HC-KAR

NC: 2026:KHC:63573-DB
STRP No. 24 of 2026

CNR: KAHC010763852026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 17TH DAY OF NOVEMBER, 2026

PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

THE HON'BLE MRS. JUSTICE K.S. HEMALEKHA

SALES TAX REVISION PETITION NO. 24 OF 2026

BETWEEN:

1. M/S. MEENAXI BUILDING SOLUTIONS PVT. LTD.,
   NO. 46, VISHNU VARDHAN MAIN ROAD
   VADRAPALYA LAYOUT
   BSK 5TH STAGE
   BENGALURU - 560 029

   ALSO AT:
   NO.29, 18TH MAIN
   BANASHANKARI 2ND STAGE
   PADMANABHNAGAR
   BANGALORE - 560 061

   REPRESENTED HEREIN
   BY ITS DIRECTOR
   MR. MOHINDER MITTAL

   …PETITIONER

(BY SRI SANDEEP HUILGOL, ADVOCATE)

Digitally signed by AMBIKA H B
Location: High Court of Karnataka

AND:

1. JOINT COMMISSIONER OF COMMERCIAL TAXES
   APPEALS-3, BMTC BUS STOP COMPLEX
   SHANTHINAGAR
   BENGALURU - 560 027

2. THE DEPUTY COMMISSIONER OF
COMMERCIAL TAXES (AUDIT) – 3.7
DVO - 3, BENGALURU ROOM NO. 227
2ND FLOOR, BMTC BUILDING
SHANTINAGAR
BENGALURU - 560 027

…RESPONDENTS

(BY SRI ADITYA VIKARAM BHAT, AGA)

THIS STRP IS FILED UNDER SEC.65(1) OF THE KARNATAKA VALUE ADDED TAX ACT, 2003, PRAYING TO ALLOW THE APPEAL AND SET ASIDE THE IMPUGNED ORDER DATED 04.09.2026 PASSED BY THE KARNATAKA APPELLATE TRIBUNAL, BENGALURU IN STA NO.85/2023 (ANNEXURE-A) & ETC.

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

CORAM: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE
and
HON'BLE MRS. JUSTICE K.S. HEMALEKHA

ORAL ORDER

(PER: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE)

1. The petitioner has filed the present petition under Section 65(1) of the Karnataka Value Added Tax Act, 2003 [**KVAT Act**], impugning an order dated 04.09.2026 passed by the learned Karnataka Appellate Tribunal [**KAT**] in ST. Appeal No. 85 of 2023. The petitioner had filed the said appeal under Section 63 of the KVAT Act, impugning orders passed by respondent Nos. 1 and 2 in respect of the financial year 2014-15.

2. The petitioner is a company engaged in the trading and distribution of cement aggregates, GGBS, etc. It is registered under the

provisions of the KVAT Act. It states that it had duly discharged its tax liability in accordance with the provisions of the KVAT Act. The petitioner claimed that it had filed its monthly returns for the relevant year under a *bona fide* belief that M-sand was taxable under Entry 83 of the Third Schedule of the KVAT Act, which covers "Sand and Grits", and that it had paid its duty at the rate of 5.5%. The said returns were assessed by the concerned Adjudicating Authority. The Adjudicating Authority (respondent No.2) held that M-sand was taxable at the rate of 14.5% under the residuary entry for the relevant period. Accordingly, the Adjudicating Authority passed an assessment order dated 27.02.2019, raising a demand for differential tax of ₹3,45,348/-, a penalty of ₹34,535/-, and interest quantified at ₹2,44,510/-.

3. Whilst the said demand remained outstanding, the Government Order dated 21.02.2019 introduced the Karasamadhana Scheme, 2019 [**the Scheme**], to enable the settlement of pending disputes. Under the Scheme, eligible dealers could avail themselves of the benefit of a waiver of interest and penalty on payment of outstanding tax dues, subject to the terms and conditions stipulated therein. The petitioner applied under the Scheme on 30.09.2019, discharged its liability for differential tax, and availed itself of the benefit of a waiver of penalty and interest.

