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

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Date of Decision : 12.08.2024

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W.P.(C) 11151/2024 & CM APPL. 46090/2024

SCOPE PROMOTERS P. LTD.

.....Petitioner

Through: Mr Ruchir Bhatia and Mr Abhishek
Anand, Advocates.

versus

COMMISSIONER OF CENTRAL GOODS AND
SERVICES TAX DELHI & ANR.

.....Respondents

Through: Mr. Arnav Kumar and Ms.Shreeya
Singh, Advocates.**CORAM:****HON'BLE MR. JUSTICE VIBHU BAKHRU****HON'BLE MR. JUSTICE SACHIN DATTA****VIBHU BAKHRU, J. (ORAL)**

1. Issue notice.
2. The learned counsel for the respondents accepts notice.
3. The petitioner has filed the present petition, *inter alia*, impugning the cancellation order dated 15.12.2023 (hereafter *the impugned cancellation order*), whereby the petitioner's Goods and Services Tax (GST) registration was cancelled.
4. The petitioner claims that it owns a hotel – Bloom, 17A/32, WEA Karol Bagh, Central Delhi, New Delhi 110005 – the operation and management of which were handed over to another company. The



petitioner claims that its office is also located in the same building of the hotel at fourth floor. The petitioner states that in the first week of October 2023 certain officials of the respondents had visited the hotel enquiring about the petitioner's details, however, the person at the reception desk was unable to provide the same as the company managing the hotel was recently engaged.

5. Thereafter, the proper officer issued a Show Cause Notice dated 06.11.2023 (hereafter *the SCN*) proposing to cancel the petitioner's GST registration. The only reason set out in the SCN for proposing the adverse action reads as under: -

“1 initiation of cancellation of GST registration”

6. The petitioner was called upon to file reply to the SCN within seven working days and was also directed to appear before the proper officer on 10.11.2023. Additionally, the petitioner's GST registration was suspended with effect from the date of the SCN, that is 06.11.2023.

7. The petitioner responded to the SCN explaining that its office was located at the 4th floor in the same building. However, because of the new management team, correct information was not provided to the concerned officer. Notwithstanding such explanation, the proper officer passed the impugned cancellation order, cancelling the petitioner's GST registration retrospectively with effect from 01.07.2017.

8. It is material to note that the impugned cancellation order does not set out any reason for cancelling the petitioner's GST registration; it merely states that it is in reference to the SCN.



9. The petitioner filed an application for revocation of cancellation of the impugned cancellation order, but the same was also rejected.

10. The petitioner thereafter preferred an appeal dated 05.01.2024 under Section 107 of the Central Goods and Services Tax Act, 2017 (hereafter *the CGST Act*) assailing the impugned cancellation order. The petitioner also provided the evidence and material to establish that its principal place of business was located at the fourth floor of the hotel building, as claimed.

11. The Appellate Authority rejected the petitioner's appeal on the ground that the documents were not attested and the petitioner had failed to submit the ownership document of the building in question. The Appellate Authority also rejected the petitioner's appeal for the reason that it had not obtained the No Objection Certificate from the Anti Evasion Branch.

12. We find merit in the petitioner's contentions that the SCN and the impugned cancellation order are unreasoned.

13. As noted above, the SCN records no reason for proposing to cancel the petitioner's GST registration. It merely states that proceedings for cancellation of the GST registration have been initiated. The impugned cancellation order is also unreasoned. Thus the SCN as well as the impugned cancellation order are liable to be set aside for the said reason alone.

14. The learned counsel for the respondents submit that after passing the appellate order, inspection was conducted and the petitioner was found existing at the given address. He states that he has instructions from the department that the impugned cancellation order, cancelling the petitioner's



GST registration may be revoked.

15. In view of the above, the impugned cancellation order cancelling the petitioner's GST registration is revoked. The respondents are directed to restore the petitioner's GST registration forthwith.

16. It is clarified that this order will not preclude the concerned authorities from initiating any action against the petitioner, including for cancellation of the petitioner's GST registration retrospectively, *albeit* in accordance law.

17. The petition is disposed of in the aforesaid terms. Pending application is also disposed of.

VIBHU BAKHRU, J

SACHIN DATTA, J

AUGUST 12, 2024

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Click here to check corrigendum, if any