HC-KAR

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 4TH DAY OF JUNE, 2026

BEFORE

THE HON'BLE MR. JUSTICE B M SHYAM PRASAD

WRIT PETITION NO.11219 OF 2026 (T-RES)

BETWEEN:

M/S. SHREE MALLIKARJUNA
ENTERPRISES
NO.20, KOTHNUR VILLAGE F ZONE
KOTHANUR MAIN ROAD,
ANJANAPURA POST,
HARINAGAR,
BENGALURU URBAN - 560062
REPRESENTED BY ITS PROPRIETOR/
PARTNER SRI RAVI KIRAN MALLAPPA
S/O MALLAPPA
AGED ABOUT 31 YEARS

...PETITIONER

(BY SRI. SUBRAMANYA K, ADVOCATE)

AND:

1. THE STATE OF KARNATAKA
BY ITS COMMISSIONER OF
COMMERCIAL TAXES
VANIJYA THERIGE KARYALAYA
GANDHINAGAR
BENGALURU - 560009.

2. THE ASSISTANT COMMISSIONER
OF COMMERCIAL TAXES
LGSTO-120, BMTC-TTMC
1ST FLOOR, JAYANAGAR
4TH BLOCK
BENGALURU-560011.

...RESPONDENTS

(BY SRI.K HEMA KUMAR., AGA)

THIS WP IS FILED UNDER ARTICLE 226 OF THE CONSTITUTION OF INDIA PRAYING TO A) QUASHING THE IMPUGNED UNAUTHENTICATED ORDER NO. ACCT/LGSTO-120/DRC-07/89/2023-24 DATED 04.10.2023 (ANNEXURE-A) PASSED BY THE RESPONDENT NO.2; B) QUASHING THE IMPUGNED ORDER I.NO. 01165/25-26 DATED 20.03.2026 (ANNEXURE-C) PASSED BY RESPONDENT NO.2, REJECTING THE PETITIONERS RECTIFICATION REQUEST; C) DIRECTION, COMMANDING THE RESPONDENTS TO DROP ALL CONSEQUENTIAL PROCEEDINGS, INCLUDING RECOVERY PROCEEDINGS, ARISING FROM THE IMPUGNED ORDERS.

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 is aggrieved by the Order dated 04.10.2023 *[Annexure-A]* under Section 73 of the Karnataka Goods and Services Tax Act, 2017 [for short, *'the Act'*], and this impugned order is because of the allegation that the petitioner has claimed excess *'Input Tax Credit'*. The petitioner is served with the intimation in Form GST DRC-01A and a Show Cause Notice in Form GST DRC-01 respectively on 10.03.2023 and 11.07.2023, but the petitioner has failed to respond to both these proceedings. However, the petitioner has applied for rectification, which is rejected by the impugned Endorsement dated 20.03.2026 *[Annexure-C]* because the request does not satisfy the conditions necessary to exercise the rectification jurisdiction.

2. Sri K Subramanya, the learned counsel for the petitioner, proposes to urge many grounds but

ultimately points out the following from the application for rectification as being at the core of the petitioner's defense.

> *"Without prejudice to the above, it is respectfully submitted that we were new to the GST compliance environment during the initial implementation phase, and in the month of December 2017, an inadvertent error occurred wherein Input Tax Credit amounting to Rs.3,39,066/- was mistakenly availed under the IGST column.*
>
> *Upon noticing the said mistake, We voluntarily reversed the entire credit in the month of July 2019, without any prompting from the department. It is further submitted that the said credit was neither utilized for discharge of any output tax liability nor was any refund claimed at any point of time. The credit merely remained in the electronic credit ledger until its complete reversal.*
>
> *Thus, the alleged excess availment was purely procedural and clerical in nature, occurring at the nascent stage of GST*

> *implementation, without any revenue implication or mala fide intent. In view of the voluntary reversal and absence of utilization, the initiation of proceedings and passing of the impugned order is unwarranted and unsustainable."*

Sri K Subramanya further submits that the GST registration is suspended because of the pending controversy.

3. Sri K Hemakumar, a learned Additional Government Advocate, who is called upon to accept notice for the respondents, is heard in the light of these circumstances as also Sri K Subramanya's submissions that if an opportunity was extended as contemplated under Section 75[4] of the Act, the petitioner could have demonstrated the inadvertent error in availing *Input Tax Credit* under the IGST Column and voluntarily reverse the entire credit. Sri K Hemakumar submits the following.

[a] The authority did not have an occasion to verify whether there was a *bona fide* error which is rectified voluntarily because the petitioner did not respond to the notice in Form GST-DRC-01A or the Show Cause Notice under Form GST-DRC-01, but this could be verified if there are just orders by this Court.

[b] The suspension of the petitioner's GST registration could be for any reason and not necessarily because of the impugned Assessment Order and that the petitioner is not categorical in the pleadings that it is only because of the impugned Assessment Order.

4. The circumstances of the case and the submissions are considered, and this Court is of the view that notwithstanding Annexure-C, there must be interference with the Order dated 04.10.2023

restoring the proceedings to the second respondent for due consideration with an opportunity to the petitioner to file a detailed response in the line of the defense that is set up in the rectification order as that would enable an adjudication on whether an inadvertent claim has been voluntarily reversed and whether that course of action could permit the petitioner to avoid liabilities.

5. As regards the suspension of the GST registration, this Court, in the light of the submission by the learned Additional Government Advocate, is of the view that the petitioner must be at liberty to file a representation calling upon the second respondent to call for information and verify whether the suspension is only for this reason and the orders that must be for revocation of suspension in view of this Court's order. In the light of the afore, the following:

ORDER

[a] The petition is allowed in-part quashing the Order dated 04.10.2023 *[Annexure-A]* dissolving the Endorsement dated 20.03.2026 *[Annexure-C]* restoring the proceedings to the second respondent with an opportunity to the petitioner to file a detailed response with all the documents by ***06.07.2026***.

[b] It is needless to observe that the second respondent shall consider the response in the light of the petitioner's claim of inadvertent error and voluntary reversal subject to the statutory provisions.

[c] The petitioner is reserved with liberty to file an application with the second respondent for revocation of the suspension of GST registration in the light of this outcome, calling upon the second respondent to verify whether that suspension is only because of the impugned Adjudication Order.

Sd/-
(B M SHYAM PRASAD)
JUDGE

AN/-