

**ORDER SHEET
IN THE HIGH COURT OF SINDH AT KARACHI**

Income Tax Reference Application 276 of 2022

DATE	ORDER WITH SIGNATURE OF JUDGE(S)
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1. For orders on CMA No.318/2022
2. For hearing of main case

22.12.2025

Mr. Sami-ur-Rehman, advocate for the applicant
Mr. Mukesh Kumar Khatri, advocate for respondent

Per learned counsel identical matters have been allowed vide order dated 14.03.2024 passed in ITRA 03 of 2015 and other connected matters, same reads as follows :

"M/s Hyder Ali Khan, Ali Almani and Sami-ur-Rehman advocates for the Applicants

Ms. Zakia Jatoi advocate, holding brief for Mr. Ameer Bakhsh Metlo advocate for the respondent-department

In all these Reference Applications and Constitutional Petitions, there is only one common question involved i.e. "whether in calculating the depletion allowance under Rule 3 of Part-1 of the 5th Schedule to the Income Tax Ordinance, 2001, the amount of royalty is to be deducted from the well-head value or not".

The above question has now been settled by the Honourable Supreme Court vide its judgment dated 29.11.2023 passed in Civil Petition No.2007 of 2022 and other connected matters in the case of Deputy Commissioner of Income Tax versus M/s Mari Gas Company Limited. Islamabad, (though in the context of erstwhile Income Tax Ordinance, 1979; however, the provisions are pari-materia) whereby the judgment of the learned Islamabad High Court in the case reported as 2023 PTD 455 (Attock Oil Co. Ltd. v. Central Board of Revenue) has been maintained. All learned counsel concede for disposal of the cases in the above terms.

In view of the above, all these Reference Applications and Constitutional Petitions are allowed /disposed of by holding that the amount of royalty paid by a tax payer to the government has to be viewed as a separate component which is entirely independent on its own and is not to be deducted while computing the well-head value.

All listed cases-stand disposed of in the above terms, whereas office is directed to place copy of this order in all listed files"

Therefore, in mutatis mutandis application thereof this reference application may also be allowed upon the same terms. Learned counsel for the respondent articulates no cavil to the aforesaid. Order accordingly.

A copy of this decision may be sent under the seal of this Court and the signature of the Registrar to the learned Appellate Tribunal, as required per section 133(8) of the Income Tax Ordinance, 2001.

Judge

Judge