Case Citation: (2026) taxcode.in 1563 HC

HC-KAR

NC: 2026:KHC:49011-DB
WA No. 652 of 2026

CNR: KAHC010125162026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 8TH DAY OF SEPTEMBER, 2026

PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

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

WRIT APPEAL NO.652 OF 2026 (T-RES)

BETWEEN:

COMMERCIAL TAX OFFICER
(ENFORCEMENT-10),
OFFICE OF THE JOINT COMMISSIONER
TAXES (ENFORCEMENT), MYSORE ZONE,
#487 BIDARAM KRISHNAPPA ROAD,
DEVARAJA MOHALLA,
MYSURU-570001.

…APPELLANT

(BY SRI. ADITYA V. BHAT, AGA)

AND:

1. SRI. MAHADEVAPPA MADAPPA
AGED ABOUT 67 YEARS,
S/O. LATE MADAPPA,
RESIDING AT NO.231,
LINGAYITHA STREET,
DADAHALLI VILLAGE,
CHANDAKAVADI POST AND HOBLI,
CHAMARAJANAGAR TALUK-571342.

2. OFFICE OF THE EXECUTIVE ENGINEER
REPRESENTED BY EXECUTIVE ENGINEER,
PUBLIC WORKS,
PORTS AND INLAND TRANSPORT
DEPARTMENT DIVISION,
MYSURU-570010.

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3. OFFICE OF THE EXECUTIVE ENGINEER,
REPRESENTED BY ITS EXECUTIVE
ENGINEER, PANCHAYAT RAJ
ENGINEERING DIVISION,
COURT ROAD, SIDDHARTHA NAGAR,
CHAMARAJANGAR - 571313.

4. OFFICE OF THE EXECUTIVE ENGINEER
REPRESENTED BY ITS EXECUTIVE ENGINEER,
MINOR IRRIGATION DIVISION AND
GROUND WATER DEVELOPMENT DIVISION,
NAZARBAD, MYSURU-570010.

5. OFFICE OF THE EXECUTIVE ENGINEER
REP. BY ITS EXECUTIVE ENGINEER,
CNNL KABINI CANALS DIVISION,
N, NANJANGUD, 1/18TH CROSS,
KABIRI COLONY, NANJANGUD,
MYSURU - 571301.

6. THE MANAGER
VIJAYA BANK,
CHAMARAJANAGAR BRANCH,
PB NO.1, AGRAHARA STREET,
CHAMARAJANAGAR - 571313.

...RESPONDENTS

(BY SRI. JOSEPH VARGHESE, ADVOCATE FOR
SMT. LAKSHMI MENON, ADVOCATE FOR R-1;
NOTICE TO R-2 TO R-6 ARE SERVED AND UNREPRESENTED)

THIS WRIT APPEAL IS FILED UNDER SECTION 4 OF THE KARNATAKA HIGH COURT ACT, 1961 PRAYING TO SET ASIDE THE ORDER DATED 20.03.2025 PASSED BY THE LEARNED SINGLE JUDGE, HIGH COURT OF KARNATAKA, BENGALURU IN W.P.NO.29110/2024 AND DISMISS THE WRIT PETITION BEARING W.P.NO.29110/2024 FILED BY RESPONDENT NO.1 AND 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. In the given facts, we consider it apposite to condone the delay of 268 days in filing the appeal. Accordingly, I.A.No.1/2026 is allowed.

2. The appellant [the Commercial Tax Officer] has filed the present appeal impugning the order dated 20.03.2025 passed by the learned Single Judge in W.P.No.29110/2024 [T-RES], whereby the petition filed by respondent No.1 [**the writ petitioner**] was allowed in terms of the earlier decision in the case of **Sri Chandrashekaraiah and Others V. The State of Karnataka and Others**[1].

