



CNR: KAHC010626642026

NC: 2026:KHC:49146
WP No. 28412 of 2026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 9TH DAY OF SEPTEMBER, 2026

BEFORE

THE HON'BLE MR. JUSTICE B M SHYAM PRASAD

WRIT PETITION NO. 28412 OF 2026 (T-RES)

BETWEEN:

SRI. MADHUSUDHAN REDDY L
S/O. LAKSHMI NARAYAN REDDY,
AGED ABOUT 56 YEARS,
PROPRIETOR OF M/S. KUNDAN TRANSPORT,
R/AT NO. 29/2A2B, SHREE LAKSHMI NILAYA,
PURVA BELMONT GATE, KANAKAPURA ROAD,
JARAGANAHALLI, J.P.NAGAR,
BENGALURU - 560 078.

...PETITIONER

(BY SRI. SUBRAHMANYA DATTATRAY, ADVOCATE)

AND:

1. THE STATE OF KARNATAKA
REP. BY THE PRINCIPAL SECRETARY,
FINANCE DEPARTMENT, VIDHAN SOUDHA,
BENGALURU - 560 001.
2. JOINT COMMISSIONER
OF COMMERCIAL TAXES, (LEGAL AFFAIRS),
COMMERCIAL TAX BUILDING,
KALIDASA MARG, GANDHI NAGAR,
VANIJYA THERIGE KARYALAYA,
BENGALURU - 560 009.

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signed by
VANAMALA
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Location:
HIGH
COURT OF
KARNATAKA



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3. DEPUTY COMMISSIONER
OF COMMERCIAL TAXES,
(AUDIT)-3.4, DGSTO-3, 2ND FLOOR,
ROOM NO.225, TTMC, BMTC COMPLEX,
SHANTHINAGAR, BENGALURU - 560 027.

...RESPONDENTS

(BY SMT. JYOTI M. MARADI, HCGP)

THIS WP IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO I. ISSUE WRIT OF CERTIORARI OR ANY OTHER WRIT OR ORDER SETTING ASIDE THE ADJUDICATION ORDER DATED 23.12.2025 PASSED BY THE RESPONDENT NO.3 UNDER SECTION 73(9) OF THE CGST AND KGST ACT, 2017 (ANNEXURE-J) FOR THE TAX PERIOD 2021-22 WHEREIN HELD THAT THE PETITIONER IS LIABLE TO MAKE PAYMENT OF RS. 78, 66, 748/- TOWARDS TAX, INTEREST AND PENALTY, BEING ARBITRARY, ERRONEOUS AND NOT SUSTAINABLE IN LAW AND ETC.,

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

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



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ORAL ORDER

The petitioner has called in question the third respondent's Adjudication Order dated 23.12.2025 [Annexure-J] for the Financial Year 2021-2022 while calling in question the Garnishee Notice dated 02.07.2026 [Annexure-L]. The impugned adjudication order is an *ex-parte* order.

Mr. Subrahmanya Dattatray, the learned counsel for the petitioner, and Ms. Jyothi M. Maradi, the learned High Court Government Pleader who is called upon to accept notice for the respondents, are heard for the disposal of the petition with the learned counsel for the petitioner emphasizing the following.

- A.** The petitioner had wrongly claimed ITC for the Financial Years 2021-2022 and 2022-2023 and the petitioner was issued with simultaneous notice for these 3 years because of such wrongful ITC claim. The



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petitioner could only respond to the show cause notices for the years 2021 and 2023 and bring to the notice of the proper Officer that the petitioner, on realizing that there was an error, had voluntarily reversed the claim in Form GST DRC - 03.

- B.** The petitioner's explanation is accepted, and the proceedings have been dropped for these 2 years.
- C.** The petitioner for *bona fide* reasons, and because he was responding to two notices, has not responded to the present show cause notice dated 08.09.2025 and therefore, the adjudication is against the petitioner, confirming the demand.
- D.** However, as could be seen from *Annexure-B*, the petitioner even for this Financial Year 2021-2022 has reversed the ITC of the value of Rs.1,04,69,149/- in August-2022.



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If these circumstances and *Annexure-B* are verified, there would be no occasion for confirmation of the demand. These circumstances persuade this Court to opine that the reasons offered by the petitioner appear *bona fide* and are not contrived to make out a cause. This Court is of the further view that the third respondent who has passed the impugned adjudication order will have to, with due opportunity to the petitioner, examine whether the petitioner has indeed voluntarily reversed the entire ITC wrongly claimed, and therefore, the following:

ORDER

- [A]** The writ petition is ***allowed-in-part***.
- [B]** The impugned Adjudication Order dated 23.12.2025 [*Annexure-J*] and the Garnishee Notice dated 02.07.2026 [*Annexure-L*] are quashed.
- [C]** The petitioner is reserved with liberty to file a certified copy of this order and a



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detailed explanation to the Show Cause Notice dated 08.09.2025 enclosing Annexure-B for consideration of whether there must be confirmation of the proposition in this notice dated 08.09.2025.

[D] The petitioner shall file the reply and the details as aforesaid without waiting for a notice by **16.10.2026**.

Sd/-
(B M SHYAM PRASAD)
JUDGE

JY
List No.: 2 Sl No.: 10