4. The matter relating to the petitioner's tax liability for the financial year 2014-15 thus stood finally discharged. Notwithstanding that the assessment for the financial year 2014-15 stood concluded, the petitioner filed a rectification application before respondent No.2 seeking rectification of the assessment order dated 27.02.2019. The petitioner contended that M-sand was liable to be taxed under the KVAT Act at the rate of 5.5%, not at 14.5% as assessed. The petitioner relied on the decision of this Court in **M/s. Robo Silicon Private Limited vs. The State of Karnataka and others**: STRP No.24/2019, decided on 23.09.2021, in support of the said claim. The Adjudicating Authority did not entertain the application and rejected it by issuing an endorsement dated 21.12.2022.

5. Aggrieved by the same, the petitioner preferred an appeal before the Joint Commissioner of Commercial Taxes (Appeals) [**Appellate Authority**]. However, the Appellate Authority dismissed the said appeal by an order dated 06.10.2023. The Appellate Authority held that the petitioner had availed the benefit of the Scheme and thus, could not challenge the assessment. Aggrieved by the said order, the petitioner filed an appeal before the learned KAT, which dismissed the appeal by the impugned order on the same grounds.

6. The learned counsel appearing for the petitioner earnestly contended that the petitioner has been effectively denied the benefit of the Scheme since its tax liability has been assessed at a significantly higher rate. He submitted that, at the material time, there may have been some controversy as to the rate of tax. However, this Court conclusively settled the same against the Revenue in **Robo Silicon** (*supra*). He also contended that the Scheme was to enable the taxpayers to avail the benefit of waiver of penalty and interest on payment of the tax liability. However, in the present case, the tax liability as assessed far exceeded the tax payable; therefore, the petitioner is entitled to rectification of the assessment order in accordance with the decision rendered in **Robo Silicon** (*supra*). He also referred to Article 265 of the Constitution of India and submitted that the collection of tax at the rate of 14.5% was without authority of law.

7. We find little merit in the aforesaid contentions.

8. The Scheme entailed settlement of all issues regarding assessment, as framed, on the taxpayer paying the tax as assessed. The penalty and interest as levied would stand waived on the taxpayer discharging its liability by payment of assessed tax.

9. Clause 5.6 of the said Scheme also expressly provides that taxpayer would not be entitled to file an appeal or an application to any appellate authority or court or seek rectification of order after availing the benefits of the Scheme.

10. Clause 5.6 of the Scheme is set out below:

> "The dealer shall not file an appeal or other application before any appellate authority or Court or shall not seek rectification of orders/proceedings, after filing application for availing the benefits of this scheme or after availing the benefits of this scheme for whatever reasons."

11. We find no ambiguity in the language of the said Scheme. It forecloses the right of a taxpayer to challenge the assessment order on availing the benefits of the said Scheme. Concededly, the petitioner has availed the benefit of the Scheme and has been granted a waiver of interest and penalty. The said waiver comes with the condition of attaching finality to the assessment of tax and the taxpayer discharging the same. Having discharged the said liability, it is not open for the petitioner to now seek re-examination or review of the tax as assessed.

12. The contention that the impugned order is not sustainable on the anvil of Article 265 of the Constitution of India is also without merit. There is no cavil that the levy of tax was under the KVAT Act. The dispute only relates to the rate of tax and not the levy. The dispute having attained

finality, the taxpayer's case cannot be questioned on the ground that the tax so assessed is without authority of law.

13. We concur with the decision of the learned KAT that in view of the terms of the Scheme, the petitioner is not entitled to question or challenge the assessment order for whatever reasons.

14. The petition is unmerited and, accordingly, dismissed.

Sd/-
(VIBHU BAKHRU)
CHIEF JUSTICE

Sd/-
(K.S. HEMALEKHA)
JUDGE

AHB
List No.: 2 Sl No.: 15