HC-KAR

NC: 2026:KHC:42500-DB
WA No. 2005 of 2025

CNR: KAHC010816542025

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 11TH DAY OF AUGUST, 2026

PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

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

WRIT APPEAL NO. 2005 OF 2025 (GM-TEN)

BETWEEN:

1. KARNATAKA RESIDENTIAL EDUCATIONAL
INSTITUTIONS SOCIETY
REP. BY ITS EXECUTIVE DIRECTOR
6TH FLOOR, CUNNINGHAM ROAD
BENGALURU - 560 051

…APPELLANT

(BY SRI VIKARAM A HUILGOL, SENIOR COUNSEL FOR
SRI SHISHIRA AMARNATH.,ADVOCATE)

AND:

1. M/S SWEET HOME CONSTRUCTIONS
REPRESENTED BY ITS PROPRIETOR
SRI SHIVANAND R. SHETTY
AGED ABOUT 55 YEARS
HAVING ITS PLACE OF BUSINESS AT:
NO.8, GROUND FLOOR
DATTATREYA COMPLEX
SAI MANDIR ROAD
KARWAR - 581 306, KARNATAKA

2. GOVERNMENT OF KARNATAKA
REPRESENTED BY ITS
ADDITIONAL CHIEF SECRETARY

DEPARTMENT OF FINANCE
2ND FLOOR, VIDHANA SOUDHA
DR. AMBEDKAR VEEDHI
BENGALURU - 560 001

…RESPONDENTS

(BY SRI K.S. HARISH, GOVERNMENT ADVOCATE FOR R-2 &
SRI RAVI KIRAN P PAWAR, ADVOCATE FOR C/R-1)

THIS WRIT APPEAL IS FILED UNDER SECTION 4 OF THE KARNATAKA HIGH COURT ACT PRAYING TO SET ASIDE THE IMPUGNED ORDER DATED 26/03/2025 PASSED BY THE HONBLE SINGLE JUDGE IN WRIT PETITION NO.35531/2024 & 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. For the reasons stated in the application - I.A.1/2025, the same is allowed. The delay of 230 days in filing the above appeal is condoned.

2. The appellant has filed the present appeal impugning the order dated 26.03.2025 [hereafter '**the impugned order**'] passed by the learned Single Judge in W.P.No.35531/2024 (GM-TEN),

whereby the said petition was allowed. Respondent No.1 herein [hereafter '**the writ petitioner**'] had filed the said petition praying as under:

> "a) Issue a writ or such other order in the nature of Mandamus directing the Respondents to refund the differential GST amount paid by the Petitioners for the works executed by each of the Petitioners respectively, as per the representations dated **21-11-2024** given by the Petitioners-Contractors to Respondent 2 as per **ANNEXURE-B**.
>
> b) Any other relief that, the Hon'ble Courts deems it fit in the light of the facts and circumstances, in the ends of justice."

3. The learned Single Judge, without adverting to the facts, allowed the said petition by relying on the decision rendered in W.P.No.9721/2019 and other connected cases (**Sri Chandrashekaraiah and Others v. State of Karnataka and Others**[1]), decided on 11.04.2023, as followed in W.P.No.107489/2024 decided on 19.02.2025.

4. By the impugned order, the learned Single Judge has directed the appellant as well as respondent No.2 herein to reimburse the Goods and Services Tax (GST) amount as claimed

[1] NC:2023:KHC:15431

in the representation dated 21.11.2024, within a period of six weeks. The said representation, which has been placed on record, indicates that the writ petitioner had raised various bills aggregating Rs.3,19,97,005/- in respect of the construction of BC Post Metric Girls Engineering Hostel at Karwar, Uttara Kannada District, under a contract agreement dated 28.02.2018. It is stated therein that the writ petitioner had discharged GST at the rates of 12% and 18% aggregating Rs.38,79,278/-, whereas the estimate for the said work, having been framed on the basis of the Schedule of Rates 2016-17, made provision for tax at the rate of 4% amounting to Rs.12,99,699/- only. On that basis, the writ petitioner claimed reimbursement of the differential amount of Rs.25,99,398/- along with interest. The writ petitioner stated that since the contract was executed after 01.07.2017, on which date the GST regime was rolled out, it was entitled to reimbursement of the said amount.

5. The brief facts are that the appellant had invited tenders on 25.10.2017 for execution of the aforesaid works. The writ petitioner submitted its tender on 08.12.2017. The same was evaluated and the writ petitioner was declared the successful bidder. Thereafter, the parties entered into an agreement dated 28.02.2018. The said

agreement indicates that the appellant had accepted the writ petitioner's bid for execution and completion of the works and rectifying all defects within the defect liability period at "a contract price of Rs.3,17,41,000/- (Rupees Three Crore Seventeen Lakhs Forty One Thousand Only) (+1.48% Above the SR 2016-17)".

6. It is apparent from the above that no part of the work was executed prior to the rollout of the GST regime, that is, prior to 01.07.2017. We are unable to accept that the directions issued in the case of **Chandrashekaraiah** (*supra*) — which is the sole basis on which the writ petition was allowed — would have any relevance in the given facts. It is also clear that any dispute, whether the writ petitioner is entitled to the reimbursement of GST paid by it or not, is a contractual dispute. The impugned order also does not indicate that any such dispute was examined or adjudicated.

7. Clearly, it is not apposite to examine such disputes in proceedings under Article 226 of the Constitution of India.

8. The learned counsel for respondent No.1 has also referred to the decision of this Court dated 10.06.2026 in W.A.No.718/2025 (T-RES), which arose out of the order dated 25.04.2024 passed by

the learned Single Judge in W.P.No.2911/2024 clubbed with W.P.No.3196/2024. He submits that the said appeal was disposed of by setting aside the order impugned therein — which had been passed in terms similar to the impugned order — albeit only to the limited extent of clarifying that the directions contained therein (which were similar to the directions issued in **Chandrashekaraiah** (*supra*)) be construed only as directions to the employer and not to the tax authorities. He submits that, therefore, the direction to the employer (which in this case is the appellant) was confirmed.

9. The said contention is not merited. W.A.No.718/2025 was preferred by the tax authorities, claiming that the directions issued were contrary to the relevant statutes. They claimed that no directions to refund or reimburse GST could be issued contrary to the Central Goods and Service Tax Act, 2017 or the State Goods and Service Tax Act, 2017. It is in that context that this Court set aside the order impugned therein to the extent of the directions issued to the tax authorities/State, clarifying that the direction to reimburse the tax was required to be construed as a direction only to the concerned employer.

10. The order passed in W.A.No.718/2025 did not, therefore, in any manner preclude the concerned employer from assailing the order impugned in the said appeal. On the contrary, this Court had observed therein that the question whether a contractor is entitled to reimbursement of the incremental tax paid or payable on account of the levy of GST is strictly a matter between the contractor and the concerned employer with whom it has entered into a contract.

11. Accordingly, the appeal is allowed. The impugned order is set aside. We, however, clarify that this would not preclude the parties from availing such substantive remedies as may be available to them in accordance with law.

12. Pending application stands disposed of.

Sd/-
(VIBHU BAKHRU)
CHIEF JUSTICE

Sd/-
(K.S. HEMALEKHA)
JUDGE

SD
List No.: 1 Sl No.: 10