



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 3RD DAY OF MARCH, 2026

BEFORE

THE HON'BLE MR. JUSTICE S SUNIL DUTT YADAV

WRIT PETITION NO. 5063 OF 2026 (T-IT)

BETWEEN:

1. MIS. SUSAN THOMAS
D/O OMATHIL THOMAS,
AGED ABOUT 65 YEARS,
RESIDING AT NO.303,
ABHINAV, 16TH MAIN, HAL 2ND STAGE,
BENGALURU - 560 008.
PAN: AKRPT3668E

... PETITIONER

(BY SRI. HALESHA R. G., ADVOCATE)

AND:

1. THE INCOME TAX OFFICER
WARD-1(2)(1), ROOM NO.101,
1ST FLOOR, 80 FEET ROAD,
BMTC BUILDING, 6TH BLOCK,
KORAMANGALA,
BENGALURU - 560 095.
2. THE PRINCIPAL COMMISSIONER OF INCOME TAX,
QUEEN ROAD,
BENGALURU-560 001.
3. UNION OF INDIA,
THE SECRETARY,



DEPARTMENT OF REVENUE,
MINISTRY OF FINANCE,
NORTH BLOCK,
NEW DELHI - 110 001.

... RESPONDENTS

(BY SRI. DILIP, ADVOCATE)

THIS W.P. IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA, PRAYING TO QUASH THE IMPUGNED ORDER DTD. 02.03.2022 (DIN ITBA/REC/M/154/2021-22/1040283290(1) PASSED BY THE R-1 UNDER SECTION 154 OF THE INCOME TAX ACT, 1961 FOR THE ASSESSMENT YEAR 2011-12- ANNEXURE-D) AND THE CONSEQUENTIAL DEMAND NOTICE (ANNEXURE-B) DTD. 16.02.2022 AND ETC.

THIS PETITION COMING ON FOR PRELIMINARY HEARING, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE S SUNIL DUTT YADAV

ORAL ORDER

The petitioner has sought for setting aside of the impugned order passed under Section 154 of the Income Tax Act, 1961 (for short 'the IT Act') for the Assessment Year 2011-12 and has also sought for setting aside of the consequential demand notice.

2. It is the case of the petitioner that the proceedings under Section 154 of the IT Act ought not to have been initiated by the revenue, as the grounds made



out in the notice would not satisfy the ingredients for the exercise of power under Section 154 of the IT Act. It is further submitted that it is the specific case of the assessee that he has deposited the amount in the Capital Gains Account and hence, he is entitled to claim exemption under Section 54 of the IT Act, which has not been taken note of. It is accordingly submitted that if the petitioner is exempted by virtue of the deposit made, then the petitioner is entitled to exemption under Section 54 of the IT Act and hence, no ground was made out to pass orders under Section 154 of the IT Act and raise the demand. The petitioner has filed along with the memo, records to indicate that he has deposited the amount in the Capital Gains Account. The same is taken on record.

3. Taking note of the assertion that the petitioner is entitled to exemption and in light of the material produced, it will be appropriate to set aside the order at Annexure-D and remit the matter for fresh consideration. Needless to state that the contention raised regarding the



exercise of power not being made out under Section 154 of the IT Act is kept open to be raised before the authority.

4. Accordingly, the order at Annexure-D is set aside and the matter is remitted to the respondent No.1- Jurisdictional Assessing Officer. The petitioner to appear before respondent No.1 without awaiting fresh notice on 06.04.2026.

5. Accordingly, the writ petition is ***disposed of*** and all contentions are kept open.

Sd/-
(S SUNIL DUTT YADAV)
JUDGE

SHS