



CNR: KAHC010624212026

NC: 2026:KHC:56182
WP No. 28400 of 2026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 7TH DAY OF OCTOBER 2026

BEFORE

THE HON'BLE MR. JUSTICE B M SHYAM PRASAD

WRIT PETITION NO. 28400 OF 2026 (T-IT)

BETWEEN:

SRI KUNJALU VENKATESH KINI
S/O K. SADANANDA KINI,
AGED ABOUT 54 YEARS,
RESIDING AT NO. 4-15/3,
VRUNDAVANA BANKESHWARA,
BYNDOOR, S.O. BYNDOOR,
UDUPI-576214
ALSO AT. M/S. RAMANATH SERVICES,
D. NO. 4/8, BANKESHWARA ROAD,
BYNDOOR, BYNDOOR 576214.

...PETITIONER

(BY SRI. SRI. S.S. NAGANAND., SENIOR ADVOCATE FOR
SRI. NAGESH MORO., ADVOCATE)

AND:

1. ADDITIONAL COMMISSIONER OF
INCOME TAX
RANGE-1, MANGALORE
C.R. BUILDING, NG ROAD, ATTAWARA,
MANGALURU-575001.

Digitally
signed by
VANAMALA
N
Location:
HIGH
COURT OF
KARNATAKA



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2. INCOME TAX OFFICER,
WARD 1 AND TPS, UDUPI
AAYAKAR BHAVAN, UDUPI,
MALPE ROAD, AADIUDUPI,
AMBALAPADI (PO), UDUPI
KARNATAKA -576103.

...RESPONDENTS

(BY SRI.M. THIRUMALESH., ADVOCATE FOR
SRI. NIRMAL MATEW., ADVOCATE)

THIS WP IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO-QUASH THE ORDER DATED 17.06.2026 BEARING NO. ITBA/AST/F/148A/2026-27/1089788318(1) PASSED BY R2 (ANNX-C); QUASH THE PRIOR APPROVAL ORDER DATED 11.06.2026 BEARING NO. ITBA/AST/S/128/2026-27/1089601650(1) PASSED BY THE R1 (ANNX-C1); QUASH THE NOTICE DATED 16.06.2026 BEARING NO. ITBA/AST/S/148-1/2026-27/1089789128(1) PASSED BY R2 (ANNX-D).

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

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

ORAL ORDER

The petitioner is a partner in multiple firms engaged in various business activities along with his spouse. The petitioner's grievance is with the Order under Section 148A(3) of the Income Tax Act, 1961



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[for short, '*the IT Act*']. The proceedings are for the assessment year 2021-22. The details of the impugned order/approval and notice are as follows.

Sl. Nos.	Order/Notice	Section of the Income Tax Act	Annexure
1.	Order	148A(3)	C
2.	Prior Approval	148A(3) and 151	C1
3.	Notice	148	D

2. The proceedings under Section 148A of the IT Act are commenced with the issuance of the notice under Section 148A(1) of the IT Act dated 27.03.2026 [*Annexure – B*]. Admittedly, this notice is issued four days prior to the expiry of the limitation that is contemplated under Section 149(1)(b) of the IT Act. The petitioner is put on notice to show cause against business turnover of Rs.13,39,14,241/- not being disclosed in the Return of income. The petitioner is called upon to furnish, amongst others, the computation of income along with the financial



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statements and a description of the business activities with supporting evidence.

3. The petitioner has responded to this notice on 22.04.2026 stating **[a]** that the notice mentions a sum of Rs.13,39,14,241/- as *business turnover* which is not disclosed in the Return of income, **[b]** that this amount is based on the difference in bank credits and the turnover and **[c]** that all bank account credits cannot be considered turnover as it includes different entries which are not to be treated as turnover. The petitioner, enclosing documents, has also stated that if any further clarification is required, he would furnish the same. The first respondent has granted approval as is envisaged under Section 148A(3) and Section 151 of the IT Act on 11.06.2026, and the second respondent has passed the impugned Order on 17.06.2026. This Court must at this stage mention that though the first respondent's approval, in terms of the Order



dated 17.06.2026 reads '*Specified Authority approval date- 11.06.2026*', the approval itself [*Annexure - C1*] mentions '*27.03.2026*' [*which is on the same date as the notice dated 27.03.2026 under Section 148A(1) of the IT Act and prior to the petitioner's response.*]

4. Mr. S. S. Naganand, the learned Senior counsel for the petitioner, submits that this Court must interfere because:

[a] the order under Section 148A(3) of the IT Act dated 17.06.2026 is on the propositions which are not put to the petitioner as part of notice under Section 148A(1) dated 27.03.2026,

[b] the petitioner has specifically responded saying that every bank account credit cannot be treated as *turnover* categorically stating, while producing voluminous documents as



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part of the reply, that if further information is required the same would be furnished but this has not even been alluded to.

