

HC: Retrospective cancellation invalid when SCN did not propose it

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REFER THE DECISION OF THE HON'BLE DELHI HIGH COURT IN THE CASE OF

Stalwart India Alloys Ltd. v. Union of India [2025] 180 taxmann.com 487 (Delhi)

Facts of the Case

In a proceeding for cancellation of GST registration, the Show Cause Notice (SCN) issued to the taxpayer stated only that the **principal place of business was found untraceable**. The SCN **did not propose cancellation with retrospective effect** nor provide any reasons justifying such retrospective action.

Judgement

1. Retrospective cancellation of GST registration cannot be sustained **unless it is specifically proposed in the SCN**.
2. The taxpayer must be given a **clear opportunity to respond to the proposed retrospective effect**.
3. Since the SCN contained **no mention or grounds** for retrospective cancellation, the subsequent cancellation order making it retrospective was **legally unsustainable**.

Accordingly, the cancellation order was set aside.

// भगवान महावीर का संदेश //

"जीवो और जीने दो" — यही हो हमारा संकल्प।

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