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

Date of decision: 28th August, 2025

+ **W.P.(C) 11334/2025 & CM APPL. 46540/2025**

**EWORLD BUSINESS SOLUTIONS PRIVATE
LIMITED**

.....Petitioner

Through: Mr. Gaurav Gupta & Mr. Jaspal Singh
Sethi, Advs.

versus

**SUPERINTENDENT, RANGE 94, CENTRAL GOODS AND
SERVICE TAX, NEW DELHI AND ANR**

.....Respondents

Through: Mr Akash verma, SSC for CBIC with
Ms. Aanchal Uppal, Adv.,(Mobile No.
9697980007)

CORAM:

JUSTICE PRATHIBA M. SINGH

JUSTICE SHAIL JAIN

JUDGMENT

Prathiba M. Singh, J.

1. This hearing has been done through hybrid mode.
2. The present petition has been filed, *inter alia*, challenging the impugned order for cancellation of registration dated 18th March, 2025 by which the GST registration of the Petitioner has been cancelled retrospectively with effect from 1st July, 2017.
3. The grievance of the Petitioner is that the Show Cause Notice (hereinafter, "SCN"), which was issued on 31st December, 2024, merely called upon the Petitioner to show cause as to why its registration should not be cancelled for non-filing of the returns for the prescribed period. However, thereafter, the returns have in fact been filed by the Petitioner.



4. The submission on behalf of the Petitioner by Mr. Gaurav Gupta, Id. Counsel is that under Rules 22 (1) and (4) of the Central Goods and Service Tax Rules, 2017 (hereinafter “*CGST Rules*”), once the returns have been filed, the proceedings under Section 29 of the Central Goods and Services Tax Act (hereinafter “*the Act*”) have to be dropped.

5. It is relevant that in the impugned order dated 18th March, 2025, the ground for cancellation of registration is that on physical verification of the business premises of Petitioner it was found to be non-existent.

6. Insofar as this aspect is concerned, it is submitted by Id. counsel for the Respondent that the revocation of cancellation has already been sought by the Petitioner, wherein an alternative address of the Petitioner has also been given.

7. Thus, the grievance of the Petitioner in the present petition is the retrospective cancellation of the registration of the Petitioner. The further grievance of the Petitioner is that an alert notice has been issued on 27th May, 2025 against the Petitioner to various buyers and other business acquaintances/associates, which in fact is creating a negative environment for the Petitioner’s business. The said alert notice is also under challenge in this petition.

8. On 04th August, 2025, notice was issued in this matter and the Id. SSC was directed to obtain instructions in respect of the various contentions of the Petitioner.

9. Today, the Court has heard Mr. Gupta, Id. Counsel for the Petitioner and Mr. Verma, Id. SSC appearing for the Respondents.

10. It is firstly submitted by Mr. Gupta, Id. Counsel that the SCN has been issued under Section 29(2)(c) of the Act for non-filing of returns.



Immediately upon the same being issued on 31st December, 2024, the Petitioner filed its returns on 15th January, 2025.

11. In terms of Rule 22(4) of the CGST Rules, the Petitioner was expecting an order of dropping of the proceedings. However, the same did not happen and the impugned order has come to be passed cancelling the GST registration retrospectively.

12. Mr. Verma, Id. SSC on the other hand confirms that the returns were filed and the amounts were paid by the Petitioner.

13. Heard the Id. Counsel for the parties. A perusal of the SCN would show that the reason given for issuance of the same is as under:

“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)(c)- Person, other than paying tax u/s 10, failed to furnish returns for prescribed periods.

Remarks:

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 08/01/2025 at 16:20. 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 31/12/2024.

Kindly refer the supportive document attached for case specific details.”



14. No reply was filed by the Petitioner to the same, however, the Petitioner had filed its returns. Thereafter, as per the Petitioner, proviso to Rule 22(4) of the CGST Rules ought to have been come into operation. The relevant portion of the Rule 22 reads as under:

“22. Cancellation of registration.-(1) Where the proper officer has reasons to believe that the registration of a person is liable to be cancelled under section 29, he shall issue a notice to such person in FORM GST REG-17, requiring him to show cause, within a period of seven working days from the date of the service of such notice, as to why his registration shall not be cancelled.

