

**IN THE HIGH COURT OF KARNATAKA  
DHARWAD BENCH**

DATED THIS THE 5<sup>TH</sup> DAY OF FEBRUARY 2014  
PRESENT

**THE HON'BLE MR.JUSTICE N.KUMAR**

AND

**THE HON'BLE MR.JUSTICE C.R.KUMARASWAMY**

STA No.506/2011 & STA No.507/2011

BETWEEN:

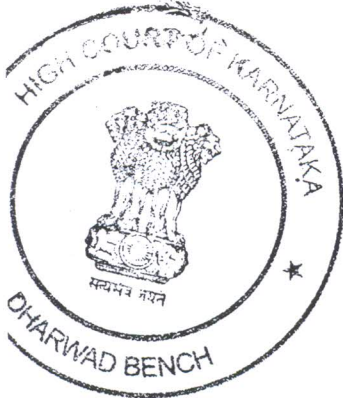
MAHADEVI STORES,  
40-A, BAGI BUILDING, SOMWARPET,  
TILAKWADI, BELGAUM-590006,  
REP. BY PROPRIETRIX,  
SMT.RAJASHREE H.BAGI,  
AGE: 46 YEARS,  
W/O.LATE HARISH B.BAGI.

... APPELLANT

(BY SRI.G.RABINATHAN & SRI.H.R.KAMBIYAVAR,  
ADVOCATES)

AND:

1. ADDL. COMMISSIONER OF COMMERCIAL TAXES,  
ZONE-1, VANIJYA THERIGE KARYALAYA,  
GANDHINAGAR, BANGALORE-560009.
2. JOINT COMMISSIONER OF COMMERCIAL  
TAXES (APPEALS), BELGAUM DIVISION,  
COMMERCIAL TAX OFFICES, CLUB ROAD,



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BELGAUM-590001

3. DEPUTY COMMISSIONER OF COMMERCIAL TAXES (DEBT MANAGEMENT),  
BELGAUM DIVISION, COMMERCIAL TAX OFFICES,  
CLUB ROAD, BELGAUM-590001

... RESPONDENTS

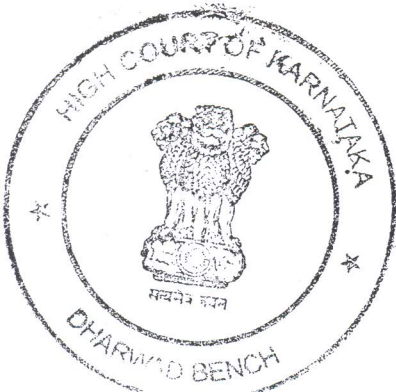
(BY SMT.K.VIDYAVATHI, AGA)

THESE SALES TAX APPEALS ARE FILED UNDER SECTION 66(1) OF KARNATAKA SALES TAX ACT 2003, AGAINST THE ORDER DATED 29-03-2011 PASSED IN ZAC-1/BGM/SMR-66/10-11 ON THE FILE OF THE ADDL. COMMISSIONER OF COMMERCIAL TAXES, ZONE-1, BANGALORE, SETTING ASIDE THE APPEAL ORDER BY RESTORING THE ORDER OF THE RE-ASSESSING AUTHORITY ON THE ISSUE TOGETHER WITH PENALTY UNDER SECTION 72(2) AND INTEREST UNDER SECTION 36. ACCORDINGLY THE REVISION PROCEEDINGS STAND CONCLUDED.

THESE APPEALS ARE COMING ON FOR ORDERS THIS DAY, **N.KUMAR, J.**, DELIVERED THE FOLLOWING:

### J U D G M E N T

These appeals are preferred against the order passed by the Additional Commissioner of Commercial Taxes under Section 64(1) of KVAT Act, 2003. The assessee is a proprietary concern, registered under the Karnataka Value Added Tax Act, 2003 and dealing



in Cigarettes, Supari, Gutkha Confectionery etc., under the name and style of M/s.Mahadevi Stores.

2. The assessee has filed the monthly returns in Form VAT-100, in the office LVO-390, Belgaum, in which the assessee has declared turnover and tax liability. The assessee has also filed annual returns in Form VAT-115, declaring the turnovers and taxes. On verification of the books of accounts, the Assessing Authorities noticed that the assessee has made mainly local purchases of Cigarettes, Supari, Gutkha, Confectionery, Tobacco etc. from the local RDs. The assessee has claimed input tax credit on the local purchases. The assessee has effected mainly local sales of Cigarettes, Supari, Gutkha, Confectionery, Tobacco etc. The Assessing Authority on verification of the books of accounts with reference to the VAT-100 observed that the assessee has not collected the VAT separately in the tax invoice as required under Section

