



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 18TH DAY OF NOVEMBER, 2025

BEFORE

THE HON'BLE MR. JUSTICE S.R.KRISHNA KUMAR

WRIT PETITION NO.26955 OF 2025 (T-RES)

BETWEEN:

M/S NAVAYUGA ENGINEERING COMPANY LIMITED
BASEMENT 8 (OLD NO. C-28) VK COMMERCE
3RD MAIN ROAD, IT PARK,
RAJAJINAGAR, BENGALURU
BENGALURU URBAN – 560 010.
REPRESENTED BY ITS AUTHORIZED SIGNATORY.
SHRI K R KISHORE,
RESIDING AT PLOT NO. 379,
ROAD NO. 10, JUBILEE HILLS,
HYDERABAD – 500 033.

...PETITIONER

(BY SRI. G. SHIVADASS, SENIOR COUNSEL APPEARING FOR
SRI. RISHAB.J., AND SRI PRASHANTH S.,
SMT. SHRI GAYATHRI AND SMT. SNEHA SURESH, ADVOCATES)

AND:

JOINT COMMISSIONER OF COMMERCIAL TAXES
DGSTO-6, 3RD FLOOR, KIADB BUILDING,
14TH CROSS, 2ND STAGE,
PEENYA INDUSTRIAL AREA,
BENGALURU – 560 058.

...RESPONDENT

(BY SRI.K. HEMA KUAMR, AGA)

THIS W.P IS FILED UNDER ARTICLES 226 AND 227 OF THE
CONSTITUTION OF INDIA PRAYING TO ISSUE ORDER(S), DIRECTIONS,
WRIT(S) IN THE NATURE OF CERTIORARI OR ANY OTHER WRIT
QUASHING THE IMPUGNED ORDER IN REVISION BEARING NO.
JCCT(ADMN)/DGSTO-6/GST/SMR-03/2025-26 DATED 14.05.2025 PASSED
BY THE RESPONDENT IS ENCLOSED AT ANNEXURE-A AS BEING
WITHOUT JURISDICTION AND ETC.

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





CORAM: HON'BLE MR. JUSTICE S.R.KRISHNA KUMAR

ORAL ORDER

In this petition, petitioner seeks the following reliefs:

“(a) To issue order(s), directions, writ(s) in the nature of Certiorari or any other writ quashing the Impugned Order in Revision bearing No. JCCT(ADMN)/DGSTO-6/GST/SMR-03/2025-26 dated 14.05.2025 passed by the Respondent is enclosed at Annexure-A as being without jurisdiction;

(b) To issue order(s), directions, writ(s) in the nature of mandamus or any other writ holding that the provisions of Section 15(2) of the CGST Act to determine the value of supply is inapplicable to the facts and of the present case;

(c) To issue order(s), directions, writ(s) in the nature of mandamus holding that invocation of revisional powers by the Respondent to pass the Impugned Order under Section 108(1) of the CGST Act against an Audit Report is incorrect and without Authority of law;

(d) To issue order(s), directions, writ(s) in the nature of certiorari or any other writ holding that the interest Section 50 of the CGST/SGST Act, 2017 and penalty under Section 73(9) of CGST/SGST Act, 2017 is not leviable;

(e) To issue order(s), directions, writ(s) or any other relief as this Hon'ble Court deems it fit and proper in the facts and circumstance of the case in the interest of justice;”



2. Heard learned Senior Counsel for the petitioner and learned counsel for the respondent and perused the material on record.

3. In addition to reiterating the various contentions urged in the memorandum of petition and referring to the material on record, learned Senior Counsel for the petitioner invited my attention to the Revised Audit Observation dated 17.11.2023, to which petitioner submitted a reply dated 24.11.2023, which culminated in an Audit Report dated 15.12.2023 in Form GST No.CTO/Audit-6.1/DGSTO-6/23-24 dated 15.12.2023 in Form GST ADT-02. It is submitted that after having issued the aforesaid Audit Report dated 15.12.2023 in favour of the petitioner, the respondent was not entitled to initiate Revision Proceedings under Section 108 of the KGST Act by issuing notice dated 19.10.2024 especially when no proceedings under Section 73 or Section 74 of the KGST Act, was initiated by the respondent prior to initiating the revision proceedings or subsequently and as such, the impugned revision proceedings including the impugned order passed by the Revisional Authority deserves to be quashed.



4. Per contra, learned AGA for the respondents on instructions submits that there is no merit in the petition and that the same is liable to be dismissed. He however would not dispute the fact that proceedings under Section 73 or Section 74 of the KGST Act had not been initiated by the respondent as on date and liberty may be reserved in favour of the respondent to initiate such proceedings as permissible in law.

5. The aforesaid facts and circumstances clearly indicate that as on the date of initiating revisional proceedings by issuance of the revision notice dated 19.10.2024, respondent had not initiated proceedings under Section 73 or Section 74 of the KGST Act. In this context, it is relevant to extract Section 65(7) of the KGST Act, which reads as under:

*“Section 65(7) of the Kerala Goods and Services Tax (KGST) Act, 2017, states that if an audit conducted by the tax authorities detects any instances of **unpaid or short-paid tax, erroneously refunded tax, or input tax credit wrongly availed or utilized**, the proper officer can initiate action under Section 73 or Section 74 of the Act.”*

6. A plain reading of the aforesaid provision will clearly indicate that upon coming to know about issuance of the Audit Report, it is incumbent upon the respondent to initiate proceedings



/ action under Section 73 or Section 74 of the KGST Act and without doing so, it is impermissible in law for the respondent to initiate revisional proceedings, which is contrary not only to the aforesaid provision but also the other material on record especially having regard to the fact that no proceedings have been initiated under Section 73 or Section 74 of the KGST Act even till today.

7. Under these circumstances, I am of the considered opinion that the impugned proceedings including the impugned order are illegal, arbitrary and without authority of law and the same deserves to be quashed.

8. In the result, I pass the following:

ORDER

- (i) The petition is hereby ***allowed***.
- (ii) The impugned order in Revision at Annexure – A dated 14.05.2025 passed by the respondent is hereby quashed.
- (iii) Liberty is however reserved in favour of the respondent to initiate proceedings against the petitioner in



NC: 2025:KHC:47745
WP No. 26955 of 2025

accordance with law subject to all just exceptions and
limitations as permissible in law.

Sd/-
(S.R.KRISHNA KUMAR)
JUDGE



SV
List No.: 2 SI No.: 42