HC-KAR

NC: 2026:KHC:45066-DB
WA No. 1998 of 2025
C/W WA No. 2018 of 2025
WA No. 2027 of 2025

CNR: KAHC010815652025

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 20TH DAY OF AUGUST, 2026

PRESENT

THE HON'BLE MR. JUSTICE R DEVDAS

AND

THE HON'BLE DR. JUSTICE K.MANMADHA RAO

WRIT APPEAL NO. 1998 OF 2025 (T-IT)

C/W

WRIT APPEAL NO. 2018 OF 2025 (T-IT)

&

WRIT APPEAL NO. 2027 OF 2025 (T-IT)

IN WA No. 1998/2025

BETWEEN:

THE ADDL. COMMISSIONER OF INCOME TAX
CENTRAL RANGE -1,
3RD FLOOR, C.R. BUILDING,
QUEEN'S ROAD,
BENGALURU - 560 001.

...APPELLANT

(BY SRI. RAVI RAJ Y. V., ADVOCATE)

AND:

M/S. NANDA FEEDS PVT. LTD.,
NO.337/61, 2ND FLOOR,
43RD CROSS, 9TH MAIN,
5TH BLOCK, JAYANAGAR,
BENGALURU - 560 041.

HC-KAR
NC: 2026:KHC:45066-DB
WA No. 1998 of 2025
C/W WA No. 2018 of 2025
WA No. 2027 of 2025
CNR: KAHC010815652025

(REPRESENTED BY ITS DIRECTOR,
NAVEEN KUMAR PASUPARTHY,
AGED ABOUT 56 YEARS,
S/O P.S. NANDA KUMAR)
INCORPORATED UNDER COMPANIES ACT, 1956.

...RESPONDENT

(BY SRI. CHYTHANYA K. K. SENIOR COUNSEL A/W
SRI. VIPUL KAMATH K.V., ADVOCATE FOR;
SRI. TATA KRISHNA, ADVOCATE)

THIS WRIT APPEAL IS FILED U/S 4 OF THE KARNATAKA HIGH COURT ACT PRAYING TO SET ASIDE THE ORDER PASSED BY THE LEARNED SINGLE JUDGE IN WP NO.19076/2025 DATED 18/09/2025 AND ETC.,

IN WA NO. 2018/2025

BETWEEN:

THE ADDL. COMMISSIONER OF INCOME TAX
CENTRAL RANGE-1,
3RD FLOOR, C.R. BUILDING,
QUEEN'S ROAD,
BENGALURU - 560 001.

...APPELLANT

(BY SRI. RAVI RAJ Y. V., ADVOCATE)

AND:

M/S. NANDA FEEDS PVT. LTD.,
NO.337/61, 2ND FLOOR,
43RD CROSS, 9TH MAIN,
5TH BLOCK, JAYANAGAR,
BENGALURU - 560 041.
(REPRESENTED BY ITS DIRECTOR,

NAVEEN KUMAR PASUPARTHY,
AGED ABOUT 56 YEARS,
S/O P.S. NANDA KUMAR)
INCORPORATED UNDER COMPANIES ACT, 1956

...RESPONDENT

(BY SRI. CHYTHANYA K. K. SENIOR COUNSEL A/W
SRI. VIPUL KAMATH K.V., ADVOCATE FOR
SRI. TATA KRISHNA, ADVOCATE)

THIS WRIT APPEAL IS FILED U/S 4 OF THE KARNATAKA HIGH COURT ACT PRAYING TO SET ASIDE THE ORDER PASSED BY THE LEARNED SINGLE JUDGE IN W.P. NO.19210/2025 DATED 18/09/2025 AND ETC.,

IN WA NO. 2027/2025

BETWEEN:

THE ADDL. COMMISSIONER OF INCOME TAX
CENTRAL RANGE-1,
3RD FLOOR, C.R. BUILDING,
QUEEN’S ROAD,
BENGALURU - 560 001.

