HC-KAR
CNR: KAHC010609412026

NC: 2026:KHC:59504
WP No. 27913 of 2026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 27TH DAY OF OCTOBER 2026

BEFORE

THE HON'BLE MR. JUSTICE B M SHYAM PRASAD

WRIT PETITION NO. 27913 OF 2026 (T-IT)

BETWEEN:

SMT LAKSHMI BHAT
WIFE OF SRI. GURU PRASAD BHAT S V
AGED ABOUT 48 YEARS,
RESIDING AT NO.1, SRI KRISHNA
1ST CROSS, SRI SHANKARMUTT EXTENSION
MADHUGIRI TUMKUR - 572132
KARNATAKA.

...PETITIONERS

(BY SRI. PRANAY SHARMA Y., ADVOCATE)

Digitally signed by VANAMALA N
Location: HIGH COURT OF KARNATAKA

AND:

1. THE ASSESSMENT UNIT
NATIONAL FACELESS
ASSESSMENT CENTRE
MINSITRY OF FINANCE,
ROOOM NO.401, 2ND FLOOR,
E/RAMP, JAWARLAL NEHRU STADIUM,
NEW DELHI 110003.

2. THE INCOME TAX OFFICER WARD 1,
TUMKURU BMTC BUILDING.

80 FT ROAD 6TH BLOCK,
NEAR KHB GAMES VILLAGE
KORAMANGALA, BENGALURU
KARNATAKA - 560095

3. THE CHEIF COMMISSIONER OF INCOME TAX
KARNATAKA & GOA
CENTRAL REVENUE BUILDING
QUEENS ROAD, BENGALURU - 560 002.

4. UNION OF INDIA
THROUGH THE SECRETARY
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
GOVERNMENT OF INDIA
KARTAVYA BHAVAN - 1
NEW DELHI 110 001.

5. CENTRAL BOARD OF DIRECT TAXES
THROUGH THE SECRETARY
MINISTRY OF FINANCE
NORTH BLOCK
NEW DELHI - 110 001.

...RESPONDENTS

(BY SRI.M. DILIP., ADVOCATE FOR R1 TO R3 & R5
SRI SUSHAL TIWARI, CGS FOR R4)

THIS WP IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO QUASHING THE ASSESSMENT ORDER DATED 17.02.2026 PASSED UNDER SECTION 147 R.W.S 144B OF THE INCOME TAX ACT, 1961 FOR THE ASSESSMENT

YEAR 2018-19 BY THE RESPONDENT NO.1 BEARING DIN NO. ITBA/AST/S/147/2025-26/1086112396(1) HEREIN MARKED AS ANNEXURE - A1; B) QUASHING THE COMPUTATION SHEET DATED 17.02.2026 BEARING DIN NO. ITBA/AST/S/183/2025-26/1086112409(1) ISSUED BY THE RESPONDENT NO.1 HEREIN MARKED AS ANNEXURE A2; C) QUASHING THE NOTICE OF DEMAND ISSUED UNDER SECTION 156 OF THE ACT DATED 17.02.2026 BEARING DIN NO. ITBA/AST/S/156/2025-26/1086112411(1) ISSUED BY RESPONDENT NO.1 HEREIN MARKED AS ANNEXURE - A3. THE; D) QUASHING THE ORDER OF PENALTY DATED 31.07.2026 PASSED UNDER SECTION 270A OF THE ACT BEARING DIN NO. ITBA/PNL/F/270A/2026-27/1091667168(1) PASSED BY THE RESPONDENT NO.1 HEREIN MARKED AS ANNEXURE - A4; E) QUASHING THE SHOW CAUSE NOTICE FOR PENALTY UNDER SECTION 271AAC(1) OF THE ACT DATED 07.04.2026 BEARING DIN NO. ITBA/PNL/F/271AAC(1)/2026-27/1088317509(1)
ISSUED BY THE RESPONDENT NO.1 HEREIN MARKED AS ANNEXURE - A5; F) QUASHING THE NOTICE ISSUED UNDER SECTION 148A(B) OF THE ACT DATED 08.08.2024 FOR THE ASSESSMENT YEAR 2018-19 BY THE RESPONDENT NO.2 BEARING DIN ITBA/AST/F/148A(SCN)/2024-25/1067421316(1)
MARKED AS ANNEXURE - B1; G) QUASHING THE ORDER PASSED UNDER SECTION 148A(D) OF THE ACT DATED 26.08.2024 BY THE RESPONDENT NO.2 BEARING DIN

