

TAX INFO

Dated 15/07/2022

Latest update on GST Law: **Registration application cannot be rejected without giving proper reasons in the rejection order** as given by Madras High Court.

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Name of Appellant	B.C.Mohankumar
Name of Respondent	Superintendent of Central Goods & Service Tax
Court	Madras High Court
Date of Judgement	16.06.2022
Appeal No.	W.P.No.13272 of 2022

Brief Facts of the Case Law:

The petitioner had filed a registration application. The registration sought was in respect of a rice mandi, the receipt of the application is duly acknowledged and physical verification was also duly undertaken. Thereafter, a notice came to be issued by the officer seeking a clarification with respect to the application for registration. The clarification sought was that the application did not enclose the details of principal place of business of the petitioner. The petitioner duly responded uploading a copy of the rental / lease deed duly registered as proof of principal place of business. The impugned order has, however, come to be passed rejecting the application by way of an absurd order dated 13.05.2022 simply stating 'rejected' without assigning any reasons or explanation for rejection thereof. Hence, this appeal.

Contention of the Department:

The Department refers to Rule 9(4): - "Where no reply is furnished by the applicant in response to the notice issued under sub-rule (2) or where the proper officer is not satisfied with the clarification, information or documents furnished, he [may], for reasons to be recorded in writing, reject such application and inform the applicant electronically in FORM GST REG-05", hence the deployment of the word '**may**' therein, that grants discretion to the authority to assign reasons.

Decision of the Court:

The order is non-speaking, arbitrary and evidently has not taken into account the explanation furnished by the petitioner. The word '**may**' only refer to the discretion to reject and not to blatantly violate the principles of natural justice. If the assessing authority is inclined to reject the application, which he is entitled to, **he must assign reasons for such objection** and adhere to proper procedure, including due process.

Thus, the impugned order was set aside.

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