



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 15TH DAY OF JUNE, 2026

PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

THE HON'BLE MRS. JUSTICE K.S. HEMALEKHA

WRIT APPEAL NO. 1478 OF 2025 (LB-TAX)

BETWEEN:

1. BRUHATH BANGALORE
MAHANAGARA PALIKE
N.R. SQUARE, HUDSON CIRCLE
BANGALORE - 560 002
REPRESENTED BY ITS
COMMISSIONER
2. THE EXECUTIVE ENGINEER
OFFICE OF THE EXECUTIVE ENGINEER
PROJECT CENTRAL 1, BBMP
3RD FLOOR, ANNEXURE BUIDLING-3
(OPP. DR. RAJKUMAR GLASS HOUSE)
N.R. SQUARE
BANGALORE - 560 002
3. THE EXECUTIVE ENGINEER
OFFICE OF THE EXECUTIVE ENGINEER
(ROAD INFRASTRUCTURE), BBMP
3RD FLOOR, ANNEXURE BUIDLING - 3
(OPP. DR. RAJKUMAR GLASS HOUSE)
N.R. SQUARE
BANGALORE - 560 002

...APPELLANTS

(BY SRI SATYANAND B.S., ADVOCATE)





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AND:

1. M/S. PMJ CONSTRUCTIONS
PVT. LTD. A COMPANY
REGISTERED UNDER
THE COMPANIES ACT, 1956
HAVING ITS OFFICE AT:
NO. 17, 38TH CROSS
8TH BLOCK, JAYANAGAR
BANGALORE - 560 070
REP. BY M. JAGANNATH
MANAGING DIRECTOR
AGED ABOUT 55 YEARS
S/O. MUNIVENKATAPPA

...RESPONDENT

(BY MS. JINITA CHATTERJEE, ADVOCATE FOR
MR. RAJEEV CHANNAPPA NULVI, ADVOCATE AND
MS. DIMPY KUMARI, ADVOCATE)

THIS WRIT APPEAL IS FILED UNDER SECTION 4 OF THE KARNATAKA HIGH COURT ACT PRAYING TO SET ASIDE THE IMPUGNED ORDERS DATED 25.07.2025, PASSED BY THE LEARNED SINGLE JUDGE IN W.P. No.461 OF 2023 (LB-TAX) AND CONSEQUENTLY DISMISS THE W.P. No.461/2023 (LB-TAX), BY ALLOWING THIS WRIT APPEAL & ETC.

THIS APPEAL, COMING ON FOR PRELIMINARY HEARING, THIS DAY, JUDGMENT WAS DELIVERED THEREIN AS UNDER:

CORAM: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE
and
HON'BLE MRS. JUSTICE K.S. HEMALEKHA

ORAL JUDGMENT

(PER: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE)

1. The appellants [collectively referred to as **BBMP**] have filed the present appeal impugning the order dated 25.07.2025 [**impugned order**] passed by the learned Single Judge in



W.P.No.461/2023 (LB-TAX). The respondent had filed the said writ petition, *inter alia*, praying as under :

"A) Direct, by an appropriate writ in the nature of mandamus or any other writ or direction or order, the respondents to reimburse the differential Goods and Service Tax (GST) @ 8% to the petitioner;

(B) Direct the respondents by an appropriate writ in the nature of mandamus or any other writ, direction or order, if any, to pay the interest on the tax (GST) dues at the rate of 18% per annum being the statutory interest rate chargeable under Section 50 of CGST. Act, 2017; And

(C) Grant such other reliefs as this Honourable High Court may think fit including the cost of this writ petition."

2. The respondent is a registered contractor and had been engaged for construction of 20 meter corridor from BTM Layout to Hosur Road along Madiwala Tank Bund Road and also for construction of 4 lanes divided bidirectional underpass at the junction of Magadi Road and Basaveshwar Nagar Road along with Magadi Road. BBMP had issued work orders on 20.03.2013 and 29.10.2015 for the execution of the works.

3. The learned counsel for the respondent states that running bills were raised from time to time. The respondent did not raise



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any controversy in the writ petition regarding running bills raised before 01.07.2017. The disputes relate to reimbursement of incremental tax following the rollout of the GST regime with effect from 01.07.2017. The respondent continued to execute the works beyond 01.07.2017 and raised bills (both running and final) for certain works thereafter. The respondent claimed that it was entitled to reimbursement of the amount paid on account of the increase in tax levies due to GST.