3. Respondent No.1 had filed the petition [W.P.No.29110/2024] impugning the order dated 28.03.2024 passed by the appellant authority under Section 73 (9) of the Karnataka Goods and Services Tax Act, 2017 [**the KGST Act**] read with Rule 142(5) of

[1] W.P.No.9721/2019 and connected cases decided on 11.04.2023

the Karnataka Goods and Services Tax Rules, 2017 and Section 6 of the Central Goods and Services Tax Act, 2017 [**the CGST Act**]. In the alternative, respondent No.1 had sought a direction to respondent Nos.2 to 5 to enter into supplementary tender agreements, or any other permissible arrangement to revise the rate of applicable taxes and pay the differential Goods and Services Tax [**GST**] liability imposed on respondent No.1.

4. Respondent No.1 claims to be a works contractor engaged in providing works contract services to various Government Departments, including the Public Works Departments, Ports and Inland Transport Departments, Chamarajanagar, Panchayat Raj Engineering Division, Chamarajnagar, Minor Irrigation Division, Mysuru, and CNNL Kabini Canals Division Nanjangud.

5. Respondent No.1 was registered with the Value Added Tax Department under the VAT regime, which was in force prior to the implementation of the GST regime which came into effect from 01.07.2017. Thereafter, respondent No.1 obtain registration under the GST regime [GSTIN 29AFIPM1550L1Z5]. Respondent No.1 claims to have entered into works contracts with respondent Nos.2

to 5 for execution of works relating to the improvement of roads in the Chamarajnagar area. Upon completion of the contracts, payments were released to respondent No.1.

6. The appellant thereafter conducted an inspection of the records of respondent No.1 under Section 67(1) of the KGST/CGST Act and has found certain discrepancies, including an alleged availment of excess Input Tax Credit [**ITC**]. The GST department, thereafter, initiated proceedings under Section 73 of the KGST and the CGST Act, and after issuing a show cause notice, confirmed the demands in respect of the GST. Subsequently, a recovery certificate dated 08.07.2024 was issued for recovery of the amounts from respondent No.1 under Section 79 of the KGST/CGST Act.

7. In the meanwhile, several petitions had been filed before the learned Single Judge, whereby the concerned petitioners had sought reimbursement of differential tax, which they claimed was payable by virtue of the GST enactments coming into force. Those petitions were taken up together and disposed of by a common order in **Chandrashekaraiah** case (supra). Apparently, the said

petitions concerned claims arising out of contracts which had either been entered into prior to the introduction of the GST regime or were claimed to have been awarded on the basis of rates of tax applicable under the VAT regime. The contracts in question involved different contracting parties and varied contractual terms and conditions.

8. In **Chandrashekaraiah** case (supra), the learned Single Judge passed blanket orders, *inter alia*, directing that the differential of the tax liability arising on account of the change from the KVAT regime to the GST regime be reimbursed to the concerned petitioners in those petitions. The learned Single Judge directed the concerned respondents, including the employers, who had awarded the works contracts to the writ petitioners, to bear the differential tax burden on account of the change from the KVAT regime to GST regime in the manner indicated therein. Directions were also issued to the GST authorities not to take any precipitate steps, to reimburse the GST, and to permit filing of revised returns.

9. We are unable to accept that such blanket directions can be issued, particularly in the aforesaid manner, without reference to

the specific terms and conditions of the contracts. In any event, no directions could be issued to the tax authorities to act contrary to the terms of the relevant statutes. In the present case, the learned Single Judge has mainly followed the operative directions of the decision in the case of **Chandrashekaraiah** (supra) and has passed orders and directions in similar terms. It is *ex facie* clear that the said directions disregard the facts in the present case.

10. The learned counsel appearing for respondent No.1 fairly states that respondent No.1 does not wish to contest the present appeal and the same may be allowed.

11. In view of the above, the appeal is allowed, the impugned order is set aside.

Sd/-
(VIBHU BAKHRU)
CHIEF JUSTICE

Sd/-
(K.S. HEMALEKHA)
JUDGE

AT, List No.: 1 Sl No.: 13.2