[...]

(4) Where the reply furnished under sub-rule (2) is found to be satisfactory, the proper officer shall drop the proceedings and pass an order in FORM GST REG -20:

Provided that where the person instead of replying to the notice served under sub-rule (1) for contravention of the provisions contained in clause (b) or clause (c) of subsection (2) of section 29, furnishes all the pending returns and makes full payment of the tax dues along with applicable interest and late fee, the proper officer shall drop the proceedings and pass an order in FORM GST-REG 20.

15. In terms of the above, upon the pending returns and payment of taxes being paid with interest and late fee, the proper officer ought to have passed the order in **FORM GST REG-20**. Instead, what appears to have happened is that the impugned order for cancellation has been passed giving the following reasons:

“Whereas no reply to the show cause notice has been



submitted; and whereas, the undersigned based on record available with this office is of the opinion that your registration is liable to be cancelled for following reason(s):

1. Section 29(2)(c)- Person, other than paying tax u/s 10, failed to furnish returns for prescribed periods

Remarks:

SINCE, A SCN WAS ISSUED TO THE TAXPAYER FOR FAILED TO FURNISH RETURNS BUT TAXPAYER DID NOT SUBMIT THE SATISFACTORY REPLY OF SCN . HENCE, A PHYSICAL VERIFICATION WAS CONDUCTED OF THE BUSINESS PREMISES OF THE TAXPAYER IN WHICH TAXPAYER DOES NOT EXIST ON THE PREMISES. Since, SCN has already been issued but the taxpayer did not submit the any response of the SCN nor appear on given personal hearing. Hence, taxpayer did not compliance the provision of GST Act, 2017, therefore the taxpayer GSTIN is being cancelled from the date of registration.

The effective date of cancellation of your registration is 01/07/2017.

2. Kindly refer to the supportive document(s) attached for case specific details. - Not Applicable

3. It may be noted that a registered person furnishing return under sub-section (1) of section 39 of the CGST Act, 2017 is required to furnish a final return in FORM GSTR-10 within three months of the date of this order.

4. You are required to furnish all your pending returns.

5. It may be noted that the cancellation of registration shall not affect the liability to pay tax and other dues under this Act or to discharge any obligation under this Act or the rules made thereunder for any period prior to the date of cancellation whether or not such tax and other dues are determined before or after the



date of cancellation.”

16. A perusal of the reasons given by the authority would show that, in addition to the reasons contained in the SCN, the Department alleged that when a physical verification was conducted at the business premises of the Petitioner, the same was not existing at the said premises. Pursuant to the same the Department cancelled the GST registration retrospectively from 01st July, 2017.

17. It is noted that the initial SCN did not contemplate retrospective cancellation of the GST registration. In any case, the order has gone much beyond the reasons stated in the SCN as the Petitioner has never been put to notice that it was not existing in the business premises.

18. 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 '*RidhiSidhi Enterprises v. Commissioner of Goods & Service Tax (CGST), South Delhi &Anr. (W.P.(C) 8061/2024*)'.

19. 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.”*

20. 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."
21. 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 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.”

22. In view of the law discussed above the impugned order is unsustainable.

23. The writ petition deserves to be allowed. The impugned order for cancellation of GST registration is set aside.

24. The cancellation of GST registration shall now be dated 31st December, 2024 which is the date of the issuance of the SCN.

25. In view of the impugned order of cancellation that has been set aside, the impugned alert notice dated 27th May, 2025 is also set aside.

26. If there is any other violation by the Petitioner, the Department is free to initiate action available under law.

27. The contact details of the Petitioner are as under:

- a. Name: Mr. Tript Singh, Director, E-World Business Solutions (P) Ltd.***
- b. Mobile No.: 9810123123***
- c. Email Id: tript@iworld.co.in***
- d. Address: 79, First Floor, Paschimi Marg, Vasant Vihar, New Delhi-110057.***

28. The present writ petition, along with pending applications, if any, stands disposed of.

**PRATHIBA M. SINGH
JUDGE**

**SHAIL JAIN
JUDGE**

AUGUST 28, 2025/pd/msh