

Md Qamaruddin Khan v. M/s YRK Constructions, Hyderabad

Whether the appellate authority could revoke cancellation of registration on verification of returns and tax alone, without ensuring payment of interest, late fee and penalty under the proviso to Rule 23(1).

Date of Order: September 17, 2026
Case Law No: GIB-GSTAT-2026-121
Source: GST INDIA Biz (www.gstindia.biz)

CASE DESCRIPTION / SUMMARY

Background

The respondent's registration was cancelled from 12.11.2020 for not filing GSTR-3B for six months. Finding that all returns had been filed after the show cause notice, the First Appellate Authority revoked the cancellation and directed the proper officer to verify the filing of returns and payment of tax. The department appealed, contending that interest, late fee and penalty also had to be paid under Rule 23(1). The respondent did not appear despite three opportunities.

Final Verdict

The Tribunal held that the liability under returns extends to interest, late fee and penalty, and that **by not applying the proviso to Rule 23(1), the First Appellate Authority committed a jurisdictional and substantive error**. It also observed that admitted dues are recoverable through Section 79, which the department ought to invoke before seeking the Tribunal's aid for collection. Reading the appellate order as intending recovery of the Rule 23 amounts, it held that the department was free to collect interest under Section 50 and late fee under Section 47, and **imposed a penalty of Rs. 10,000 under Rule 23**, modifying the order to that extent. Since the revocation of cancellation was left intact and only ancillary dues and penalty were added, the outcome is neutral (partly in favour of each side).