply to the show cause notice has been submitted”. However, the said order in itself is contradictory. The order states “reference to your reply dated 15.12.2021 in response to the notice to show cause dated 04.09.2021” and the reason stated for the cancellation is “whereas no reply to notice show cause has been submitted”. The order further states that effective date of cancellation of registration is 01.07.2017 i.e., a retrospective date.

6. Neither the show cause notice, nor the order spell out the reasons for retrospective cancellation. In fact, in our view, order dated 15.12.2021 does not qualify as an order of cancellation of registration. On one hand, it states that the registration is liable to be cancelled and on the other, in the column at the bottom there are no dues stated to be due against the petitioner and the table shows nil demand.

7. Learned Counsel for the Petitioner submits that the said order reflected that the GST registration of petitioner stands cancelled from 01.07.2017 even though returns thereafter have been filed by the Petitioner.

8. He further submits that the petitioner is no longer interested in continuing the business and the business has been discontinued.

9. In terms of Section 29(2) of the Act, the proper officer may cancel the GST registration of a person from such date including any retrospective date, as he may deem fit if the circumstances set out in the said sub-section are satisfied. Registration cannot be cancelled with retrospective effect mechanically. It can be cancelled only if the proper officer deems it fit to do so. Such satisfaction cannot be subjective but must be based on some objective criteria. Merely, because a taxpayer has not filed the returns for some period does



not mean that the taxpayer's registration is required to be cancelled with retrospective date also covering the period when the returns were filed and the taxpayer was compliant.

10. It is important to note that, according to the respondent, one of the consequences for cancelling a tax payer's registration with retrospective effect is that the taxpayer's customers are denied the input tax credit availed in respect of the supplies made by the tax payer during such period. Although, we do not consider it apposite to examine this aspect but assuming that the respondent's contention is required to consider this aspect while passing any order for cancellation of GST registration with retrospective effect. Thus, a taxpayer's registration can be cancelled with retrospective effect only where such consequences are intended and are warranted."

8. In view of the aforesaid and in light of an abject failure on part of the authority to assign even rudimentary reasons for a retroactive cancellation, we find ourselves unable to sustain the order impugned."

11. Thus in view of the settled legal position captured above, the cancellation of Petitioner's GST Registration is, accordingly, directed to be effective from the date of issuance of the SCN i.e., 6th August 2024. The Department is, however, free to proceed in accordance with law qua the Petitioner in case, it still intends to direct retrospective cancellation."

9. However, since the Petitioner has filed an appeal, let the appeal be decided by the concerned Appellate Authority bearing in mind the above settled precedents. An order shall be passed by the concerned Appellate Authority by 15th January, 2026.

10. The Petitioner shall be given a personal hearing in the appeal and for the said purpose a notice shall be served on the following email address and



mobile no.:

- **Email Address:** legalfighters16@gmail.com
- **Mobile No.:** 7011811261

11. Let the access to the GST Portal, if not already available, be provided to the Petitioner within one week to enable the Petitioner to pursue the appeal, file documents, etc.

12. The petition is disposed of in these terms. Pending applications, if any, are also disposed of.

**PRATHIBA M. SINGH
JUDGE**

**MADHU JAIN
JUDGE**

NOVEMBER 7, 2025

dj/ck