HC-KAR

NC: 2026:KHC:11635
WP No. 3353 of 2026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 25TH DAY OF FEBRUARY, 2026

BEFORE

THE HON'BLE MR. JUSTICE S SUNIL DUTT YADAV

WRIT PETITION NO. 3353 OF 2026 (T-RES)

BETWEEN:

JUPITER VENTURES,
GROUND FLOOR, NO.2,
NAGONDANAHALLI MAIN ROAD,
WHITEFIELD, BENGALURU - 560 066,

PREVIOUSLY AT
D 1403, SHRI RAMA PROPERTIES,
R.T. NAGAR, DINNUR MAIN ROAD,
BANGALORE.

REPRESENTED BY ITS PROPRIETOR
SRI. MOHAN KUMAR
S/O MUDALAGIRI GOWDA,
AGED ABOUT 55 YEARS.

...PETITIONER

(BY SRI. KIRAN NAIDU, ADVOCATE FOR
SRI. SHREEHARI., ADVOCATE)

Digitally signed by VIJAYA P
Location: HIGH COURT OF KARNATAKA

AND:

1. ASSISTANT COMMISSIONER OF CENTRAL TAX,
BENGALURU NORTH DIVISION,
BENGALURU,
OFFICE OF THE COMMISSIONER OF CENTRAL TAX,
BENGALURU NORTH COMMISSIONERATE,
NO.59, HMT BHAVAN, BELLARY ROAD,
BENGALURU - 560 032.

2. ADDITIONAL COMMISSIONER OF CENTRAL TAX,
RANGE - CED 7, EAST DIVISION 7,
BENGALURU EAST COMMISSIONERATE,
BENGALURU,
BMTC BUILDING, OLD AIRPORT ROAD,
DOMLUR, BENGALURU - 560 071.

3. PRINCIPAL COMMISSIONER OF CENTRAL TAX,
BENGALURU EAST COMMISSIONERATE,
BENGALURU,
BMTC BUILDING, OLD AIRPORT ROAD,
DOMLUR, BENGALURU - 560 071.

4. LOCAL GOODS AND SERVICES TAX OFFICER-150,
BENGALURU,
OFFICE OF THE DGSTO - 5,
TTMC BMTC BUILDING, 2ND FLOOR,
YESHWANTHPURA,
BANGALORE - 560 022.

5. COMMISSIONER OF COMMERCIAL TAXES
TTMC, VTK, 80 FT ROAD,
NEAR KHB GAMES VILLAGE,
KORAMANGALA
BENGALURU - 560 095.

...RESPONDENTS

(BY SRI. AKASH B.SHETTY, ADVOCATE FOR R1 TO R3;
SRI. K. HEMA KUMAR, AGA FOR R4 AND R5)

THIS W.P. IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO QUASHING THE ACTION OF RESPONDENT NO.1 IN BLOCKING THE PETITIONER'S ELECTRONIC CREDIT LEDGER UNDER RULE 86A OF THE CENTRAL GOODS AND SERVICES TAX RULES, 2017, VIDE REFERENCE NO.BL2911240000347 DATED 21.11.2024 (ANNEXURE-B) AND ETC.

THIS PETITION COMING ON FOR PRELIMINARY HEARING 'B' GROUP, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE S SUNIL DUTT YADAV

ORAL ORDER

Learned counsel for the petitioner seeks for correction of the array of parties. Accepting the oral request, petitioner is permitted to correct the array of respondents number. Sri. Akash B. Shetty, learned counsel accepts notice for respondents No.1 to 3. Sri. K. Hemakumar, learned Additional Government Advocate accepts notice for respondents No.4 and 5.

2. The petitioner has called in question the validity of action of respondent No.1 in blocking the petitioner's Electronic Credit Ledger by invoking power under Rule 86A of the Central Goods and Services Tax Rules, 2017. Reliance is placed on the printout of the Electronic Credit Ledger at Annexure-B which petitioner submits would indicate the blocking of the credit ledger.

3. The petitioner has raised various contentions including that prior to exercise of power under Rule 86A,

there ought to have been pre-decisional hearing. It is further submitted that despite the lapse of one year and two months as on the date of filing the petition and despite the automatic cessation of an order blocking the Electronic Credit Ledger, the order has continued and that it ought to have ceased as the same loses force by virtue of stipulation under Rule 86A(3). It is also submitted that the respondent authorities are not permitted to block the Electronic Credit Ledger where there is a nil credit or negative balance.

4. However, it is noticed that the blocking of Electronic Credit Ledger is purportedly effected on 21.11.2024. The Rule 86A(3) reads as follows:

> *"Rule 86A. Conditions of use of amount available in electronic credit ledger:-*
>
> *(3) Such restriction shall cease to have effect after the expiry of a period of one year from the date of imposing such restriction."*

5. In light of the above, the restriction imposed by blocking the Electronic Credit Ledger ought to cease to have effect after the expiry of period of one year from the date of imposing such restriction. Taking note of the assertion of the petitioner that the act of blocking the credit ledger is subsisting till date, in light of the mandate under Rule 86A(3), it is declared that the blocking of Electronic Credit Ledger ought to have stopped operation as on one year from 21.11.2024 and accordingly, it is declared that the action of continuance of blocking of Electronic Credit Ledger is illegal and blocking is deemed to have ceased to be in operation after a period of 12 months. Accordingly, the respondent authorities to unblock the Electronic Credit Ledger forthwith.

Accordingly, petition is ***disposed of***.

SD/-
(S SUNIL DUTT YADAV)
JUDGE

MCR