



# Lawgics

By Nidhi, Advocate



**Judgment No.: 114**  
**Dt.: 18-04-2024**



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## Judgment Deals With

<b>Section/Rule</b>	Section 73
<b>Authority</b>	Delhi High Court
<b>Case Name</b>	Laxmi Traders VS Principal Commissioner Of GST Department Of Trade And Taxes & Anr.
<b>Dated</b>	05 <sup>th</sup> April, 2024

### Brief Facts of the Case:

Petitioner impugns order dated 07.02.2024, whereby a demand has been created against the petitioner and the same has been set off against blocked ITC.

### Contention of the Petitioner:

No show cause notice or DRC-01 was issued to the petitioner prior to passing of the impugned order under Section 73 of the CGST Act, 2017.

### Findings & Decision of the Court:

Section 73 of the Act mandates issuance of show cause notice prior to passing an order creating a demand. In the instant case, admittedly, no show cause notice was issued to the petitioner prior to impugned order being passed.

A show cause notice dated 16.06.2023 was issued proposing to cancel the GST registration of the petitioner, however, the said proceedings were dropped by order dated 25.08.2023 upon consideration of the reply of the petitioner.

Since no show cause notice was issued prior to passing of impugned order, on the said technical ground alone, this order is liable to be set aside. Thus, the same was accordingly quashed. The impugned order has been set aside solely on the ground of infraction of principles of natural justice.

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