ORDER SHEET
IN THE HIGH COURT OF SINDH, KARACHI

Constitutional Petition No. D-3864 of 2026
(Port Qasim Authority versus Federation of Pakistan and others)

Date	Order with signature of Judge

Before:-
Mr. Justice Adnan-ul-Karim Memon
Mr. Justice Muhammad Jaffer Raza

Date of hearing & order: 18.8.2026

Mr. Khalid Javed Khan, advocate for the petitioner
Mr. Faheem Raza, advocate for the respondent.
Ms. Mehreen Ibrahim, DAG.

ORDER

Adnan-ul-Karim Memon, J. Petitioner has filed this Constitutional Petition under Article 199 of the Constitution of the Islamic Republic of Pakistan, 1973, with the following prayer: -

> *a) Declare that in view of the law laid down by the Hon'ble Supreme Court of Pakistan in 2026 SCMR 227 (CIR (Legal), Islamabad v. Pakistan LNG Limited & others), as followed by this Hon'ble Court vide judgment dated 05.05.2026 passed in C.P. No. D-2261 of 2026 (Imtiaz Group Pvt. Limited v. Federation of Pakistan & others) (Annex "E"), no recovery of tax, including advance tax, can lawfully be effected by the Respondents under the Income Tax Ordinance, 2001 pursuant to any order determining tax payable, unless and until a notice under Section 137(2) is duly issued and the statutory period of thirty (30) days has expired.*
>
> *b) Declare that no recovery of advance tax allegedly determined as payable by the Petitioner for the quarter ending June 2026 shall be made pursuant to any order passed by the Respondents without prior issuance of notice under Section 137(2) of the Income Tax Ordinance, 2001, affording the Petitioner the mandatory period of thirty (30) days to avail remedies under the law.*
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> *c) Prohibit and restrain the Respondent No.2, their officers, from initiating or effecting any coercive recovery proceedings, including direct attachment of the Petitioner's bank accounts, in respect of the alleged demand for advance tax vis-à-vis quarter ending June 2026, without first issuing a notice under Section 137(2) of the Income Tax Ordinance, 2001 and providing the Petitioner thirty (30) days to seek appropriate legal remedy in accordance with law..*

2. The Petitioner, Port Qasim Authority Act, 1973, is aggrieved by the Notice dated 01.06.2026 issued by Respondent No.3 under Section 147 of the Income Tax Ordinance, 2001, demanding Rs.8,403,216,040/- as advance tax for the quarter ending June 2026, along with Rs.1,465,213,402/- as super tax. The demand is alleged to have been calculated on a notional and presumed turnover, despite the Petitioner having already discharged its advance tax liability for the

preceding quarters and having filed its estimate based on actual projected turnover and commercial data.

3. The Petitioner's counsel contends that the Respondents have no lawful basis to disregard the advance tax already paid or raise an exorbitant demand on speculative turnover. It further apprehends coercive recovery, including attachment of its bank accounts, without first issuing the mandatory notice under Section 137(2) and allowing thirty days to avail the remedies available under law. Relying upon the judgment of the Hon'ble Supreme Court reported as 2026 SCMR 227 and the judgment of this Court in C.P. No. D-2261 of 2026, the Petitioner asserts that no advance tax can be recovered unless the statutory notice under Section 137(2) is served and the prescribed thirty-day period has expired. It therefore seeks protection against any coercive recovery of the purported advance tax demand without compliance with the mandatory statutory safeguards, contending that the impugned actions are arbitrary, unlawful, mala fide and violative of Articles 4, 10-A and 18 of the Constitution.

4. After arguing the matter at some length, both the parties agreed for disposal of the instant petition in terms of the decision made by this Court in C.P No.D-2261/2026 vide Judgement dated 25.05.2026.

5. Learned counsel has pointed out the letter issued by the FBR (available at page-15) and submits that the Petitioner filed its estimate for the quarter ending June 2026 on 15.05.2026, based on its actual projected turnover and realistic commercial data, which is substantially lower than the speculative figures relied upon by the Respondents. He, therefore, asserts that any immediate recovery, including attachment of its bank accounts, would violate due process, cause irreparable financial loss and deprive it of an effective remedy against the alleged demand. He seeks restraint against recovery until compliance with Section 137(2).

6. In such circumstances the impugned demand and initiating coercive recovery until compliance with Section 137(2) is not called for, therefore, without touching the merits of the case and with the consent of the parties, this petition stands disposed of in terms of the ratio of the decision already made by this Court in C.P No.D-2261/2026. However, in the intervening period, no coercive action shall be taken against the petitioner till they comply with the statutory provisions and by providing legal remedy to the petitioner as discussed supra.

JUDGE

JUDGE

Shahzad Soomro