



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 4TH DAY OF MARCH, 2026

BEFORE

THE HON'BLE MR. JUSTICE S SUNIL DUTT YADAV

WRIT PETITION NO. 6142 OF 2026 (T-RES)

BETWEEN:

M/S. MANASHRI
REPRESENTED BY ITS PROPRIETOR
SHRI MAHESH NAGARAJ
NO.5/10, SHREE SHESHA,
18TH CROSS, MARGOSA ROAD,
MALLESHWARAM,
BENGALURU - 560 003.

...PETITIONER

(BY SRI. PRANAY SHARMA Y.,ADVOCATE)

AND:

1. ASSISTANT COMMISSIONER OF CENTRAL TAXES
NORTH DIVISION-4,
BANGALORE NORTH COMMISSIONERATE,
3RD FLOOR, NO.16/1, S P COMPLEX,
LALBAGH ROAD,
BENGALURU - 560 027.
2. THE COMMISSIONER OF CENTRAL TAX (APPEALS-II)
TRAFFIC TRANSIT MANAGEMENT CENTRE,
BMTC BUILDING, 4TH FLOOR,
ABOVE BMTC BUS STAND,
DOMLUR, OLD AIRPORT ROAD,
BENGALURU - 560 071.

Digitally
signed by
VIJAYA P
Location:
HIGH COURT
OF
KARNATAKA



3. THE SUPERINTENDENT OF CENTRAL TAXES
CND-4 RANGE, NORTH COMMISSOINERATE,
DIVISION - 4,
NO.59, HMT BBHAVAN,
1ST FLOOR, BALLARY ROAD,
GANGA NAGAR,
BENGALURU - 560 032.

...RESPONDENTS

(BY SRI. ARAVIND V. CHAVAN.,ADVOCATE)

THIS WP IS FILED UNDER ARTICLES 226 AND 227 OF
THE CONSTITUTION OF INDIA PRAYING TO QUASH THE ORDER
IN ORIGINAL DATED 30/11/2022 VIDE ORDER
NO.184/2022-23 ST ND-4 PASSED BY RESPONDENT NO.1 i.e.,
THE ASSISTANT COMMISSIONER OF CENTRAL TAX BEARING
DIN NO. 20221157000000818368/1570, COPY OF THE ORDER
IN ORIGINAL DATED 30/11/2022 VIDE ORDER NO.184/2022-
23 ST - ND-4 BEARING DIN NO. 20221157000000818368/1570
IS ENCLOSED AND MARKED AS ANNEXURE-A 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 called in question the validity of the Order-in-Original at Annexure-A, petitioner has also challenged the Order in Appeal at Annexure-B, as well as recovery notice at Annexure-C. The petitioner has challenged the Order in Original as well as the Order in Appeal on the ground that the petitioner is not liable to pay service tax as the petitioner's liability would not arise in light of the exemption threshold.

2. It is further submitted that this Court in identical circumstances wherein liability for service tax was sought to be adjudicated and demand imposed on the basis of inputs received from Central Board of Direct Taxes (CBDT) or on the basis of declaration made in the Income Tax Returns, has set aside the orders of adjudication and remitted the matter back for consideration after noticing the observations made in W.P.No.11154/2023.



3. It is submitted that this Court in W.P.No.11154/2023 at para-10 had framed certain question and if the Assessing Officer were to apply his mind and petitioner is able to demonstrate that the value of services rendered falls within the threshold of Rs.10,00,000/-, there would be no liability of the petitioner. It is further submitted that the proceedings before the adjudicating authority were ex-parte and petitioner was not provided an opportunity to place appropriate facts.

4. Perused the order dated 03.07.2024 passed in W.P.No.11154/2023. This Court while remanding the matter to the stage of reply to show-cause notice has made certain observations from para-10 onwards which reads as follows:-

10. The officers while disposing off the petitions to keep in mind the following:

- 1) *Whether petitioners do not qualify under Section 65B(44) of the Finance Act, 1994 ?*



- 2) *Whether services are covered under negative list ?*
- 3) *Whether services are covered under the exemption list under the Notification No.25/2012-ST dated 28.06.2012 or under any other applicable Notifications?*
- 4) *Whether the person is liable to remit service tax in terms of Rule 2 (1) (d) read with applicable notification?*
- 5) *Whether claims are barred by limitation in terms of the law laid down by the Apex Court?*

11. It is also clarified that disposal of present petitions must not be construed as having adjudicated any of the contentions including jurisdiction. All contentions of both sides on merits are kept open.

12. Needless to state, upon conclusion of proceedings, if any of the petitioners are still aggrieved, legal remedies are kept open. It is also clarified that wherever, replies to show-cause notice have not been made out, the same may be filed upon matter being relegated as noticed above.

13. Accordingly, the following:



ORDER

In light of observations made above, the writ petitions relating to challenge to show-cause notice, such matters will stand relegated to the officers to be designated in terms of the observations made in para 8 above, at the same stage. Accordingly, such of the petitions at Sl.No.1 to 5 in Column No.1 of the table relating to challenge to show-cause notice are disposed off.

Insofar as such writ petitions as detailed in Column 2 of the table relating to challenge to Orders-in-Original, in light of the discussion made above, the Orders-in-Original stand set aside and the matters are relegated to the Officers to be designated to be reconsidered from the stage of show-cause notice. Accordingly, such of the petitions at Sl.No.1 to 35 in Column No.2 of the table relating to challenge to Orders-in-Original are disposed off.

The petitioners who are now relegated before the authorities concerned are at liberty to file their pleadings within a reasonable time as may be fixed by the Officers concerned. Wherever the matters are pending in appeal in light of the arrangement that is made, petitioners to file a memo for withdrawal of appeal and accordingly, the orders-in-original in question would also receive the same



treatment, i.e. be set aside as per the directions made above.

Wherever demands have been made pursuant to the impugned orders, such proceedings are also set aside."

5. It is noticed that the Order in Appeal has not entered into full scale adjudication, as it is observed that the petitioner herein did not appear before the adjudicating authority and place the available records including evidence and accordingly, the Order in Original was upheld without entering into the grounds as made out in the appeal. Taking note of the observations made in W.P.No.11154/2023 and also noticing that the Co-ordinate Bench was of the view that the proceedings under the Finance Act regarding demand for service tax cannot be based solely on inputs on the basis of income tax returns and after having perused para-5 of the Order in Original, the observations made in W.P.No.11154/2023 are to be extended in the present matter also.



6. Accordingly, the Order in Original at Annexure-A is set aside, the Order in Appeal at Annexure-B is also set aside. Consequently, the recovery at Annexure-C is set aside. Matter is remitted to the stage of reply to show-cause notice. The petitioner to appear before respondent No.1 without further notice on 08.04.2026. Needless to state, the petitioner is at liberty to make out fresh reply to the show-cause notice.

7. Authorities to take note of the observations made in the order dated 03.07.2024 passed in W.P.No.11154/20203 and connected petitions as extracted supra. The observations made at para-10 in W.P.No.11154/2023 to be looked into as well as the contention of the petitioner that the liability for service tax does not arise as the income from the services offered fall within the threshold. Other contentions of the petitioner are kept open.

8. Accordingly, the petition is ***disposed of***.



9. I.A.No.1/2026 is allowed and the petitioner is dispensed with production of certified copy of Annexures- A, B and C on the ground that the copies of documents are produced on the basis of printout of documents uploaded in the portal.

Sd/-
(S SUNIL DUTT YADAV)
JUDGE

MCR