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Cancellation of GST Registration without recording reasons is a non-speaking order liable to be quashed

The Hon'ble Gauhati High Court in the case of *Nijumoni Gogoi v. Union of India & Ors. [WP(C) No. 2383 of 2026 dated May 11, 2026]* set aside the order passed by the Proper Officer cancelling the GST registration of the Assessee on the ground that the impugned order was a non-speaking, cryptic order which failed to disclose any reason for cancellation and was passed in violation of the principles of natural justice. The Hon'ble Court held that recording of reasons is an essential safeguard against arbitrary exercise of statutory power and the obligation to assign reasons in **Form GST REG-19** is not dispensed with merely because the Assessee fails to reply to the Show Cause Notice or fails to appear for personal hearing.

Facts:

Nijumoni Gogoi ("**the Petitioner**"), engaged in the business of transport service with its principal place of business at Tengakhat, Dibrugarh, Assam, was registered under the Central Goods and Services Tax Act, 2017 ("**the CGST Act**") bearing GSTIN 18CPYPG5749B1ZF with effect from March 07, 2022.

The Proper Officer issued a Show Cause Notice dated February 12, 2025 ("**the SCN**") proposing cancellation of the Petitioner's registration on the ground of "*failure to furnish returns for a continuous period of six months*" under Section 39 of the CGST Act. The SCN, however, did not specify the month from which or the period during which the default occurred. The Petitioner's registration was simultaneously suspended with effect from February 12, 2025.

The Petitioner could not respond to the SCN as it had escaped his notice on the common portal, and by the time he became aware, the time for filing the reply had already lapsed. Thereafter, the Proper Officer passed the impugned order dated April 17, 2025 in **Form GST REG-19** cancelling the registration with effect from April 17, 2025. The said order merely recorded the

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reason as “Others” with remarks “Rule 22(1) / sub-rule (2A) of Rule 21A” without disclosing any specific reason for cancellation. Notably, the statement table in the order reflected “Nil” dues towards Central Tax, State Tax, Union Territory Tax and Cess.

The Petitioner subsequently furnished returns up to January–March, 2025 as permitted on the GST portal. However, the application for revocation could not be filed as the prescribed period of limitation had expired, and an appeal under Section 107 of the CGST Act also became time-barred. Aggrieved, the Petitioner approached the Hon’ble Gauhati High Court under Article 226 of the Constitution of India.

Issue:

Whether an order cancelling GST registration passed in Form GST REG-19, which fails to disclose specific reasons and merely cites “Others” as the ground, is sustainable in law, particularly when the Assessee neither replied to the Show Cause Notice nor appeared for personal hearing?

Held:

The Hon’ble Gauhati High Court in **WP(C) No. 2383 of 2026** held as under:

- **Observed that**, the SCN dated February 12, 2025 vaguely alleged non-filing of returns for a continuous period of six months but did not specify the month from which or the period during which the Petitioner had defaulted in furnishing the returns under Section 39 of the CGST Act read with Rule 21(h) of the Central Goods and Services Tax Rules, 2017 (“**the CGST Rules**”).
- **Noted that**, the impugned order dated April 17, 2025 passed in Form GST REG-19 merely recorded the reason as “Others” without disclosing any application of mind. Sub-rule (3) of Rule 22 of the CGST Rules read with Form GST REG-19 mandates that the Proper Officer must record specific reasons for cancellation of registration.

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- **Held that**, a speaking order is one which expressly states the reasons for the decision; it speaks for itself by assigning reasons behind the conclusion. The fact that the Petitioner did not submit a reply to the SCN or appear before the Proper Officer does not absolve the Proper Officer from the obligation of passing a speaking order, as any order which entails adverse civil consequences cannot be reduced to a mere paper formality.
- **Held that**, an adjudicating authority exercising statutory power of cancelling registration under the CGST Act must record reasons for its decision unless such obligation is expressly or impliedly dispensed with. Recording of reasons is *prima facie* suggestive of conscious application of mind and is a possible check against arbitrary action. The obligation flows from the principles of natural justice, particularly when the decision affects the right of the person concerned.
- **Held that**, cancellation of GST registration entails adverse civil consequences, as the registered person would be outside the GST regime and would find it difficult to carry on business in a legitimate manner. Therefore, adherence to fair procedure is imperative.
- **Held that**, the objection raised by the Revenue regarding delay in approaching the Court (approximately one year after cancellation) does not outweigh the statutory infirmity in the impugned order. The vulnerability of the order due to statutory breaches far outweighs the delay because of its likely adverse effect on a registered person like the Petitioner.
- **Directed that**, the impugned order dated April 17, 2025 stands set aside and quashed, and the matter is restored to the stage of issuance of the Show Cause Notice in Form GST REG-17. The Petitioner is granted a period of one month either to submit a reply to the SCN under sub-rule (2) of Rule 22 of the CGST Rules, or, in the alternative, to furnish all pending returns along with full payment of tax dues, applicable interest, late fee and penalty as contemplated by the proviso to sub-rule (4) of Rule 22 of the CGST Rules.

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- **Directed that**, depending upon the option exercised by the Petitioner, the Proper Officer shall proceed in accordance with Section 29 of the CGST Act and Rule 22 of the CGST Rules and pass appropriate order either in Form GST REG-19 or Form GST REG-20, as the case may be, as expeditiously as possible but not later than one month thereafter.

