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

*Date of decision: 11<sup>th</sup> September 2025*

+ **W.P.(C) 14022/2025 & CM APPL. 57358/2025**

GAURAV

.....Petitioner

Through: Mr. Jitin Singhal, Adv.  
(M:9999919168)

versus

SUPERINTENDENT, CGST

.....Respondent

Through: Mr. Harpreet Singh, SSC with Mr. Jai Ahuja, Adv.

**CORAM:**

**JUSTICE PRATHIBA M. SINGH**

**JUSTICE SHAIL JAIN**

**Prathiba M. Singh, J. (Oral)**

1. This hearing has been done through hybrid mode.

**CM APPL. 57358/2025 (for exemption)**

2. Allowed, subject to all just exceptions. Application is disposed of.

**W.P.(C) 14022/2025**

3. The present petition has been filed by the Petitioner under Articles 226 and 227 of the Constitution of India, *inter alia*, challenging the cancellation of registration order dated 10<sup>th</sup> June, 2025 (hereinafter, '*impugned order*') by which the retrospective cancellation of the GST registration of the Petitioner with effect from 19<sup>th</sup> October, 2023 has been directed.

4. A Show Cause Notice (hereinafter, '*SCN*') was issued to the Petitioner on 20<sup>th</sup> September, 2024 with the following remarks:

**Show Cause Notice for Cancellation of Registration**

Whereas on the basis of information which has come to my notice, it appears that your registration is liable to be cancelled for the following reasons:

1. Section 29(2)(e)-registration obtained by means of fraud, wilful misstatement or suppression of facts

**Remarks:**

AC (AE), CGST North vide their letter F. No. GEXCOM/AE/VRFN/ARN/464/2024-AE-DGARM dated 18.09.2024 informed that investigations against taxpayers received in DGARM Report 70 (Second Special Drive against fake registration) have been initiated by them. During visits, M/s Shri Sidhi Vinayak Enterprises GSTIN: 07DJUPG1855F1ZY (at Sl. No. 12) was found to be non-existent at their Principal Place of Business. Accordingly, it is requested that the process of cancellation of GST Registration under the Section 29(2) of the CGST / SGST Act, 2017 may be initiated and ITC available in electronic credit ledger may also be blocked under Rule 86-A of CGST Act, 2017.

You are hereby directed to furnish a reply to the notice within seven working days from the date of service of this notice.

You are hereby directed to appear before the undersigned authority on 01/10/2024 at 10:00.

If you fail to furnish a reply within the stipulated date or fail to appear for personal hearing on the appointed date and time, the case will be decided ex parte on the basis of available records and on merits.

Please note that your registration stands suspended with effect from 20/09/2024.

Kindly refer the supportive document attached for case specific details.

5. However, a perusal of the impugned order shows that the same appears to have not been considered properly in respect of the allegation of excess Input Tax Credit (hereinafter, 'ITC'), which has been availed of. Some explanation regarding the same has been provided by the Petitioner in his reply.

6. Moreover, retrospective cancellation is also not sustainable in terms of the decisions in '**Ridhi Sidhi Enterprises v. Commissioner of Goods & Service Tax (CGST), South Delhi & Anr. (W.P.(C) 8061/2024)**'. The relevant portion of the said decision reads 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 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 opposite to examine this aspect but assuming that the



*respondent's contention in 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."**

7. Accordingly, the impugned order is set aside. The Petitioner be given personal hearing and the notice for the same be served upon the Petitioner on the following email address and the mobile number.

- **Email:** [shrisidhivinayak57@gmail.com](mailto:shrisidhivinayak57@gmail.com)
- **M:** 7303482684

8. After hearing the Petitioner, a reasoned order shall be passed by the Adjudicating Authority dealing with the stand taken by the Petitioner in his reply and oral submissions.

9. All rights and remedies of the parties are left open.

10. The petition is disposed of in the above terms. Pending applications, if any, are also disposed of.

**PRATHIBA M. SINGH  
JUDGE**

**SHAIL JAIN  
JUDGE**

**SEPTEMBER 11, 2025/dk/ck**