Non-Supply of Field Visit Report Vitiates Rejection of Revocation Application

The Hon'ble Calcutta High Court in the case of ***Scorp Industries & Anr. v. Assistant Commissioner, State Tax, Alipore Charge & Ors. [WPA/7971/2026, order dated April 27, 2026]*** held that where cancellation of GST registration was founded upon a field visit report, such report ought to have been supplied to the taxpayer before rejection of the application for revocation under Section 30 of the CGST/WBGST Act. The Court set aside the order rejecting revocation and directed the Proper Officer to decide the revocation application afresh after furnishing the field visit report and granting opportunity to respond.

Facts:

Scorp Industries & Anr. **("the Petitioner")** was issued a show cause notice dated September 13, 2024 under the WBGST/CGST Act, 2017. Since no reply was furnished to the said show cause notice, the Petitioner's GST registration came to be cancelled vide order dated September 26, 2024.

Thereafter, the Petitioner applied for revocation of cancellation under Section 30 of the CGST/WBGST Act on October 21, 2024 before the Proper Officer. The filing of the revocation application was corroborated from GST REG-21 appearing in the writ petition.

Assistant Commissioner, State Tax, Alipore Charge & Ors**. ("the Respondent")** subsequently issued a show cause notice dated November 14, 2024 proposing rejection of the revocation application. Since the Petitioner allegedly failed to respond thereto, the revocation application was rejected vide order dated February 21, 2025.

The Petitioner contended that though the Respondent had relied upon a field visit report while cancelling the GST registration, such report had never been supplied to the Petitioner, thereby depriving it of an opportunity to effectively respond. The Petitioner further submitted that it could not respond to the subsequent show cause notice as its consultant was unavailable. The

Respondent contended that the allegations regarding non-supply of the field visit report were disputed.

Aggrieved by rejection of the revocation application without disclosure of the field visit report and without affording adequate opportunity of hearing, the Petitioner approached the Hon'ble Calcutta High Court by way of writ petition under Article 226 of the Constitution of India seeking setting aside of the rejection order dated February 21, 2025.

Issue:

Whether rejection of an application for revocation of cancellation of GST registration under Section 30 of the CGST/WBGST Act is sustainable when the field visit report relied upon for cancellation was not supplied to the registered person?

Held:

The Hon'ble Calcutta High Court in ***WPA/7971/2026*** held as under:

- Observed that, notwithstanding the power conferred upon the Proper Officer under Section 29 of the CGST/WBGST Act to cancel registration, Section 30 simultaneously provides an opportunity to the registered taxpayer to seek revocation of cancellation of registration.

- Noted that, the Petitioner had admittedly filed an application for revocation of cancellation under Section 30 of the Act.

- Observed that, although the Respondent had relied upon a field visit report while passing the cancellation order, the show cause notice dated September 13, 2024 did not demonstrate that such field visit report had been furnished to the Petitioner.

- Noted that, once an application for revocation had been filed, the Respondent ought to have afforded an opportunity to the Petitioner to respond to the field visit report before deciding the revocation application.

- Held that, the Proper Officer should decide the revocation application afresh after supplying a copy of the field visit report to the Petitioner and, if necessary, by conducting a further visit at the Petitioner's place of business.

- Directed that, a fresh decision shall be taken within six weeks from the date of communication of the order and consequently set aside the order dated February 21, 2025 rejecting the revocation application.

<u>Our Comments:</u>

The present judgment reinforces the procedural safeguards embedded under Sections 29 and 30 of the CGST Act and reiterates that cancellation of GST registration, though statutory in nature, cannot be sustained in breach of principles of natural justice. The Hon'ble Court specifically emphasized that once the Proper Officer relies upon a field visit report as foundational material for cancellation, such material must necessarily be supplied to the taxpayer before adverse consequences are imposed. The Court treated the revocation mechanism under Section 30 as a substantive statutory remedy and not as a mere procedural formality.

The reasoning aligns with the jurisprudence laid down by the Hon'ble Allahabad High Court in ***Apparent Marketing Private Limited v. State of U.P. & Ors., [WRIT TAX No. - 348 of 2021 order dated March 5, 2022]***, wherein the Court held he statute contemplates issuance of the notice in specified circumstances for specific grounds. Those could not be diluted or muddled or made vague by describing the assessee firm as "bogus". In absence of any specific charge, the respondent authority could not be permitted to proceed to cancel the assessee's registration. The Allahabad High Court observed that a taxpayer must be put to notice of the exact allegations and supporting material relied upon by the department before registration cancellation can attain finality.

Thus, the present judgment continues the broader judicial trend that procedural fairness and disclosure of relied-upon material remain indispensable in GST registration cancellation and revocation proceedings, particularly where field inspection reports form the basis of departmental action.

Relevant Provisions:

Section 29 of the CGST Act, 2017

*"**29. Cancellation or suspension of registration.-***

(1) The proper officer may, either on his own motion or on an application filed by the registered person or by his legal heirs, in case of death of such person, cancel the registration, in such manner and within such period as may be prescribed, having regard to the circumstances where,-

(a) the business has been discontinued, transferred fully for any reason including death of the proprietor, amalgamated with other legal entity, demerged or otherwise disposed of; or

(b) there is any change in the constitution of the business; or

(c) the taxable person is no longer liable to be registered under section 22 or section 24 or intends to optout of the registration voluntarily made under sub-section (3) of section 25:

Provided that during pendency of the proceedings relating to cancellation of registration filed by the registered person, the registration may be suspended for such period and in such manner as may be prescribed.

…"

Section 30 of the CGST Act, 2017

"30. Revocation of cancellation of registration.-

(1) Subject to such conditions as may be prescribed, any registered person, whose registration is cancelled by the proper officer on his own motion, may apply to such officer for revocation of cancellation of the registration in such manner, within such time and subject to such conditions and restrictions, as may be prescribed.

(2) The proper officer may, in such manner and within such period as may be prescribed, by order, either revoke cancellation of the registration or reject the application:

Provided that the application for revocation of cancellation of registration shall not be rejected unless the applicant has been given an opportunity of being heard.

Provided further that such revocation of cancellation of registration shall be subject to such conditions and restrictions, as may be prescribed."

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