Sumukha Ventures vs. Joint Commissioner of Commercial Taxes & Ors.

Challenge to Show Cause Notice and Order-in-Original passed by the same officer who conducted the audit proceedings — violation of principles of natural justice under GST.

Date of Order: April 24, 2026
Case Law No: GIB-KHC-2026-41
Source: GST INDIA Biz (www.gstindia.biz)

CASE DESCRIPTION / SUMMARY

Background

Sumukha Ventures, a partnership firm based in Bengaluru, was subjected to proceedings initiated by both the audit authority and the enforcement authority under GST. The Deputy Commissioner of Commercial Taxes (Audit)-3.7 issued a Show Cause Notice dated 30.09.2025 (Form GST DRC-01, Reference No. ZD290925221988K). Thereafter, an Order-in-Original (Annexure-B) was passed by the same officer who had conducted the audit proceedings. The petitioner filed a Writ Petition under Articles 226 and 227 of the Constitution of India before the High Court of Karnataka challenging both the Show Cause Notice and the Order-in-Original.

Court Observations (Verbatim)

"*It is submitted that such action is impermissible and being in violation of principles of natural justice, insofar as the authority while conducting audit has expressed its opinion and findings are recorded at one stage. It is submitted that once again if the same officer were to conduct the assessment proceedings, the authority would be guided by the findings made in the audit report.*"

"*Taking note that this identical question is often raised by assessees, it would be appropriate that this aspect has the benefit of adjudication by the appropriate authority. By keeping open all contentions raised, the matter is remitted to respondent No.2.*"

"*The petitioner to take their stand before respondent No.2, regarding the aspect of jurisdiction as raised in the present petition. Upon such objection being raised, it is open for the authority to obtain necessary orders on the administrative side from the authority which assigns i.e., the Joint*

Commissioner of Commercial Taxes (Administration) - respondent No.1."

"*Taking note of the nature of objection raised, the authority to record a finding of their aspect of jurisdiction as per the procedure referred to above and only thereafter, consider the proceedings on merits.*"

"*Needless to state, no steps to be taken on merits till finding is recorded in terms of the observations made.*"

Final Verdict

The Order-in-Original (Annexure-B) was set aside and the matter was remitted to Respondent No. 2 (Deputy Commissioner) to first decide the question of jurisdiction — specifically whether the same officer who conducted the audit can also pass the adjudication order — before proceeding on merits. The petition was disposed of accordingly.

Citations / Circulars Referred

Reference	Details
Circular No. 31/05/2018-GST	Dated 09.02.2018 (Annexure-AB) — referred by Petitioner regarding impermissibility of same officer conducting audit and adjudication
Circular No. 169/01/2022-GST	Dated 12.03.2022 (Annexure-AC) — referred by Petitioner on same issue

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