

SCN lacking specific reasons is liable to be set aside

The Hon'ble Delhi High Court in ***Fayiz Nangaparambil v. Union of India & Anr. [W.P.(C) 7477/2023 dated May 26, 2023]*** set aside the Show Cause Notice ("SCN") proposing to cancel the GST Registration of the assessee, on the grounds that SCN is bereft of any specific reasons that could be addressed by the assessee. Held that, the SCN was short of the necessary requirements as it did not contain any specific allegation.

Facts:

This Petition has been filed against a SCN, dated May 20, 2023 ("**the Impugned SCN**") issued to Fayiz Nangaparambil ("**the Petitioner**") by the Revenue Department ("**the Respondent**") wherein the Petitioner was called upon to show cause as to why its GST registration should not be cancelled and also records that the Petitioner's GST registration is suspended with effect from May 20, 2023.

The Petitioner contended that the only reason stated in the Impugned SCN for proposing cancellation of the Petitioner's GST registration was "cease to be liable to pay tax" and mentioned that he has been filing its tax returns regularly and also paying the taxes as due. However, the Petitioner's GST registration has been suspended, in terms of the Impugned SCN on account of the cryptic reason.

Issue:

Whether GST registration of the Petitioner is liable to be cancelled solely on the basis of the Impugned SCN which does not have any specific reason?

Held:

The Hon'ble Delhi High Court in ***W.P.(C) 7477/2023*** held as under:

- Observed that, it is well-settled that the SCN is required to set out the relevant material in order to enable the noticee to meaningfully respond to the same.

- Noted that, the Impugned SCN is bereft of any specific reasons that could be addressed by the Petitioner.
- Held that, the Impugned SCN was short of necessary requirements as it did not contain any specific allegation that could be addressed with a meaningful response from the Petitioner.
- Clarified that, the Respondent is not precluded from issuing an appropriate Show cause notice, setting out the reasons for proposing any adverse action against the Petitioner.
- Set aside the Impugned SCN.

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