5. In elaboration, Mr. S. S. Naganand submits that the second respondent has observed in the order under Section 148A of the IT Act that the petitioner is a partner of eight to nine Firms with his wife but this may not be relevant in itself for the purposes of commencing the proceedings for reassessment under Section 147 of the IT Act and that the petitioner, given the circumstances, is engaged in different businesses, including Real Estate and is receiving salary and interest on capital from his own Firms with rate of interest being minimum but there are unsecured loans across Firms. The learned Senior counsel next submits that the second respondent has observed that these Firms are used to park funds in the form of *unsecured loans*



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and advances given to others for diversion of profits and rotation of funds, but without an opportunity to the petitioner to show cause against the same as part of enquiry under Section 148A of the IT Act.

6. Mr. S. S. Naganand canvasses that the petitioner has not been put on notice of any material which justifies these and the other allegations mentioned in the order under Section 148A of the IT Act. The learned Senior Counsel also canvasses that

- the second respondent has observed that the petitioner has claimed huge expenses in profit and loss account apart from certain business expenses without any documentary evidence, but the petitioner has not been put on notice of the information that constitutes the basis for this assertion, and
- that the second respondent has made certain adverse observations about the accounting



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practice and again the petitioner is not informed about the same and that if the petitioner was put on notice of these, he could have explained that he is not a contractor who has to adopt such practice.

7. Mr. M. Thirumalesh, the learned Senior Standing counsel for the respondents and who is assisted by the Mr. Nirmal Mathew, a learned Standing counsel for the respondents, are heard with Mr. S.S. Naganand emphasising the afore for interference with the entire proceedings. The learned Senior Standing counsel submits that because the proceedings are begun in time as contemplated under Section 149 of the IT Act and if the petitioner complains about not being furnished with all information or lack of due opportunity, this Court could pass just orders without jettisoning the entire proceedings.



8. This Court finds reason to accept the submissions on behalf of the Revenue, and notwithstanding a certain amiss in granting prior approval under Section 148A(3) and Section 151 of the IT Act, as this Court is persuaded to opine that the fitness of a case for reassessment must be examined in the peculiarities of this case with all due opportunity to the petitioner. The proceedings are begun with the petitioner being put on notice that a business turnover of Rs.13,39,14,241/- is not disclosed in the Return of Income. The petitioner has filed a detailed response stating that the amount is computed based on a difference in the turnover and the bank credits and that every credit cannot be treated a turnover.

9. Significantly, the petitioner has also stated that if further details are required on this aspect, he would produce the details if made known how the amount of Rs.13,39,14,241/- is computed in the



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Notice under Section 148A(1) of the IT Act. There is no response in this regard, and it cannot be gainsaid that if further details were required to ascertain fitness of the case for reassessment, it was open to the second respondent to call for such details to justify the further proceedings.

10. This Court also finds that the propositions in the order, such as **[a]** that the petitioner is a partner of multiple Firms which are used to park funds and rotate profits, **[b]** that there are huge expenses claimed and **[c]** that the petitioner receives unsecured loans but minimal rate of interest are all outside the show cause notice. If there is to be any adjudication under Section 148A(3) of the IT Act leading to reassessment proceedings under Section 147 of the IT Act, it must be with notice thereof to the petitioner.



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11. Hence, this Court is of the considered opinion that the second respondent ought to have put the petitioner on notice of these propositions with all the requisite details to substantiate such propositions. In the absence of the computation being made available for the sum of Rs.13,39,14,241/- and the details based on which the observations/propositions are put out in the impugned Order under Section 148A(3) of the IT Act, this Court opines that there would be more a roving enquiry in the reassessment than an enquiry on definite aspects. As such, this Court passes the following.

ORDER

[A] The petition is allowed in-part and the following are quashed restoring the proceedings to the second respondent for due consideration.



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<i>Order/Notice</i>	<i>Section of the Income Tax Act</i>	<i>Annexure</i>
<i>Order</i>	<i>148A(3)</i>	<i>C</i>
<i>Prior Approval</i>	<i>148A(3) and 151</i>	<i>C1</i>
<i>Notice</i>	<i>148</i>	<i>D</i>

[B] The petitioner shall be at liberty to file a certified copy of this order with both the first and second respondents by **30.10.2026**.

[C] The second respondent, when served with a copy of this order, shall furnish the computation of Rs.13,39,14,241/- and the information which forms the basis for such computation.

[D] The second respondent shall allow the petitioner a reasonable opportunity to respond in the light of such



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information and the observation in the order under Section 148A of the IT Act.

[E] Further, this Court observes that the first respondent, when a report is filed for prior approval under Section 148A(3) and Section 151 of the IT Act, shall examine all materials and then grant approval.

[F] It is needless to observe that all contentions are left open.

Sd/-
(B M SHYAM PRASAD)
JUDGE

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