NC: 2026:KHC:33489
WP No. 7656 of 2026

HC-KAR

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 1ST DAY OF JULY, 2026

BEFORE

THE HON'BLE MR. JUSTICE B M SHYAM PRASAD

WRIT PETITION NO. 7656 OF 2026 (T-RES)

BETWEEN:

M/S INTELLIMECH SYSTEMS
A PARTNERSHIP REGISTERED UNDER
THE INDIAN PARTNERSHIP ACT, 1932
HAVING OFFICE AT NO. 01, 1ST FLOOR,
CHENNAMMA CHOULTRY ROAD,
KEMPAIAH LAYOUT, RMV 2ND STAGE,
BENGALURU - 560094
REPRESENTED BY ITS AUTHORISED
REPRESENTATIVE
SHRI. NARAYANAN VAIDYANATHAN

...PETITIONER

(BY SRI. LOCHANA S BABU., ADVOCATE)

AND:

THE SUPERINENDENT OF CENTRAL TAX
NORTH DIVISION 6 RANGE B
BENGALURU NORTH COMMISSIONERATE,
1ST FLOOR, HMT BHAVAN,
BELLARY ROAD, GANGANAGAR,
BENGALURU - 560032

...RESPONDENT

(BY SRI. SHISHIRA AMARNATH., ADVOCATE)

THIS WP IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO QUASH THE IMPUGNED ORDER-IN- ORIGINAL DATED 29.12.2025 BEARING ORDER-IN-ORIGINAL NO. 935/2025-26 ALONG WITH FORM GST DRC-07 DATED 30.12.2025 BEARING REFERENCE NO. ZD2912252265682 PASSED BY THE RESPONDENT. (ANNEXURE - A) AND, OF CERTIORARI QUASHING THE IMPUGNED SHOW CAUSE NOTICE DATED 27.12.2023 BEARING C. NO. IV/09/48/2023-24 BND-6 AND DIN 20231257000000222342 ALONG WITH FORM GST DRC-01 DATED 29.12.2023 BEARING REFERENCE NO. DRC01 287877 ISSUED BY THE RESPONDENT. (ANNEXURE - B) AND, (III) DECLARE THAT THE PETITIONER IS ELIGIBLE TO INPUT TAX CREDIT OF RS 11,05,456/- AS DISALLOWED BY THE RESPONDENT.

THIS PETITION, COMING ON FOR FRESH MATTERS, 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 Adjudication Order dated 29.12.2025 [*Annexure-A*] under Section 74 of the Central Goods and Services Tax Act, 2017 [for short, '*the 'CGST Act'*]. The proceedings under Section 74 of the CGST Act against the petitioner for the tax period April 2018 to February 2019 are commenced with the Adjudicating Officer initially opining that the petitioner has availed excess Input Tax Credit [ITC] in GSTR-3B than the eligible ITC as per GSTR-2A. The petitioner is issued with Intimation and Show Cause Notice, and the petitioner has also responded to such notices producing certain documents.

2. The Adjudicating Officer has opined that the petitioner has produced partial/incomplete documents which do not justify a conclusion as against the initial finding of excess availment of ITC. Ms. Lochana S. Babu, the learned counsel for the

petitioner, submits that the Adjudicating Authority could not have initiated proceedings under Section 74 of the CGST Act because there is not even an allegation that the petitioner has claimed ITC without availing the supplies. The learned counsel contends that the observation that the petitioner has not produced complete documents is unjustified because the show cause notice did not put the petitioner on notice of the details of the mismatch.

3. Ms. Lochana S. Babu also proposes to contend that the petitioner must not be fastened with the liability under Section 74 of the CGST Act with the entire burden of compliance under Section 16(2)(c) of the CGST Act on the petitioner without taking action against the supplier. Mr. Shishira Amarnath, the learned counsel for the respondent, is heard and the records are perused. The proceedings under Section 74 of the CGST Act are rooted in the observations during a scrutiny. The Show Cause

Notice refers to the difference in ITC claimed by the petitioner in GSTR-3B and the ITC available in GSTR-2A.

4. The notice is issued observing that the petitioner has availed ITC in excess of the auto-populated GSTR-2A *without ensuring admissibility and without confirming payment of tax by the suppliers.* The petitioner has responded to this notice stating *inter alia* that:

[i] *the supplies are bona fide and the recovery action against erring suppliers must be initiated in view of certain press note,*

[ii] *the suppliers, who have inadvertently reported tax invoices with the registration of some other tax persons, must be excluded,*

[iii] *it is arranging to collect the certificates as contemplated under the Circular in No. 183/15/2022- GST dated 27.12.2022 and that additional time would be required, and*

[iv] *the petitioner has requested that these Certificates may be considered before concluding the proceedings.*

5. This Court cannot take any exception with the Adjudicating Officer stating that the petitioner has not filed complete documents. However, this Court, because the petitioner is willing to produce documents [*the Certificates as contemplated under the Circular in No. 183/15/2022- GST dated 27.12.2022*] to justify the categories of exclusion and inclusion of suppliers as stated in the reply, is of the view that there must be interference with the impugned Adjudication Order to restore the proceedings with liberty to the petitioner to file all the Certificates but within certain timelines and on terms so that the mutual interests are balanced. In the light of the afore, the following.

ORDER

[A] The petition is allowed-in-part.

[B] The impugned Adjudication Order dated 29.12.2025 [*Annexure - A*] is quashed but with liberty to the petitioner to file by ***14.08.2026*** the different documents to justify the categories of inclusion and exclusion of suppliers as stated in the reply observing that all questions are left open to be considered by the Adjudicating Authority.

[C] The petitioner shall, by ***14.08.2026*** deposit 10% of the demand subject to adjudication in the restored proceedings.

Sd/-
(B M SHYAM PRASAD)
JUDGE

RB