2026:PHHC:074609-DB

Sr. No.340

IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

CWP-38520-2025 (O&M)
Date of Decision : 12.05.2026

M/s V.K. Enterprises ...Petitioner

Versus

Union of India and another ...Respondents

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

Present : Mr. Mohit Bassi, Advocate,
for the petitioner.

Mr. Ajay Kalra, Senior Standing Counsel
for the respondent(s)-CBIC
(appeared through VC)

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DEEPAK SIBAL, J. (Oral)

It is not disputed that before retrospective cancellation of the petitioner's GST registration through order dated 21.07.2025, no specific show cause notice was served upon the petitioner, intimating the petitioner that the respondent-authorities intended to retrospectively cancel its GST registration.

2. In light of the above undisputed fact, 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*

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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 the light of the above factual and legal position, the impugned order dated 21.07.2025 (Annexure P-3), through which the petitioner's GST registration has been retrospectively cancelled, is set aside. However, liberty is granted to the respondents to proceed afresh against the petitioner, in accordance with law.

4. The petition is allowed in the above terms.

(DEEPAK SIBAL)
JUDGE

(LAPITA BANERJI)
JUDGE

May 12, 2026
vandana

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