



CNR: KAHC010304852026

NC: 2026:KHC:49956
WP No. 13978 of 2026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 11TH DAY OF SEPTEMBER, 2026

BEFORE

THE HON'BLE MR. JUSTICE B M SHYAM PRASAD

WRIT PETITION NO. 13978 OF 2026 (T-RES)

BETWEEN:

M/S SHAH ASSOCIATES
REPRESENTED BY ITS PROPRIETOR
MR. MOHAMMED SHABBIR AHAMED
HAVING ITS PRINCIPAL PLACE OF BUSINESS
AT NO.128/4, GROUND FLOOR, BUDHAL ROAD,
NEAR TAJ PALACE, BN LAYOUT,
DAVANAGERE, KARNATAKA, 577001.

...PETITIONER

(BY SRI. GOWRI SHANKER M.,ADVOCATE)

AND:

1. THE ASSISTANT COMMISSIONER OF
COMMERCIAL TAXES
LGSTO-460, DEVARAJ URS LAYOUT,
DAVANAGERE - 577006.
2. THE COMMERCIAL TAX OFFICER (VIGILANCE-37)
NO. 305, 3RD FLOOR, A-BLOCK, VANIJYA
THERIGE KARYALAYA-2, KORAMANGALA,
BENGALURU 560047.

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signed by
VANAMALA
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Location:
HIGH
COURT OF
KARNATAKA



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3. THE JOINT COMMISSIONER OF
COMMERCIAL TAXES (ADMIN)
DGSTO, DAVANGERE DIVISION,
C.R. BUILDING 'C' BLOCK,
DEVARAJ URS LAYOUT,
DAVANAGERE – 577006.

...RESPONDENTS

(BY SMT.JYOTHI M MARADI., HCGP)

THIS WP IS FILED UNDER ARTICLES 226 AND 227
OF THE CONSTITUTION OF INDIA PRAYING TO
A) QUASHING THE IMPUGNED ORDER NO.
ACCT/460/ITC(B)(87)/DVG/2025-26 DATED 23-02-2026
AT ANNEXURE-A PASSED BY THE RESPONDENT NO. 1
AS BEING ILLEGAL, ARBITRARY, AND VIOLATIVE OF THE
PRINCIPLES OF NATURAL JUSTICE AND THE
FUNDAMENTAL RIGHTS OF THE PETITIONER;
B) DIRECTION, COMMANDING THE RESPONDENTS TO
FORTHWITH UNBLOCK THE INPUT TAX CREDIT
AMOUNTING TO 16,45,594/- (8,22,797/- CGST AND RS.
8,22,797/- KGST) IN THE ELECTRONIC CREDIT LEDGER
OF THE PETITIONER (GSTIN 29BWYPA8025L1ZT);
C) DIRECTION REMANDING THE CASE OF THE
PETITIONER TO THE FILE OF THE RESPONDENT NO.1
FOR FRESH ADJUDICATION AND RECONSIDERATION IN
ACCORDANCE WITH LAW.

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



CORAM: HON'BLE MR. JUSTICE B M SHYAM PRASAD

ORAL ORDER

The petitioner, a proprietary concern, engaged in the business of cement and iron is aggrieved by the first respondent's order dated 23.02.2026 [*Annexure-A*] and the first respondent, in exercise of the powers under Rule 86A of the Central Goods and Service Tax/Karnataka Goods and Service Tax Rules, 2017 [*CGST/KGST Rules*], has blocked the petitioner's Input Tax Credit [ITC] in its *Electronic Credit Ledger*.

2. Sri. Gowri Shanker, the learned counsel for the petitioner, and Ms. Jyoti M Maradi, the learned High Court Government Pleader, who accepts notice for the respondents, are heard for the disposal of the petition with Sri. Gowri Shanker contending that the petitioner has not had a reasonable opportunity to show cause against the decision to block ITC, asserting that the petitioner was entitled to a pre-decisional opportunity.



3. The first respondent has blocked ITC for the petitioner on the premise that the petitioner is claiming ITC based solely on the strength of the documents received from certain fictitious entities and ITC must be blocked to secure revenue and to prevent violation. Though it is contended on behalf of the petitioner that no pre-decisional opportunity was extended, Ms. Jyoti M Maradi, places on record a copy of the intimation of personal hearing dated 30.01.2026 and a copy of the postal acknowledgement signed on behalf of the petitioner acknowledging the receipt of such intimation. This completely undermines the petitioner's case that it was not extended an opportunity.

4. However, the petitioner contends that *M/s Excel Trading*, which is described as a fictitious entity by the first respondent, is a registered dealer and that its transactions with this entity are under valid invoices and the genuineness of the transaction can be



demonstrated with the assistance of payments made to the entity through proper banking channels. These assertions persuade this Court to conclude that the petitioner must have an opportunity to show cause against the decision to block its ITC and to observe that the first respondent, if the petitioner can indeed produce documents to establish the genuineness of the transaction with *M/s Excel Trading*, should dissolve the decision. This Court is of the categorical view that this Court's intervention to extend an opportunity cannot automatically unblock the ITC. Hence, the following.

ORDER

[A] The petition is allowed in-part.

[B] The petitioner is reserved with liberty to file a detailed response along with documents to show cause against the first respondent's decision to



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block ITC in terms of the decision
dated 23.02.2026.

[C] The first respondent is directed to
consider such response, and extend
an opportunity to the petitioner, to
decide on whether the decision to
block the petitioner's ITC must
continue.

[D] The petitioner shall file such
response before **30.09.2026** and the
first respondent shall decide on the
continuation of the blocking of the
ITC by **31.10.2026**.

Sd/-
(B M SHYAM PRASAD)
JUDGE