

ORDER SHEET  
IN THE HIGH COURT OF SINDH, KARACHI  
Constitutional Petition No. D-1663 of 2026  
(TRG Pakistan Ltd v Federation of Pakistan & others)

Date	Order with signature of Judge
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Before:-

Mr. Justice Adnan-ul-Karim Memon

Mr. Justice Zulfiqar Ali Sangi

**Date of hearing and order: 15.4.2026**

Mr. Aitezaz Manzoor Memon advocate for the petitioner

Ms. Wajiha Mehdi DAG

Mr. Asad Aftab Solangi, Advocate for Respondent No.3.

**ORDER**

**Adnan-ul-Karim Memo, J** Petitioner TRG Pakistan Limited through this Constitutional Petition under Article 199 of the Constitution of the Islamic Republic of Pakistan, 1973 is seeking following relief: -

1. *Set aside the Impugned Notice dated 09.03.2026 and direct the Respondent No.6 to decide the Petitioner's Appeal and Rectification Application in accordance with law;*
2. *Suspend the Impugned Notice dated 09.03.2026 to pay tax payable under Section 138(1) of the 2001 Ordinance and restrain Respondents from taking any adverse or coercive action against the Petitioner on the basis of the aforesaid notice till the Petitioner's Rectification Application and Appeal are finally decided by the Respondent No.6 and for a further seven days thereafter in the event of an adverse order, which may be calculated from the receipt of the adverse order by the Petitioner, so as to enable the Petitioner to file appropriate proceedings including a reference and seek appropriate relief from the High Court within such period.*

2. Learned counsel for the Petitioner submits that the instant petition seeks protective relief against coercive recovery measures during the pendency of a rectification application filed under Section 221(1) of the Income Tax Ordinance, 2001. He further requests that, in the event of an adverse decision on the said application, the Petitioner be granted an additional period of seven days to avail appropriate legal remedies. It is contended that the controversy emanates from proceedings initiated under Section 4C of the Ordinance, which culminated in an Order-in-Original dated 29.05.2024, whereby a substantial tax demand of Rs. 354,547,720/- was raised against the Petitioner. Aggrieved by the said order, the Petitioner preferred an appeal along with a stay application before Respondent No. 6. Interim relief was granted by the appellate forum, and this Court also directed that no coercive action be taken until the appeal was decided. Learned counsel submits that the appeal was subsequently dismissed vide order dated 26.02.2026, allegedly without proper consideration of factual inaccuracies in the computation of income. These inaccuracies are now the subject matter of a

pending rectification application under Section 221(1) of the Ordinance. Despite the pendency of this statutory remedy, Respondent No. 5 issued a notice dated 09.03.2026 under Section 138(1) of the Ordinance, directing the Petitioner to make payment within seven days. According to the learned counsel, this notice was issued without complying with the mandatory requirements of Section 137, thereby violating due process and settled principles of law. It is further argued that the initiation of coercive recovery proceedings at this stage is unlawful, mala fide, and would render the pending rectification proceedings infructuous. The impugned actions, if not restrained, would cause irreparable loss to the Petitioner and seriously disrupt its business operations. Learned counsel maintains that the Petitioner has established a prima facie case and that the balance of convenience lies in its favour, as recovery prior to adjudication by at least one independent forum amounts to a denial of the fair trial and due process guarantees enshrined in Articles 4 and 10A of the Constitution of the Islamic Republic of Pakistan, 1973. He lastly prays that the impugned notice be suspended and the Respondents be restrained from taking any coercive measures until the decision of the rectification application and for a limited period thereafter to enable the Petitioner to seek further remedies in accordance with law.

