IN THE HIGH COURT OF KARNATAKA AT BENGALURU

[M/S VELANKANI INFORMATION SYSTEMS PRIVATE LIMITED VS. JOINT COMMISSIONER OF CENTRAL TAX AND OTHERS]

01.07.2026
(VIDEO CONFERENCING / PHYSICAL HEARING)

CORAM: HON'BLE MR. JUSTICE B M SHYAM PRASAD

ORAL ORDER

The petitioner has called in question the Adjudication Order dated 30.03.2026 under Section 74 of the Central Goods and Services Tax Act, 2017 and the consequential Demand. The Adjudication Order is for the tax periods between 2019-20 and 2022-23.

Sri V Raghuraman, the learned Senior Counsel for the petitioner, submits that this Court's interference is sought on the following.

[a] The first question will be about a common notice for different tax periods. Though this question is answered by a Division Bench against the Registered Tax Person [RTP], this is pending before the Apex Court, and this Court in the writ petition in W.P. No.14323/2026, while considering the request for an interim order on

17.06.2026, has observed that if the Apex Court answers in favour of the RTP, the whole proceedings will be without jurisdiction.

[b] The petitioner has offered taxes to the supplier and the reason for the present proceedings are because of a mismatch between Forms GSTR-2A and GSTR-3B. As held by this Court in *Instakart Services Private Limited v. Union of India*[1], if the transactions are genuine and accordingly declared in GSTR-3B, there is no reason for commencement of the proceedings because of what could be a failure or an infraction by the supplier.

[c] The petitioner is in the business of construction of *inter alia* commercial buildings which is leased out to other entities for a price and therefore the petitioner would be entitled to the *Input Tax Credit* [ITC] on the tax paid to the account of different suppliers including those who have offered machinery and equipment for construction. This is an aspect that has come up for consideration by this Court in the writ petition in W.P.

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[1] *[2026] 42 Centax 48[Kar.]*

No.14922/2026 while considering the request for an interim order, and this Court by Order dated 04.06.2026 has granted an interim Order subject to the condition that the petitioner shall maintain a minimum of 10% of the disputed availment of the ITC subject to the outcome of the petition.

When queried, the learned Senior Counsel submits that the disputed ITC under the third ground would roughly be about 8 to 9% of the total disputed ITC.

In consideration of these submissions, the interim order is granted, but subject to the condition that the petitioner shall maintain a minimum of 10% of the disputed availment of the ITC used on rental income in its *Electronic Credit Ledger [relevant to the third ground]* subject to the outcome of the petition.

This Order shall be in force until further orders but with liberty to the respondents to complete the pleadings and seek vacating.

Sri Aravind V Chavan, a learned standing counsel for the respondents, is called upon to accept notice for the respondents, and the office is directed to re-list this petition on ***18.08.2026.***

(B M SHYAM PRASAD)
JUDGE

AN/-
List No.: 2 Sl No.: 10