



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 6TH DAY OF MARCH, 2026

BEFORE

THE HON'BLE MR. JUSTICE S SUNIL DUTT YADAV

WRIT PETITION NO. 7646 OF 2026 (T-IT)

BETWEEN:

1. M/S PRAATHAMIKA KRISHIPATTHINA
SAHAKARA SANGHA N,
A REGISTERED SOCIETY UNDER
THE KARNATAKA CO-OPERATIVE
SOCIETIES ACT, 1959

REPRESENTED HEREIN BY ITS SECRETARY
SRI MANJUNATHA

HAVING ITS REGISTERED OFFICE AT
BARAGI PACC BANK,
GUNDLUPET, BARAGI,
CHAMARAJANAGAR - 571 111.

...PETITIONER

(BY SRI. SANDEEP HUILGOL., ADVOCATE)

AND:

1. THE ASSESSMENT UNIT,
NATIONAL FACELESS ASSESSMENT CENTRE,
INCOME TAX DEPARTMENT, 2ND FLOOR,
JAWAHARLAL NEHRU STADIUM,
NEW DELHI - 110 003.





2. THE INCOME TAX OFFICER,
ITO WARD 1, CHAMARAJA NAGAR,
MPS COMPLEX, CAR STREET,
CHAMARAJANAGAR,
KARNATAKA - 571 313.

3. PRINCIPAL COMMISSIONER OF INCOME TAX,
BENGALURU - 3
C R BUILDING, NO.1, QUEENS ROAD,
BANGALORE - 560 001.

4. THE COMMISSIONER OF INCOME TAX (APPEALS),
NATIONAL FACELESS APPEAL CENTRE,
INCOME TAX DEPARTMENT,
ROOM NO. 245-A, NORTH BLOCK,
NEW DELHI - 110 001.

...RESPONDENTS

(BY SRI. THIRUMALES, ADVOCATE)

THIS W.P. IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO QUASH THE IMPUGNED NOTICE DATED 02.03.2026, BEARING DIN AND NOTICE NO. ITBA/COM/F/17/2025 26/1086742954(1), ISSUED BY THE 2ND RESPONDENT UNDER SECTION 226(3) OF THE INCOME-TAX ACT FOR THE AY 2021-22 (ANNEXURE 'A') AND ETC..

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

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



ORAL ORDER

The petitioner has called in question the validity of the Assessment Order dated 27.11.2025 at Annexure-D as well as the Computation Sheet at Annexure-D1 as regards the Assessment Year 2021-22. The petitioner has also sought for setting aside of the notice of demand at Annexure-D2.

2. At the outset, learned counsel for the petitioner submits that, as against the Assessment Order at Annexures-D and D1, an appeal was filed before the respondent No.4-Commissioner of Income Tax (Appeals). Insofar as the said appeal, the petitioner has filed an application for withdrawal, a copy of which is enclosed.

3. In light of the same, the contentions of the petitioner as regards to Annexures-D and D1 are taken up for consideration. The case of the petitioner is that during scrutiny, the case was taken up and a notice under Section 148 of the Income Tax Act was issued on 31.03.2025.



Subsequently, the petitioner has filed its returns of income for the Assessment Year 2021-22 on 19.06.2025 and the total income declared was only Rs.48,130/-.

4. Subsequently, it appears that the respondent authorities have issued show-cause notices calling upon the petitioner to explain as to why the proposed variation should not be made. As regards such notices, whereby the petitioner was called upon to explain regarding the deposits of Rs.3,07,18,250/- failing which the same would be construed to be unexplained income. The petitioner admits that no reply to the show-cause notices was submitted and the authority has proceeded to conclude the proceedings and the Order-in-Original came to be passed. Such order it is submitted is an ex-parte order, insofar as the petitioner did not file response to the show-cause notices. The authority has treated the cash deposits of Rs.3,07,18,250/- along with the interest upon such deposits as unexplained income and income from other



sources, and accordingly, proceeded to complete the adjudication.

5. Learned counsel for the petitioner submits that due to a bona fide lapse of the auditor, there was no participation in the assessment proceedings and infact the deposits were eligible for deduction in terms of Section 80P of the Income Tax Act, 1961 and accordingly, the petitioner seeks for condoning the lapse, reopening of the proceedings and giving an opportunity to participate in the assessment proceedings.

6. Learned counsel for the petitioner further relies on the adjudication for the Assessment Year 2019-20, wherein the similar explanation made as regards the deposits was accepted and the proceedings were closed.

7. Perused the order at Annexure-D. It is clear that the petitioner has not replied to the show-cause notices. The submission of the petitioner is that it would be in a position to demonstrate that the deposits to the



tune of Rs.3,07,18,250/- as well as interest thereon was eligible for deduction under Chapter VI-A. Under Section 80P is an aspect to be taken note of. It is also noticed that for the Assessment Year 2019-20, the petitioner had the benefit of such deduction.

8. Accordingly, it would meet the ends of justice and also avoid undue financial prejudice to the petitioner by setting aside the order at Annexure-D and D1 and remitting the matter to the stage of reply to the show-cause notice dated 16.09.2025.

9. Consequent to the setting aside of Annexures-D and D1, the matter is remitted to respondent No.1 for fresh consideration from the stage of reply to the show-cause notice and all contentions are kept open. The consequential demand notice at Annexures-D2, A, A1 and B are set aside.

10. The petitioner to pay a cost of Rs.5,000/- (Rupees Five Thousand Only) to the Karnataka Advocates



Clerks Benevolent Trust, High Court Building, Bengaluru
within a period of four weeks.

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

Sd/-
(S SUNIL DUTT YADAV)
JUDGE

SHS