Our Comments:

Section 29(2)(c) of the CGST Act empowers the Proper Officer to cancel the registration of a person from such date, including any retrospective date, as he may deem fit, where a registered person has not furnished returns for such continuous tax period as may be prescribed. Rule 21(h) of the CGST Rules, in turn, prescribes that registration is liable to be cancelled where a registered person required to file returns under Section 39(1) has not furnished returns for a continuous period of six months.

Rule 22 of the CGST Rules lays down the procedure for cancellation. Sub-rule (1) mandates that the Proper Officer shall issue a notice in Form GST REG-17 where he has reasons to believe that the registration is liable to be cancelled. Sub-rule (3) requires the Proper Officer to pass an order in Form GST REG-19 cancelling the registration, with effect from a date to be determined by him. The format of Form GST REG-19 itself contains a designated field for recording reasons, which makes it abundantly clear that recording of specific, intelligible reasons is a mandatory statutory requirement — not a discretionary formality.

The judgment reinforces the long-settled principle that *“reasons are the heartbeat of every conclusion”* and that an order having serious civil consequences must demonstrate application of mind on the face of the record. A cryptic, template-driven order citing *“Others”* as the ground without any elaboration falls foul of the statutory mandate as well as the principles of natural justice. The non-appearance of the Assessee does not dilute this obligation, as the Proper Officer is acting as a quasi-judicial authority and is bound to apply his mind to the

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material on record before depriving a person of his statutory right to carry on business under the GST regime.

It is pertinent to refer to similar rulings on this issue:

- The Hon'ble Gauhati High Court in ***Sanjoy Nath v. Union of India [WP(C) No. 1215/2025 dated March 18, 2025]***, which has been relied upon in the present judgment, similarly quashed the cancellation order passed in Form GST REG-19 for being non-speaking and contrary to the procedure prescribed under Rule 22 of the CGST Rules.
- The Hon'ble Delhi High Court in ***Aryan Timber Store v. Sales Tax Officer [W.P.(C) 628/2024 dated January 17, 2024]*** held that an order cancelling GST registration retrospectively must be supported by cogent reasons disclosed in the order itself, and that the SCN must clearly specify the period of default to enable the noticee to file a meaningful reply.
- The Hon'ble Allahabad High Court in ***Namo Narayan Singh v. State of U.P. [Writ Tax No. 322 of 2023 dated March 16, 2023]*** reiterated that cancellation of registration without assigning reasons amounts to a violation of natural justice and renders the order liable to be quashed.
- The Hon'ble Supreme Court in the landmark decision of ***Mohinder Singh Gill v. Chief Election Commissioner [(1978) 1 SCC 405]***, which continues to guide all quasi-judicial proceedings, held that an order must be judged by the reasons recorded in it and cannot be supplemented by fresh reasons later by way of affidavit or otherwise.
- The Hon'ble Supreme Court in ***Kranti Associates Pvt. Ltd. v. Masood Ahmed Khan [(2010) 9 SCC 496]*** crystallised the obligation to record reasons by quasi-judicial

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authorities, holding that recording of reasons introduces clarity, checks arbitrariness and ensures that justice is not only done but is seen to be done.

A pari materia provision worth noting is the proviso to sub-rule (4) of Rule 22 of the CGST Rules, which offers a beneficial mechanism to taxpayers — if a person served with a notice for non-filing of returns furnishes all pending returns and discharges full payment of tax dues along with applicable interest, late fee and penalty, the Proper Officer shall **drop the proceedings** and pass an order in Form GST REG-20. This is a remedial provision intended to revive the registration of bona fide taxpayers whose registration is sought to be cancelled solely for return-filing defaults, and taxpayers should proactively avail of this route at the SCN stage itself.

The ruling is a welcome reaffirmation that procedural safeguards under the GST law are not mere formalities but substantive rights, and that the GST common portal-driven, automated cancellation orders must satisfy the standards of a reasoned decision. Tax administrators must ensure that every Show Cause Notice clearly identifies the period of default and that every cancellation order in Form GST REG-19 records specific reasons, failing which the order will not survive judicial scrutiny.

From a taxpayer's perspective, this decision is also significant in that it relaxes the rigour of limitation where the underlying order suffers from a fundamental statutory infirmity. Taxpayers whose registrations have been cancelled by similarly cryptic orders — even where the period for revocation or appeal has expired — may approach the writ jurisdiction of the High Court under Article 226 of the Constitution of India, provided the impugned order itself fails the test of a reasoned, speaking order.

Relevant Provisions:

Section 29(2)(c) of the CGST Act, 2017:

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“The proper officer may cancel the registration of a person from such date, including any retrospective date, as he may deem fit, where, — (c) any registered person, other than a person specified in clause (b), has not furnished returns for such continuous tax period as may be prescribed.”

Rule 22(3) of the CGST Rules, 2017:

“Where a person who has submitted an application for cancellation of his registration is no longer liable to be registered or his registration is liable to be cancelled, the proper officer shall issue an order in FORM GST REG-19, within a period of thirty days ... cancel the registration, with effect from a date to be determined by him and notify the taxable person, directing him to pay arrears of any tax, interest or penalty including the amount liable to be paid under sub-section (5) of Section 29.”

Proviso to Rule 22(4) of the CGST Rules, 2017:

“Provided that where the person instead of replying to the notice served under sub-rule (1) for contravention of the provisions contained in Clause (b) or Clause (c) of sub-section (2) of section 29, furnishes all the pending returns and makes full payment of the tax dues along with applicable interest and late fee, the proper officer shall drop the proceedings and pass an order in FORM GST REG-20.”

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