

ORDER SHEET
IN THE HIGH COURT OF SINDH AT KARACHI
Spl. STRA No. 62 of 2025

Date	Order with Signature of Judge
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Fresh case

1. For order on CMA No.914/2025 (exemption)
2. For hearing of Main Case
3. For order on CMA No.915/2025 (stay)

27.01.2026

Mr. Shamshad Ahmed, advocate files Vakalatnama on behalf of the applicant department, which is taken on record. Operative part of the impugned order dated 20.01.2025 reads as under:

“08. I have carefully heard the arguments of both parties, reviewed the impugned orders, and examined the available record. During the hearing, the appellant submitted the following documents and evidence:

- Copy of the hiring agreement with M/s Oil & Gas Development Company Limited.
- Copy of taxpayer online verification.
- Copy of the bank statement for the disputed period.
- Copy of the sale agreement for the vehicle (Registration No. KV-9023, Toyota Double Cabin).
- Copy of the de-hiring agreement for the vehicle with M/s Oil & Gas Development Company Limited.
- Copy of the intimation letter to the Assistant Commissioner dated September 21, 2020, regarding the discontinuation of Sindh Sales Tax on Services payments.
- Copies of income tax returns for the tax years 2020 and 2021, which include descriptions of purchase and sale entries.

09. Upon reviewing the record submitted by the appellant, it is evident that neither the Assessing Officer nor the Commissioner (Appeals) adequately examined or considered the documentary evidence provided. At this stage, I have carefully reviewed the submitted documents, which substantiate the appellant's contentions on both legal and factual grounds.

The appellant was engaged in providing Rent-a-Car services to OGDCL, a business duly declared with the SRB. However, the appellant subsequently sold the vehicle used for this purpose and formally notified the SRB about the cessation of this business activity. The proceeds from the sale of the vehicle were deposited into the appellant's bank account. Despite this, the Assessing Officer erroneously treated the sale proceeds as revenue receipts, failing to consider the appellant's communication regarding the sale of the vehicle and the termination of the contract with OGDCL.

The amount classified as a revenue receipt by both the Assessing Officer and the Commissioner (Appeals) was, in fact, the sale proceeds of the vehicle/not business income. This misclassification indicates a lack of proper consideration of the appellant's submissions and supporting evidence.

10. In light of the aforementioned legal and factual considerations, I am of the firm view that the impugned orders Order-in-Appeal No. 435/2024 dated October 25, 2024, and Order-in-Original No. 390/2021 dated October 16, 2021-are flawed and legally untenable. Consequently, the said orders issued by the assessing officers are hereby set aside, and the corresponding determination of Sindh Sales Tax (SST) is annulled."

Prima facie, the impugned order has been rendered on appreciation of evidence, for which learned Tribunal is the final fact-finding forum in statutory hierarchy. The questions proposed seek de novo appreciation of evidence, hence, cannot be sustained. Learned counsel remained unable to distinguish the reasoning for which the impugned conclusion is rendered and no question of law has been articulated. Accordingly, this reference application is dismissed.

A copy of this decision may be sent under the seal of this Court and the signature of the Registrar to the learned Tax Appellate Tribunal, as required per section 47(5) of the Sales Tax Act, 1990.

Judge

Judge

Ashraf