4. It is not disputed that the agreement dated 20.03.2013 entered into between the parties specified that the contract price would be inclusive of all taxes. However, it also provided that, in the event of any increase in taxes, the BBMP may reimburse the same. Clause No.8 of the Special Conditions of Contract, which is relied upon by the respondent, reads as under:

"8. Taxes and Duties

The Lump Sum (L.S.) Amount for which the Tender is approved shall be inclusive of all Expenses for the proper and entire Completion of the Work and shall be inclusive of all Taxes. Duties and Levies including Sales Tax, Municipal Taxes. Local Taxes. Octroi, all Royalties, Patent Rights. other Incidental Charges. etc. The Tenderer may consider Taxes, Duties. Royalties, etc. for the Purpose of Tendering prevailing one month earlier to the Date of Submission of the Tender. Subsequent Changes affected either by Government of Karnataka or Government of India. the Employer may



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consider Reimbursement of such Increase in the Taxes, Duties. Royalties. etc. upon proper Certification from Appropriate Tax Authorities. Any Reduction in Taxes, Levies, Royalties. etc. either by Government of Karnataka or Government of India, the Tenderer shall reimburse difference in such reduction to the Employer."

5. On the strength of the aforesaid clause, the respondent claimed reimbursement of incremental tax, which it computed at 8% of the value of the RA bills. This computation is premised on the basis that the respondent was liable to pay Value Added Tax [VAT] at the rate of 4% prior to the GST Acts (Central Goods and Service Tax Act, 2017; State Goods and Service Tax Act, 2017 and Integrated Goods and Service Tax Act, 2017) coming into force. The respondent also referred to the circular dated 11/21.09.2017 issued by BBMP in support of the claim that they are entitled to reimbursement of GST. Since the reimbursement claims were not addressed by the BBMP, the respondent filed a writ petition, which was allowed by the impugned order. The operative part of the impugned order reads as under:

"ORDER

(i) The writ petition is allowed.



(ii) Respondent No.1 is hereby directed to reimburse a sum of Rs.2,23,23,979.92/- paid by the petitioner towards differential tax component.

(iv) This exercise shall be accomplished by the respondents within a period of two months from the date of receipt of certified copy of this order."

6. The learned Single Judge accepted that the respondent (writ petitioner) would be entitled to reimbursement of incremental taxes with respect to the value of works that were subjected to GST. The court also referred to the earlier decision in **M/s. M. Venkata Rao Infra Projects Private Limited v. The Executive Engineer and another : WP.No.2788/2025 (LB-BMP)** decided on 25.07.2025, which in turn referred to the earlier decision in **Chandrashekariah v. State of Karnataka**¹.

7. It is contended on behalf of the respondent that the contract price was inclusive of taxes that were leviable prior to 01.07.2017. And the respondent would be entitled to reimbursement of the incremental tax it had to pay on account of the enactment of the GST Acts. Whilst BBMP does not dispute that, in principle, the contractor may be entitled to reimbursement of the incremental tax levied on account of statutory levies imposed subsequent to the

¹ [2024] 158 taxmann.com 443 (Karnataka)



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last date of submission of the tender, it contends that such reimbursement would be subject to the contractor producing documents to support that it has in fact paid the incremental tax, including a certification by the concerned tax authorities.

8. There is no dispute that any contractor seeking reimbursement of incremental taxes, which it may be entitled to, would necessarily have to produce the relevant documents, returns, challans, etc., to evidence that it has in fact paid the incremental tax, the reimbursement of which is sought. However, insofar as certification by GST authorities is concerned, concededly, there is no provision under the GST enactments (CGST Act, KGST Act, or IGST Act) for such certification.

9. In **M/s. M. Venkata Rao Infra Projects Private Limited [WP.No.2788/2025 (LB-BMP)]** decided on 25.07.2025, this court had held that if the contractor has otherwise established that it had paid incremental taxes by producing the returns, challans and other documents, the certification by the GST Authorities was not necessary. We find no infirmity with that view.



10. In the present case, the learned Single Judge had directed the BBMP to reimburse an amount of ₹2,23,23,979.92. The impugned order does not indicate how the said sum was computed, nor does it allude to any evidence that establishes that the said amount represents the quantum of incremental tax (over and above the tax subsumed in the contract price) paid by the respondent. However, the learned counsel for the respondent submits that there is documentary evidence on record to substantiate the same. BBMP is also aggrieved as it had no opportunity to examine whether the documents as produced sufficiently establish that the respondent had paid the incremental tax to the extent of ₹2,23,23,979.92. It is also contended on behalf of BBMP that any dispute as to the issue whether such incremental tax had been paid could not be decided in a writ petition. We find merit in this contention.

11. In view of the above, the impugned order is set aside. The respondent is at liberty to furnish all documents to substantiate its claim for reimbursement of incremental tax to the Commissioner, BBMP, within four weeks from today. The Commissioner, BBMP, shall examine the documents, take a decision on the respondent's



claim, and communicate the decision within eight weeks thereafter. In the event the respondent is aggrieved by the said decision, it is open to the respondent to avail of its remedies, including seeking reference of the dispute to arbitration. Since there is no doubt that the respondent's pursuit of the writ petition was bona fide, the time spent by the respondent in the institution of the writ petition till its disposal shall be excluded for the purpose of limitation.

12. The appeal is allowed in the aforesaid terms.

**Sd/-
(VIBHU BAKHRU)
CHIEF JUSTICE**

**Sd/-
(K.S. HEMALEKHA)
JUDGE**

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List No.: 2 Sl No.: 18