HC-KAR

NC: 2026:KHC:42423
WP No. 24170 of 2026

CNR: KAHC010534362026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 11TH DAY OF AUGUST, 2026

BEFORE

THE HON'BLE MR. JUSTICE R. NATARAJ

WRIT PETITION NO. 24170 OF 2026 (LA-RES)

BETWEEN:

1. SMT. YASHODA
   W/O LATE G.B.ANANTH KUMAR,
   AGED ABOUT 51 YEARS,

2. SHREERAKSHA G.A
   D/O LATE G.B.ANANTH KUMAR
   AGED ABOUT 20 YEARS

3. THANVI G.A.
   D/O LATE G.B.ANANTH KUMAR
   AGED ABOUT 15 YEARS
   PETITIONER NO.3 IS MINOR
   AND REPRESENTED
   BY NATURAL GAURDIAN AND
   MOTHER PETITIONER NO.1

   ALL ARE RESIDING AT NO.170,
   GREEN NEST ENCLAVE,
   DREAMS LAYOUT MADAPATNA,
   KUSHAL NAGAR TOWN,
   COORG DISTRICT - 571234

...PETITIONERS

(BY SRI. NARENDRA GOWDA, ADVOCATE)

AND:

1. THE DEPUTY COMMISSIONER
   COORG DISTRICT,
   COORG-571234

2. THE SPECIAL LAND ACQUISITION OFFICER AND

COMPETANT AUTHORITY,
NATIONAL HIGHWAY 275
(MYSORE MADIKERE DIVISION),
NO 984, 1ST FLOOR,
GEETHA ROAD
CHAMARAJPURAM,
MYSORE-570005

3. NATIONAL HIGHWAY AUTHORITY OF INDIA
MINISTRY OF ROAD TRANSPORT AND HIGHWAYS
GOVT OF INDIA,
REGIONAL OFFICE
BESIDE NAGASANDRA METRO STATION
BANGALORE 560073
REP BY ITS
DEPUTY GENERAL MANAGER

4. PROJECT DIRECTOR
NATIONAL HIGHWAY AUTHORITY OF INDIA
PROJECT IMPLEMENTATION UNIT
BASAVANAPURA (RAMADEVARAPADA)
RAMANAGARA -562159

…RESPONDENTS

(BY SRI.POOJA M KOORSE, HCGP FOR R1;
SRI.N.KUMAR, ADVOCATE FOR R2 TO R4)

THIS WP IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO DIRECT THE RESPONDENT NOS.2 TO 4 TO PAY THE AMOUNT DEDUCTED AS GST A SUM OF RS. 7,49,946.20/- TOWARDS THE ACQUISITION OF LAND IN SY. NO. 21/34 OF BASAVANAHALLI VILLAGE AND POST KUSHAL NAGAR TALUK, COORG DISTRICT VIDE ANNEXURE-E AND ETC.

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

CORAM: HON'BLE MR. JUSTICE R. NATARAJ

ORAL ORDER

The petitioners have sought for a writ in the nature of mandamus directing the respondent Nos.2 to 4 to reimburse the Goods and Services Tax (GST) amount of Rs.7,49,946.20 which was deducted out of the compensation paid in respect of the acquisition of the land in Sy.No.21/34 of Basavanahalli Village and Post, Kushal Nagar Taluk, Coorg District and award interest on the deducted amount of GST from the date of the award till the date of payment.

2. The petitioners claim that the land belonging to them measuring to an extent of 2330 square meters in Sy.No.21/34 of Basavanahalli Village and Post, Kushal Nagar Taluk, Coorg District, was acquired by the Union of India for the purposes of respondent No.3 for widening Mysuru - Madikeri Highway. An award was passed determining the compensation payable at a sum of Rs.50,72,872.92. The respondent No.2 deducted a sum of Rs.7,49,946.20 being 18% GST out of the compensation payable to the petitioners. The petitioners claim that they are not liable to pay GST as acquisition of land cannot be construed as sale of goods or providing of service. The

petitioners are therefore, before this Court challenging the deduction of GST from the compensation payable to them.

