

THE HIGH COURT OF SINDH KARACHI

Before:

Mr. Justice Yousuf Ali Sayeed

Mr. Justice Adnan Iqbal Chaudhry

C.P. No. D – 3099 of 2026

[M/s. M3Technologies (Pvt.) Limited v. Federation of Pakistan & others]

Petitioner : M/s. M3Technologies (Pvt.) Limited through Mr. Muhammad Tahir Khalil Dogar, Advocate (**Holds brief for Mr. Anwar Kashif Mumtaz, Advocate**).

Respondent No.1 : Federation of Pakistan through Ms. Mehreen Ibrahim, Deputy Attorney General for Pakistan.

Respondents 2 & 4 : Nemo.

Respondent No.3 : Assistant / Deputy Commissioner Inland Revenue through Barrister Ameer Nausherwan Adil, Advocate.

Date of hearing : 30-09-2026

Date of decision : 30-09-2026

ORDER

Adnan Iqbal Chaudhry J.- Aggrieved of an order dated 14.04.2026 determining default surcharge under section 205 of the Income Tax Ordinance, 2001 [**Ordinance**] for tax year 2023, the Petitioner has preferred an appeal to the Commissioner (Appeals) along with an application to stay recovery pending appeal. Grievance of the Petitioner is that while the Commissioner (Appeals) has yet to provide a hearing on the stay application, the Petitioner is exposed to coercive process for recovery of tax. Learned counsel for the Inland Revenue does not dispute these facts.

Under sub-section (1A) of section 128 of the Ordinance, the Commissioner (Appeals) is vested with discretionary powers to stay recovery of tax for a certain period should it deem fit. Apparently, the Commissioner (Appeals) has yet to consider the stay application in the Petitioner's appeal. Therefore, we are inclined to allow this

petition in terms that until the Commissioner (Appeals) passes an order on the stay application or appeal of the Petitioner, whichever is earlier, officers of Inland Revenue are restrained from effecting recovery on the basis of impugned demand notice dated 15.04.2026 issued to the Petitioner under section 137(2) of the Ordinance for tax year 2023.

JUDGE

JUDGE

**PS/SADAM*