



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 16TH DAY OF JUNE, 2026

BEFORE

THE HON'BLE MR. JUSTICE B M SHYAM PRASAD

WRIT PETITION NO. 16497 OF 2026 (T-IT)

BETWEEN:

PRATHAMIKA KRUSHI PATHINA SAHAKARA
SANGHA NIYAMITHA BANAVARA
BANAVARA, BANAVARA, ARASIKERE,
HASSAN-573 112
(A SOCIETY REGISTERED UNDER
KCS ACT, 1959)
REP. BY ITS CEO T.H. RAJAPPA
S/O. LATE HANUMANTHAPPA,
AGED ABOUT 58 YEARS,
R/O. POLICE QUARTERS ROAD,
BANAVARA,
ARASIKERE HASSAN-573 112.

...PETITIONER

(BY SRI. GIRISH V BHAT.,ADVOCATE)

AND:

1. COMMISSIONER OF INCOME TAX (APPEALS)
NATIONAL FACELESS APPEAL CENTRE,
DELHI 110 001.

Digitally
signed by
VANAMALA
N

Location:
HIGH
COURT OF
KARNATAKA



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.THIRUMALES H M., ADVOCATE FOR R1 TO R3)

THIS WP IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION PRAYING TO I. ISSUE A WRIT IN THE NATURE OF CERTIORARI AND TO QUASH THE ASSESSMENT ORDER DATED 14.01.2026 BEARING NO. ITBA/AST/S/147/2025-26/1084757708(1) PASSED BY THE SECOND RESPONDENT WHICH IS AT ANNEXURE-N TO THE WRIT PETITION AND FURTHER PROCEEDING SUBSEQUENT THERETO, THE DEMAND NOTICE DATED 14.01.2026 BEARING NO. ITBA/AST/S/156/2025 26/1084757767(1) ISSUED BY THE SECOND RESPONDENT WHICH IS AT ANNEXURE-P TO THE WRIT PETITION AND THE BANK ACCOUNT ATTACHMENT NOTICE/ORDER DATED 30.03.2026 BEARING NO. ITBA/COM/F/17/2025-26/1088147074(1) ISSUED BY



THE THIRD RESPONDENT WHICH IS AT ANNEXURE-V TO THE WRIT PETITION; II. ISSUE A WRIT OR A DIRECTION OR AN APPROPRIATE ORDER IN THE NATURE OF MANDAMUS, DIRECTING THE THIRD RESPONDENT TO UNFREEZING THE BANK ACCOUNT OF THE PETITIONER CO-OPERATIVE SOCIETY.

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

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

ORAL ORDER

The petitioner is a Primary Agricultural Co-operative Society, and it is aggrieved by the Assessment Order dated 14.01.2026 [*Annexure-M*] and the subsequent Demand Notice and the Bank Attachment Order. The Demand Notice is dated 14.01.2026 and the Attachment Order is dated 30.03.2026. These are produced as Annexure – P and Annexure-V. The Assessment Order relates to the assessment year 2018-19, and the petitioner has not filed its returns for this assessment year.



2. The petitioner is issued with Notice under Section 148A(b) of the Income Tax Act, 1961 [for short, '*the Act*'] on 04.08.2024 suggesting that there is escapement of income which remains unexplained. The petitioner has not responded to this Notice and this has resulted in an Order under Section 148A(d) of the Act followed by the Notice under 148 of the Act which is dated 27.08.2024 [*Annexure-D*]. The assessment under the impugned Assessment Order is under Section 144 of the Act observing that the petitioner has received cash deposits into its accounts, with withdrawals as well, maintained with the Hassan District Co-operative Central Bank Limited [*HDCC Bank*].

3. Sri Girish V Bhat, the learned counsel for the petitioner, submits that the petitioner, as a Primary Agricultural Co-operative Bank, acts as an Intermediary Institution facilitating agricultural credit



to farmers with the funds sourced from HDCC Bank and that the petitioner does not do any business with non-members. The learned counsel emphasizes that in the circumstances the petitioner's income would be eligible for deduction under Section 80P of the Act and that the petitioner has not filed its returns for the assessment year because of its nominal income of Rs.3,82,496/-.

4. Sri Girish V. Bhat submits that the petitioner is constrained to invoke this Court's jurisdiction under Article 226 of the Constitution of India because of the circumstances in which the proceedings under Section 148A of the Act are closed resulting in the impugned Assessment Order and the coercive measures to freeze the bank accounts. The learned counsel submits that in very similar circumstances this Court in W.P.12474/2026 has disposed of the writ petition quashing the Notice



under Section 148 of the Act and all other subsequent proceedings with liberty to the concerned to file reply to the Notice under Section 148A(b) of the Act and appear for personal hearing on a date fixed without further notice. The learned counsel also emphasizes that this Court has observed that communication to the Bank stands rescinded forthwith.

5. Sri M. Thirumalesh, a learned standing counsel for the respondents, is heard for disposal of the petition in the light of these circumstances. This Court must observe that it is not stated before this Court that the Orders of this Court in W.P.No.12474/2026 has been called in question or that the petitioner's circumstances are dissimilar to the circumstances in which the petition in W.P.No.12474/2026 is decided. This Court must further observe that it is not in dispute that if the petitioner can really bring forth the essential



circumstances such as, that it functions as an Intermediary Institution lending credit facility only to its members, it would be open to the petitioner to claim deduction under Section 80P of the Act. If these circumstances present the first set of reasons for interference, the next reason is that the Orders under Section 148A(d) of the Act as also the Assessment Order are without the petitioner's participation. The petitioner pleads *bona fides* in offering cause for non-participation in these proceedings. Hence, the following:

ORDER

[A] The petition is allowed-in-part and the impugned Assessment Order dated 14.01.2026 [Annexure-N] is quashed as is the subsequent Demand Notice dated 14.01.2026 and the Attachment Order dated 30.03.2026 [Annexures-P and V].



[B] The proceedings are restored to the stage of Notice under Section 148 A(b) of the Act with liberty to the petitioner to file its response and appear before the respondent on **17.07.2026**.

SD/-
(B M SHYAM PRASAD)
JUDGE