Suspension of Registration is Worse than Cancellation and cannot be kept Hanging.

2021 (7) TMI 466 - Rajasthan High Court in M/S. Avon Udhyog, Versus State Of Rajasthan, Assistant Commissioner, State Tax (Gst) , Ward - II, Circle Anti Evasion, Jodhpur., Deputy Commissioner, Circle - C, Jodhpur - Ward - 3, Rajasthan.

Facts

Search was conducted on petitioner's premises and notice proposing to cancel the registration keeping his registration certificate under suspension with immediate effect.

Assessee failed to file the reply within 7 days and filed the reply beyond 30 days from the date of the Notice.

Held

1. A bare reading of sub-rule (2A) reveals that the Assessing Authority is required to give 30 days' time to explain the reason why the registration ought not to be cancelled.
2. This Court hastens to add that provisions of sub-rule (3) of Rule 22 clearly mandates an order to be passed within 30 days of receipt of the reply.
3. Suspension of a registration of an assessee has its own consequences – it brings the entire business of an assessee to a stand still. In a way it is worse than cancellation.
4. Against cancellation, an assessee can take legal remedies but against suspension pending an enquiry, even if the assessee chooses to take remedies, the authorities or the Court(s) would normally show reluctance.
5. The proceedings of cancellation of registration cannot be kept hanging fire on any pretext, including that assessee failed to file reply within the time allowed.

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