



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 28TH DAY OF APRIL, 2026

BEFORE

THE HON'BLE MR. JUSTICE S SUNIL DUTT YADAV

WRIT PETITION NO. 12440 OF 2026 (T-IT)

BETWEEN:

PRATHAMIKA KRISHI PATHINA SAHAKARA
SANGHA NIYAMITHA,
KITHANE POST, KATTAYA HOBLI,
HASSAN TALUK AND DISTRICT-573 220,
(REGISTERED UNDER KCS ACT, 1959)
REP. BY ITS CEO,
RAVI B. R.
S/O. RAJACHAR,
AGED ABOUT 44 YEARS,
R/O. DODDABEEKANAHALLI VILLAGE,
KATTAYA HOBLI, KITTANE, ALUR,
HASSAN - 573 212.

...PETITIONER

(BY SRI. GIRISH V BHAT., ADVOCATE)

AND:

1. COMMISSIONER OF INCOME TAX (APPEALS),
NATIONAL FACELESS APPEAL CENTRE,
DELHI - 110 001.
2. ASSESSING OFFICER,
NATIONAL FACELESS ASSESSMENT CENTRE,
DELHI - 110 001.



3. INCOME TAX OFFICER,
WARD 1 AND TPS,
AAYAKAR BHAVAN, 2ND STAGE,
BELUR ROAD,
HASSAN - 573 201.
4. THE BRANCH MANAGER,
HASSAN DISTRICT CENTRAL CO-OPERATIVE
BANK LTD.,
UNNATHI, B. M. ROAD,
HASSAN-573 201.

...RESPONDENTS

(BY SRI. M. THIRUMALESH, ADVOCATE FOR R1 TO R3;
SERVICE OF NOTICE TO R4 IS DISPENSED WITH)

THIS WP IS FILED UNDER ARTICLES 226 AND 227 OF
THE CONSTITUTION OF INDIA PRAYING TO QUASHING THE
IMPUGNED BANK A/C ATTACHMENT ORDER/NOTICE UNDER
SEC. 226(3) OF THE ACT DATED 31.03.2026, PASSED BY THE
3RD RESPONDENT BEARING NO. ITBA/COM/F/17/2025-
26/1088180438(1) VIDE ANNEXURE-E TO THE WRIT PETITION
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 filed an application seeking for amendment of the petition. The amendment relates to the prayer column whereby the petitioner seeks to assail validity of the impugned assessment order as well as the demand notice. Certain additional amendments are sought including as regards the name of the petitioner.

In light of the averments and submissions made, I.A.No.2/2026 filed under VI Rule 17 of CPC is allowed. Amended petition filed is taken on record.

2. The petitioner has challenged the validity of the assessment order at Annexure-C and submitted that the petitioner did not participate in the proceedings by replying to the notice issued under Section 148 of the Income Tax Act, 1961 (for short, 'the Act') and subsequent proceedings, in light of the auditor not having informed the petitioner regarding such proceedings.



3. It is submitted that the authority has disallowed the exemption under Section 80P(2) of the Act and submits that petitioner has material to demonstrate that the exemption could be claimed and necessary material would be produced if matter is remitted for fresh consideration by condoning the delay in not participating in the proceedings.

4. Learned counsel for the petitioner submits that authority has taken note of the deposits as unexplained while such deposits are in-fact deposits of the members who are the farmers and such deposits are exempted.

5. Sri. Thirumalesh, learned counsel for the revenue submits that the petitioner has not been diligent in participating in the proceedings and accordingly, the authority was constrained to pass orders on the basis of material available.



6. Perused the assessment order. It is noticed that the petitioner has not participated in the proceedings. The authority has made additions on the head of unexplained sales. It is also noticed that the authority has disallowed exemption under Section 80P(2). In light of the assertion of the petitioner that it is a Credit Co-operative Society and that they have material to demonstrate under Section 80P(2) as well as material to demonstrate and meet the grounds raised in the show-cause notice, it is prayed that the matter be remitted to the stage of Section 148A(b) notice.

7. Having perused the assessment order and having noticed the disallowance of exemption under Section 80P(2) and also noticing the assertion of the petitioner that the deposits in the bank are the deposits of the farmers which the petitioner would demonstrate and noticing the financial prejudice that may be caused to the petitioner if order is allowed to remain, the petition requires to be allowed, while affording an opportunity to



the petitioner to participate in the assessment proceedings.

8. Accordingly, the orders at Annexures-C, D and E are set aside, as also all proceedings pursuant to the Section 148 notice. Matter is remitted to the stage of reply to notice issued under Section 148A(b). Petitioner to appear before respondent No.3 without further notice on 25.05.2026.

9. In light of setting aside of the impugned orders as noticed above, the instructions made pursuant to recovery proceedings by the revenue to the Bank for attachment to be rescinded, forthwith.

10. Petitioner to make out reply to the notice issued under Section 148A(b) and matter to be proceeded thereafter. Petitioner to pay cost of Rs.10,000/- to the Karnataka Advocates Clerks Benevolent Trust, High Court Building, Bengaluru.



11. Accordingly, petition is ***disposed of***. All contentions on merits are kept open.

Sd/-
(S SUNIL DUTT YADAV)
JUDGE

MCR