

ORDER SHEET
IN THE HIGH COURT OF SINDH, KARACHI
C.P. No.D-4215 of 2021

Date	Order with signature of Judge
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1. For hearing of CMA No.17253 of 2021.
2. For hearing of main case.

18.09.2026

Mr. Jahanzeb Awan, along with Ms. Neha Asif, Advocates for the Petitioner.
Mr. Shahid Ali Qureshi, Advocate for the Respondent.
Mr. Mohammad Akbar, Deputy Attorney General.

Yousuf Ali Sayeed, J - The Petitioner is aggrieved by the Orders dated 20.11.2020 and 15.04.2021, made by the Commission (Legal) Inland Revenue, CTO Karachi and Chief Commissioner Inland Revenue, Karachi respectively, whereby the Petitioner was refused the non-profit status sought by it in relation to the tax year 2021.

Learned counsel for the Petitioner submitted that the Petitioner had otherwise enjoyed such status in respect of all previous and subsequent tax years, but was refused the same for the tax year in question as the aforementioned functionaries drew an invidious distinction between the Karachi Grammar School (the “**School**”) and its Board of Governors (“**BOG**”), with it being observed that the relevant registration under the Societies Registration Act, 1860 was in favour of the BOG, whereas the registration with the FBR was under the name of the School. Learned counsel for the Petitioner submits that such premise was fundamentally flawed, and pointed out that the tax profile of the Petitioner even otherwise reflected both those names.

When confronted on this point, learned counsel appearing on behalf of the Department candidly conceded that the applied premise was misconceived and that the distinction drawn in the matter between the School and BOG could not be sustained. Nonetheless, he invited attention to Paragraph 2.4 of the Order made by the Commissioner Inland Revenue so as to point out that an additional point had been brought to bear at that stage, inasmuch as the salaries paid by the Petitioner during

the tax year were found to be over and above the threshold prescribed under Rule 213 (2)(e) of the Income Tax Rules, 2002. While conceding that the Rule did not absolutely preclude the grant of non-profit status and that such status had been granted to the Petitioner in previous and subsequent years despite the same threshold having been crossed, he sought to emphasise that each tax year was distinct and was to be looked into separately.

We have considered the arguments and have observed that the Order made by the Commissioner essentially merged into that of the Chief Commissioner, which did not incorporate or consider such aspect, and proceeded only on the premise of the distinction made between the BOG and the School. As the fallacy of that premise has already been conceded to by learned counsel for the Department, the very basis of such Order stands shorne away. Under such circumstances, the Petition stands allowed with the impugned Orders being set aside and the Respondents directed to grant the approval sought by the Petitioner under Section 2(36)(c) of the Ordinance for the aforementioned tax year without further delay.

JUDGE

JUDGE