NO. ITBA/AST/F/148A/2024-25/1067982571(1) HEREIN MARKED AS ANNEXURE - B2; H) QUASHING THE APPROVAL GIVEN UNDER THE SECTION 151 OF THE ACT BY THE RESPONDENT NO.3 DATED 22.08.2024 BEARING DIN NO. ITBA/AST/S/126/2024-25/1067886460(1) HEREIN MARKED AS ANNEXURE - B3; I) QUASHING THE NOTICE ISSUED UNDER SECTION 148 OF THE ACT BY THE RESPONDENT NO.2 DATED 26.08.2024 BEARING DIN NO. ITBA/AST/S/148_1/2024-25/1067985316(1) HEREIN MARKED AS ANNEXURE - B4; J) DECLARE IMPUGNED INSERTION OF SECTION 147A OF THE ACT IN IS ILLEGAL, ARBITRARY, UNREASONABLE, VOLD, UNFAIR AND VIOLATIVE OF ARTICLES 14 AND 265 OF CONSTITUTION OF INDIA AND ISSUE A WRIT OF CERTLORARI OR ANY OTHER APPROPRIATE WRIT OR ORDER OR DIRECTION AND QUASH THE IMPUGNED SECTION 147A OF THE ACT HEREIN ENCLOSED AS ANNEXURE-M. ISSUED BY R4; K) DECLARE IMPUGNED INSERTION OF SECTION 292BC OF THE ACT IN IS ILLEGAL, ARBITRARY, UNREASONABLE, VOLD, UNFAIR AND VIOLATIVE OF ARTICLES 14 AND 265 OF CONSTITUTION OF INDIA AND ISSUE A WRIT OF CERTIORARI OR ANY OTHER APPROPRIATE WRIT OR ORDER OR DIRECTION AND QUASH THE IMPUGNED SECTION 292BC OF THE ACT HEREIN ENCLOSED AS ANNEXURE-N. ISSUED BY R4.

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

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

ORAL ORDER

The petitioner, who asserts that she has received promotion to the post of the *Principal* of a private PU College in Madhuguri, Tumakuru District, has called in question the Re-assessment Order dated 17.02.2026 [*Annexure-A1*] under Section 147 read with Section 144B of the Income Tax Act, 1961 [for short, *'the IT Act'*]. The petitioner has also called in question the Computation, the Demand Notice and Penalty Orders. The details of all these impugned Orders and Notices are as follows:

Sl. No.	***Notices/ Orders***	***Date***	***Provisions of Income Tax Act, 1961***	***Annexures***
1	Assessment Order	17.02.2026	147 rws. 144B	A1
2	Computation Sheet		-	A2
3	Demand Notice		156	A3
4	Penalty Order	31.07.2026	270A	A4

5	Show Cause Notice	07.04.2026	271AAC(1)	A5
6	Notice	08.08.2024	148A(b)	B1
7	Order	26.08.2024	148A(d)	B2
8	Approval	22.08.2024	151	B3
9	Notice	26.08.2024	148	B4

2. The petitioner admittedly has not participated in the 148A proceedings but with the issuance of notice under Section 148 of the IT Act on 26.08.2024 the petitioner has filed her response to this notice, and she has also filed response to subsequent notices under Section 143(2) and 142(1) of the IT Act. The petitioner's response essentially is that the Bank [*M/s. Canara Bank*] has erred in linking her PAN to the account opened by the institution and this has resulted in the initiation of the proceedings on the ground that a sum of Rs.58,40,806/- has escaped assessment but every receipt is the fee received by the institution and credited into its account.

3. Sri Pranay Sharma Y., the learned counsel for the petitioner, submits that the proceedings must

fail notwithstanding the defenses afore because ultimately the re-assessment is only to bring to tax a sum of Rs.40,22,190/-, a sum which is below the threshold under Section 149 of the IT Act. The learned counsel submits that he could place reliance upon a decision of a Co-ordinate Bench of this Court in support of the contention that if ultimately the assessment is for a sum which is below the threshold, the assessment cannot be sustained.