...APPELLANT

(BY SRI. RAVI RAJ Y. V., ADVOCATE)

AND:

M/S. NANDA FEEDS PVT. LTD.,
NO.337/61, 2ND FLOOR,
43RD CROSS, 9TH MAIN,
5TH BLOCK, JAYANAGAR,
BENGALURU - 560 041.
(REPRESENTED BY ITS DIRECTOR,
NAVEEN KUMAR PASUPARTHY,

AGED ABOUT 56 YEARS,
S/O P.S. NANDA KUMAR)
INCORPORATED UNDER COMPANIES ACT, 1956
...RESPONDENT

(BY SRI. CHYTHANYA K. K. SENIOR COUNSEL A/W
SRI. VIPUL KAMATH K.V., ADVOCATE FOR;
SRI. TATA KRISHNA, ADVOCATE)

THIS WRIT APPEAL IS FILED U/S 4 OF THE KARNATAKA HIGH COURT ACT PRAYING TO SET ASIDE THE ORDER PASSED BY THE LEARNED SINGLE JUDGE IN WP NO.20063/2025 DATED 18/09/2025 AND ETC.,

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

CORAM: HON'BLE MR. JUSTICE R DEVDAS
and
HON'BLE DR. JUSTICE K.MANMADHA RAO

COMMON JUDGMENT

(PER: HON'BLE MR. JUSTICE R DEVDAS)

These intra-Court writ appeals arise from the impugned orders passed by the learned Single Judge in W.P.Nos.19076/2025, 19210/2025 and 20063/2025 dated 18.09.2025. The writ petitions were filed seeking to quash, insofar as the writ petitioner is concerned, the impugned penalty orders and demand notices passed under Section 271DA of the Income Tax Act, 1961, dated 23.05.2025 and 26.05.2025.

2. As could be seen from the impugned orders, the learned Single Judge proceeded to allow the writ petitions on the ground of limitation, having regard to a decision of a co-ordinate Bench in the case of ***Prl. Commissioner of Income Tax Vs. K.Umesh Shetty* (2025) 170 Taxmann.com 748 (Karnataka)**. The learned Single Judge has held that the learned Counsel for the respondent-revenue therein would not dispute the position of law as laid down by the Division Bench and accordingly on the admitted fact that the show cause notice was issued beyond the prescribed period, proceeded to allow the writ petitions while setting aside the impugned penalty orders and the demand notices dated 23.05.2025 and 26.05.2025.

3. However, learned counsel for the appellant-Revenue submits that subsequently another Division

Bench in the case of the **Joint Commissioner of Income Tax and another Vs. Ganesh Agarwal** in Writ Appeal No.1991/2025 connected with other matters disposed of on 07.07.2026, has held that the proceedings under Section 271DA of the Income Tax Act, 1961 (hereinafter referred to as 'the Act' for short) can be said to have been initiated only upon issuance of notice under Section 274 of the Act, by the Joint Commissioner of Income Tax. In that view of the matter, the learned counsel for the appellant submitted that reliance placed by the learned Single Judge on ***Principal Commissioner of Income Tax Vs. K. Umesh Shetty*** (supra) may be misplaced and therefore, the matter has to be reconsidered.

4. Learned Senior Counsel Sri Chythanya K.K., appearing for the respondent would however submit that although the subsequent decision of a Division Bench in the case of **Ganesh Agarwal** (supra) sought to differ from the decision of another co-ordinate bench, the

correct procedure should have been to refer the matter to a larger bench. In this regard, attention of this Court is drawn to a decision of the Apex Court in the case of ***Official Liquidator Vs. Dayanand & Ors.*** **2008 (10) SCC 1** where the Hon'ble Supreme Court has clearly held that judicial discipline if not followed by the Judges, then the litigant public and the lawyers will be in a dilemma in the matter of following the judgments of the courts, if there are divergent opinions. Nevertheless, the learned Senior Counsel would submit that notwithstanding the said submission, going by the decision of another co-ordinate bench in the case of ***Ganesh Agarwal***, as stated in the concluding paragraphs, viz., 63 (iv), if the position of law is stated to be that the period of six months would begin from the end of the month in which the proposal/reference was received by the Joint Commissioner from the Assessing Officer, when applied to the facts of the present case, would still go in the favour of the respondent.

5. Learned Senior Counsel submitted, while drawing the attention of this Court to the show cause notice issued under Section 274 read with Section 271DA of the Act, that it was issued by the appellant on 12.12.2024, beyond the period of six months as prescribed by the Division Bench in ***Ganesh Agarwal's*** case.

