2026:PHHC:061123-DB

IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

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CWP-12150-2026
Date of Decision : 22.04.2026

M/s Citizen Industries …Petitioner

Versus

Union of India and others …Respondents

CORAM : HON'BLE MR. JUSTICE DEEPAK SIBAL
HON'BLE MS. JUSTICE LAPITA BANERJI

Present : Mr. Tarang Goyal, Advocate for the petitioner.

Mr. Ajay Kalra, Sr. Standing Counsel and
Ms. Isha Janjua, Advocate for the respondent-CBIC.

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DEEPAK SIBAL, J. (Oral)

Learned counsel for the parties agree that before the petitioner's GST registration was retrospectively cancelled, no specific show cause notice in this regard was served upon the petitioner.

2. In light of the afore concession, the petitioner's case is covered in its favour by the following observations in a recent judgment of a Division Bench of this Court dated 20.02.2026 in ***CWP No.16770 of 2024 – M/s Bansal Casting vs. Union of India and another:-***

> *"13. Undoubtedly, there is a provision for retrospective cancellation of registration in terms of Section 29 of CGST Act, subject to the provisions as contained therein. It is apposite to note that while such power of retrospective cancellation of registration is definitely conferred, it is apparent that such action can be taken only upon existence of specific contingencies and that an order under Section 29(2) of CGST Act must definitely reflect the reasons for such cancellation with retrospective effect. Furthermore, it is a basic, accepted and settled principle that concerned authority is enjoined upon to put the assessee to notice of the action which is intended to be taken and reasons or the premise on which such action is sought to be taken. Hon'ble the Supreme Court in ORYX Fisheries Pvt. Ltd. Vs. Union of India and others, 2010(13) SCC 427, has held as under:-*

"24. It is well settled that a quasi-judicial authority, while acting in exercise of its statutory power must act fairly and must act with an open mind while initiating a show cause proceeding. A show cause proceeding is meant to give the person proceeded against a reasonable opportunity of making his objection against the proposed charges indicated in the notice."

14. Thus a show cause notice must contain the basic grounds or premises on which action is sought to be taken. In the present matters, it was incumbent upon authorities to have put petitioners to notice about the proposal to take action against them with retrospective effect and supply or at least mention the material on which reliance was placed. Moreover, once mentioned in show cause notice itself, that supporting documents are attached, such material should have been supplied to petitioners. ***(emphasis supplied)***

3. In light of the afore facts and position of law, this petition is allowed, resulting in setting aside of the show cause notice dated 11.11.2024 (Annexure P-2) and order retrospectively cancelling the petitioner's GST registration dated 27.11.2024 (Annexure P-3). However, liberty is granted to the respondents to proceed afresh against the petitioner, in accordance with law.

(DEEPAK SIBAL)
JUDGE

(LAPITA BANERJI)
JUDGE

22.04.2026
Jyoti Thakur

Whether speaking/reasoned : Yes/No
Whether reportable : Yes/No