4. Sri. M. Dilip, a learned standing counsel for the respondents, submits that the authorities have sought for clarification from the petitioner in issuing notice dated 24.09.2025 under Section 142(1) of the IT Act in the light of the petitioner's contention that fee collected from the students by the Institution are credited to the account which is wrongly linked to her PAN number but the petitioner, despite issuance of reminders and Show Cause Notices, has not produced any document to demonstrate the same and the

verification from the bank is that the petitioner has received cash deposits of Rs.40,22,190/-.

5. In response Sri. Pranay Sharma Y. relies upon the Certificate dated 12.08.2026 issued by the Institution, the Communication dated 18.06.2026 issued by the Bank and the Bank Statements to assert that these documents cumulatively show that the petitioner is justified in her defense that the proceedings are initiated against her because of the Institution's account being inadvertently linked to the petitioner's PAN, and the learned counsel reiterates that this Court must intervene because ultimately re-assessment is for an income which is below Rs.50,00,000/-.

6. This Court must observe that the petitioner, when extended with opportunity to produce documents to buttress her case that her PAN is wrongly linked to the institution's account, has not

availed such opportunity. This stands out from the following observation in the impugned assessment order which remains uncontested:

> *"The assessee sought adjournment for submission of details. Thereafter reminder dated 08/10/2025 was issued seeking compliance by 17/10/2025. But there was no response from the assessee. Accordingly, a show cause notice dated 30.12.2025 was issued to the assessee proposing variation to be made to the total income. There was no response to the show cause notice also."*

Even if the petitioner could argue that because ultimately what is assessed as income that has escaped assessment is below the threshold contemplated under Section 149 of the IT Act, this Court is not persuaded because the petitioner is not diligence during the Section 147 proceedings.

7. If the petitioner had availed the opportunities and if there was an outcome despite the petitioner placing on record the materials to justify her

entire case, this Court could have examined whether there could be any justification or interference with the impugned assessment order to draw curtains on the proceedings. As such, this Court is not persuaded to quash the impugned assessment order to bring to halt the proceedings. However, the materials produced, more specifically the bank statement, the confirmation from the educational institution persuade this Court to opine that the materials must be re-examined.

8. This Court must observe that if it is ultimately shown that indeed there is an error in linking the petitioner's PAN to the Institution's account, even if any income has escaped assessment, it must be assessed in the hands of the Institution or the other who has received the amount. The next question is should the interference be with the impugned re-assessment order to restore the proceedings under Section 147 of the IT Act or should the interference be with the assessment order and the

order under Section 148A(d) of the IT Act with opportunity to the petitioner to file copies of the bank statements, the confirmation from the bank and the institution.

9. This Court opines that interests of justice would be served if the impugned assessment order and the order under 148A(d) of the IT Act are quashed restoring the proceedings to the jurisdictional Assessing Officer for reconsideration leaving open all questions but calling upon the jurisdictional Assessing Officer to consider whether the proceedings would be justified if the petitioner's PAN is inadvertently linked to the institution's account. In the light of the afore, the following.

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ORDER

[A] The petition is allowed in-part. The impugned Assessment Order and the other impugned orders and notices as also the order dated 26.08.2024 under Section 148A(d) of the IT Act as mentioned hereafter are quashed.

The details of the quashed orders and notices are as follows:

Sl. No.	***Notices/ Orders***	***Date***	***Provisions of Income Tax Act, 1961***	***Annexures***
1	Assessment Order	17.02.2026	147 r.w.s. 144B	A1
2	Computation Sheet		-	A2
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5	Show Cause Notice	07.04.2026	271AAC(1)	A5
6	Order	26.08.2024	148A(d)	B2
7	Approval	22.08.2024	151	B3
8	Notice	26.08.2024	148	B4

[B] The petitioner is reserved with liberty to file a response to the show cause notice dated

08.08.2024 under Section 148A(b) of the IT Act without further notice by ***16.12.2026.***

Sd/-
(B M SHYAM PRASAD)
JUDGE

SA
Ct:sr