3. Conversely, learned counsel for the Respondents opposes the petition and submits that the same is devoid of merit and not maintainable under the law. He states that para-wise comments have been filed, wherein several factual aspects have been admitted to the extent that they are matters of record, while the remaining assertions have been contested. It is submitted that the contents relating to the tax year 2022 and the internal authorization of the Petitioner are matters of record and require no further comments. The issuance of the notice under Section 4C of the Income Tax Ordinance, 2001, as well as the passing of the Order-in-Original dated 29.05.2024, are admitted, with the clarification that both actions were undertaken strictly in accordance with law after due process and proper examination of the record. The demand created thereby is asserted to be lawful and justified. Learned counsel acknowledges that the Petitioner filed an appeal before Respondent No. 6 and that interim relief was granted; however, such relief was temporary and ceased upon the dismissal of the appeal on 26.02.2026. Consequently, upon crystallization of the tax liability, the issuance of the notice dated 09.03.2026 under Section 138(1) of the Ordinance is stated to be lawful. The contention of the Petitioner regarding non-compliance with Section 137 is described as misconceived and contrary to law. It is further argued that the Respondents are proceeding strictly within the statutory framework and that no unlawful or coercive action has been taken. The apprehensions expressed by the Petitioner are characterized as baseless and premature, aimed merely at delaying the lawful recovery of government revenue. Learned counsel emphasizes that the

pendency of a rectification application does not automatically bar recovery proceedings unless a stay order is granted by the competent forum. Moreover, the law provides adequate mechanisms for refund or adjustment in the event that the Petitioner ultimately succeeds. He added that the allegations of mala fide, collusion, and violation of constitutional guarantees under Articles 4 and 10A are vehemently denied as unfounded, frivolous, and without any supporting evidence. It is also contended that financial inconvenience or business disruption does not constitute a valid ground for restraining the recovery of lawful government dues. Learned counsel submits that the Petitioner has already availed the available statutory remedies, and the grant of blanket protection would undermine the statutory scheme for revenue collection. In view of the foregoing submissions, learned counsel for the Respondents prays to dismiss the instant Constitutional Petition, being devoid of merit and not maintainable under the law.

4. At this stage, learned counsel for the petitioner submits that in identical matter i.e. Constitutional Petition No. D-4929 of 2025 this Court has already granted interim relief and the case of the petitioner is akin to the said decision, therefore, the recovery proceedings so initiated by the respondent, need to be halted till final decision on the Rectification Application/appeal.

5. Having heard the learned counsel for the parties at considerable length and upon perusal of the material available on record, it transpires that the primary grievance of the Petitioner pertains to the initiation of recovery proceedings during the pendency of its rectification application filed under Section 221(1) of the Income Tax Ordinance, 2001. The Petitioner seeks interim protection against coercive measures until the said statutory remedy is decided by the competent authority.

6. It is an admitted position that the tax demand arose from an Order-in-Original dated 29.05.2024 passed under Section 4C of the Ordinance. Although the Petitioner's appeal against the said order was dismissed on 26.02.2026, the rectification application, raising alleged computational and factual inaccuracies, is still pending adjudication. The initiation of recovery proceedings through notice dated 09.03.2026 under Section 138(1) of the Ordinance, while the statutory remedy of rectification remains undecided, has given rise to the present controversy.

7. At this juncture, after addressing their respective arguments, learned counsel for both parties have fairly agreed that the ends of justice would be adequately met if the competent authority is directed to decide the Petitioner's rectification application within a specified timeframe. Prima facie such a consensual arrangement promotes expeditious disposal of the matter, avoids

multiplicity of proceedings, and balances the interests of both the revenue authorities and the Petitioner. In our mind, the request is fair enough and is acceded to.

8. Consequently, by the consent of the parties and without touching upon the merits of the case, this Constitutional Petition, along with all pending applications, is disposed of with the direction that the competent authority shall decide the Petitioner's rectification application filed under Section 221(1) of the Income Tax Ordinance, 2001, strictly in accordance with law and after affording an opportunity of hearing to the Petitioner, within a period of thirty (30) days from the date of receipt of this order. Until such time as the aforesaid rectification application is decided, no coercive or adverse action shall be taken against the Petitioner pursuant to the impugned notice dated 09.03.2026 or in relation to the subject tax demand. In the event of an adverse decision, the Petitioner shall be at liberty to avail any remedy available under the law, and the Respondents shall thereafter be entitled to proceed strictly in accordance with law. It is, however, clarified that this Court has not expressed any opinion on the merits of the case, and all questions of law and fact are left open to be determined by the competent authority.

JUDGE

JUDGE