3. The learned counsel for the petitioners reiterated the above contentions and submitted that the provisions of the Central Goods and Service Tax Act, 2017 (henceforth referred to as 'GST Act') is not applicable to an acquisition of land. He also contends that provisions of the Income Tax Act, 1961, also are not applicable whenever agricultural land is acquired and compensation is paid. He submits that this Court in W.P.No.35685/2025 and connected cases has already taken a view that no TDS can be deducted from the compensation payable. He also contends that there is no sale of any goods or provision of any service for provisions of the GST Act to be attracted. He therefore, submits that the deduction of GST from the compensation payable to the petitioners is not only arbitrary but a colourable exercise of power.

4. Learned counsel for respondent Nos.2 to 4 contends that the GST Act mandates levy of GST on works contract/structure valuation and the same was applied uniformly to all landlosers. It is contended that the petitioners

claim that the compensation under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, it is exempt from any tax misconstrues the statutory framework. It is claimed that while compensation for land acquired may not attract GST, the structural component assessed under the award is liable to GST as per law.

5. I have considered the submissions of the learned counsel for the petitioners as well as the learned counsel for respondent Nos.2 to 4.

6. The fact that the property of the petitioners are acquired for widening of the road by the Union of India is not in dispute. It is also not in dispute that a sum of Rs.50,72,872.92 was determined as compensation payable in respect of the land and building/s acquired. It is also not in dispute that the respondent No.2 has deducted a sum of Rs.7,49,946.20 towards 18% GST. An immovable property is defined under Section 3 of the Transfer of Property Act, 1881, to include everything attached to it or imbedded for the beneficial enjoyment of the immovable property. This therefore means

that even buildings constructed on land are treated as immovable property. The GST is a tax on supply of goods or services or both as provided under Article 366(12A) of the Constitution of India, which was inserted with effect from 16.09.2016. An immovable property cannot at any stretch of imagination be construed as goods. Therefore, there is neither supply of goods nor services, but an expropriation of property of a citizen using statutory power. The petitioners have neither sold any goods nor provided any service in giving away their property. Therefore, even if a wide latitude is given to the words "supply of goods or service", the acquisition of property by the State in exercise of its power of eminent domain, cannot fall within the definition of the words "supply of goods or service".

7. Though the learned counsel for respondent Nos.2 to 4 have contended that GST Act mandates levy of GST on works contract/structure valuation and the same was applied uniformly to all landlosers, they failed to explain under what provision of the GST Act, the acquisition of a land or structure would amount to supply of goods or provision of service. As a

matter of fact, the High Court of Judicature at Madras in W.P.No.3278/2024 while considering a similar contention, has held that

> *"In view of the admission of the third respondent (third respondent is National Highways Authority of India) in their counter affidavit, that no levy of GST is applicable and charged on the compensation amount paid to the petitioner and no GST has also been paid by the petitioner to any GST authorities of the Central Government or the State Government, no direction as sought for by the petitioner is necessary in this writ petition."*

8. This Court, while considering whether income tax could be deducted at source on the interest on compensation paid to a landloser, held that tax cannot be deducted at source even on the interest awarded under Section 28 of the Land Acquisition Act, 1894, as that forms part of the compensation and such interest is intended to factor inflation during the period between the determination of compensation and its payment.

9. Therefore, this Court has no hesitation to hold that the respondents have acted in excess of their power in deducting GST from compensation payable to the petitioners.

10. In that view of the matter, the award notice bearing No. LAQ/NHAI/NH-275/AWD/Supplementary-AWD/ Basavanahalli/2023-24 dated 24.08.2024 as per Annexure – E, issued by the respondent No.2 in so far as deducting GST from the compensation payable to the petitioners is quashed. The respondent No.2 is directed to refund the GST of Rs.7,49,946.20 deducted from the compensation payable to the petitioners along with interest at the rate of 15% per annum from the date of the award till the date of payment. Interest payable on the deducted GST shall be recovered from the respondent No.2 personally. The respondent No.2 shall pay cost of Rs.50,000/- (Rupees Fifty Thousand only) to the petitioners within a month, towards the expenses incurred in filing this unwanted petition.

11. This petition stands ***disposed off*** on the above terms.

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12. Learned High Court Government Pleader for respondent No.1 and Sri.N.Kumar, learned counsel for the respondent Nos.2 to 4 are permitted to file memo of appearance within ten days.

Sd/-
(R. NATARAJ)
JUDGE

BKN
List No.: 1 Sl No.: 1