Karavali Credit Co-operative Society Ltd. v. Commissioner of Income Tax (Appeals), NFAC & Ors.

W.P. No. 19030/2022

2024:KHC:5153 | 2024-02-05

Penalty order and demand quashed on agreed Kodavoor coverage, with lawful further action reserved after the pending appeal.

Karnataka High Court | Single Bench at Bengaluru | S.R. Krishna Kumar

Assessment years: Not specified in source

01 FACTS OF THE CASE

Karavali Credit Co-operative Society challenged the penalty order and penalty demand dated 29 March 2022, Annexures G and H. Its appeal remained pending. Counsel invoked Kodavoor Vyavasaya Seva Sahakari Sangha, WP 18438/2022, decided 15 March 2023; respondents did not dispute that the issue was covered.

Source: PDF p.1

02 DISCUSSION BY THE HON'BLE COURT

The Court recorded the agreed coverage and followed Kodavoor without reproducing its substantive reasoning. It reserved the respondents' ability to pass necessary orders after disposal of the petitioner's pending appeal.

Source: PDF p.2

03 JUDICIAL DECISION

The petition was allowed and disposed of in terms of Kodavoor. Annexure G penalty order and Annexure H demand, both dated 29 March 2022, were quashed. Respondents retained liberty to take necessary steps and pass appropriate orders according to law after the appeal's disposal.

Source: PDF p.3

04 OUTCOME / IN WHOSE FAVOUR

The challenged penalty instruments were quashed, with further lawful action expressly reserved. This is not an adjudication of the underlying tax appeal or an unconditional finding that no penalty can ever arise.

Source: PDF p.3

05 EXPERT COMMENTS

AKHB EXPERT COMMENTS — editorial analysis, distinct from the Court's findings.

Quashing is immediate relief, but the reservation remains important — The operative order removes the identified penalty order and demand rather than merely staying their collection. At the same time it preserves action after the pending appeal is disposed of. A reader should therefore distinguish the cancelled instruments from the possibility of a later lawful order; no substantive penalty immunity was declared.

The cited decision supplies coverage, not facts absent from this order — Both sides accepted Kodavoor as covering the issue, but this short order gives no penalty section, amount or assessment year and does not reproduce that precedent's reasoning. Those omissions prevent using it as proof of a particular statutory offence or deduction entitlement. The clear procedural sequence is appeal disposal followed by any further lawful departmental action.

The unrelated prayer must not generate a false deadline — Paragraph 1 quotes a civil-suit disposal request involving O.S. 8065/2017 and nine months, inconsistent with the tax caption, page 1 prayer and penalty relief. The operative clauses impose no nine-month deadline for the income-tax appeal. The anomaly should remain visible when relying on this copy, while the explicit penalty disposition can be accurately reported.

Source: PDF p.1

SOURCE & VERIFICATION

Karnataka High Court original order — verified repository copy

Complete 3-page supplied source; all pages read.

All 3 original pages read and visually inspected; all five panels audited.

Open cited source rendition

All three original pages read and visually inspected; unrelated civil-suit prayer disclosed and not imported into the tax relief.

STATUTORY SCOPE

The source supplies neither assessment year nor penalty provision. Paragraph 1 reproduces an unrelated civil-suit prayer; the tax prayer on page 1 and explicit operative directions on page 3 identify this disposition.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment has not been independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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