6. Learned Senior Counsel submitted that from the show cause notice, it is clear that during the course of the proceedings for the assessment years 2019-20, 2020-21, 2022-23, it appeared to the appellant herein that the respondent failed to comply with the provisions of Section 269ST of the Act by receiving cash more than ₹2,00,000/- aggregating to ₹1,26,50,850/- during the assessment year 2019-2020 in W.A.No.1998/2025, ₹4,25,65,566/- during the assessment year 2020-2021 in W.A.No.2018/2025 and ₹54,11,422/- during the assessment year 2022-2023 in W.A.No.2027/2025. The notice itself specifies that a proposal was received from the Assessing Officer for

initiating proceedings for levying penalty under Section 271DA of the Act, against the respondent for failure to comply with Section 269ST of the Act for the assessment years 2019-20, 2020-21 and 2022-23. Therefore, it is submitted that having regard to Clause (c) of sub-section (1) of the unamended provision of Section 275, where there are two limbs provided and the first limb being that in any other case, after the expiry of the financial year in which the proceedings in the course of which, action for imposition of penalty has been initiated are completed, the cause of action would commence from the date when the Assessing Officer passes the order. The case on hand falls under the first limb.

7. Learned Senior Counsel submitted that in the present case, the assessment order was passed on 18.03.2024 and 24.03.2024 and the financial year for the assessment year came to an end on 31.03.2024 and six months therein would end on 30.09.2024. However, the

show cause notice was issued on 12.12.2024, long after the period of six months elapsed, even in terms of the law laid down by the co-ordinate bench in the case of ***Ganesh Agarwal***. The learned Senior Counsel would therefore submit that although according to the learned Senior Counsel, the law laid down by the Co-ordinate Bench in the case of ***Umesh Shetty*** should hold the field, since the said judgment is based on the decision of the Apex Court in the case of ***D. M. Manasvi Vs. Commissioner of Income Tax, Gujarat, II Ahmedabad*** **(1973) 3 SCC 207** which was based on the relevant provisions of the Income Tax Act unlike the decision in ***Ganesh Agarwal*** which is based on ***Armour Security (India) Ltd. Vs. Commissioner CGST, Delhi*** **(2026) 4 SCC 338** which arises out of the provisions of the Goods and Services Act, nevertheless there cannot be a different conclusion, having regard to the facts of this case that the action taken by the appellant authority against the respondent is beyond the period of limitation prescribed under the Act.

Therefore, no infirmity can be found in the impugned orders passed by the learned Single Judge.

8. Having heard the learned counsel for the appellant, learned Senior counsel for the respondent and on perusing the appeal memo, this Court is of the considered opinion that the learned Senior Counsel for the respondent has taken this Court through the two decisions rendered by the co-ordinate benches of this Court in the case of ***Umesh Shetty*** as well as ***Ganesh Agarwal*** although the subsequent decision in the case of ***Ganesh Agarwal*** seeks to differ from the earlier judgment in the case of ***Umesh Shetty***, nevertheless having regard to the admitted facts of this case, there cannot be a different conclusion than what was arrived at by the learned Single Judge.

9. The co-ordinate Bench, in the case of ***Umesh Shetty*** held that the date of reference by the Assessing Officer shall be the point of commencement for completing

limitation under Section 275 of the Act. On the other hand, another co-ordinate Bench in the case of ***Ganesh Agarwal*** has held that limitation under Section 275(1)(c) of the Act, commences only from the date of issuance of show cause notice under Section 274 of the Act by the Joint Commissioner of Income Tax. In the present case, as rightly submitted by the learned Senior Counsel for the respondent, the order of assessment was passed on 18.03.2024 and 24.03.2024 and therefore, the financial year coming to an end on 31.03.2024, six months would end on 30.09.2024. Therefore, going by the interpretation given in ***Umesh Shetty***, having regard to the date of the order of assessment, the initiation of proceedings beyond 30.09.2024, would be time barred. On the other hand, going by the interpretation given in ***Ganesh Agarwal***, if the period of six months would begin from the end of the month in which the proposal/reference was received by the Joint Commissioner from the Assessing Officer, even then the show cause notice should have been issued before 30.09.2024.

10. Viewed from any angle, the impugned penalty orders and demand notices dated 23.05.2025 and 26.05.2025 cannot be sustained, on the ground of limitation. The action taken by the appellant authority against the respondent for levying penalty under Section 271DA of the Act, is clearly beyond the period of limitation prescribed under Section 275 (1) (c) of the unamended Act.

11. In that view of the matter, the appeals are ***dismissed***.

Sd/-
(R DEVDAS)
JUDGE

Sd/-
(DR.K.MANMADHA RAO)
JUDGE

JT/-
CT:PH