ORDER SHEET
IN THE HIGH COURT OF SINDH KARACHI

Constitutional Petition No. D – 3990 of 2026
(M/s Louis Dreyfus Company Pakistan (Pvt.) Ltd. Versus Federation of Pakistan & others

DATE	ORDER WITH SIGNATURE OF JUDGES

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

Date of hearing & orders: 19.8.2026

Mr. Muhammad Inzimam Sharif, Advocate for the Petitioners.
Mr. Khalid Mehmood Rajper, Advocate for the Department.
Ms. Wajeeha Mehdi, Assistant Attorney General.

O R D E R

Adnan-ul-Karim Memon, J. The Petitioners have filed this Constitutional Petition under Article 199 of the Constitution, challenging the failure of Respondent No.4 to decide their appeal and stay application and seeking protection against recovery of the disputed tax demand.

2. The grievance of the Petitioner arises from the proceedings initiated by Respondent No.3 under Section 205 read with Section 13(1) of the Income Tax Ordinance, 2001. A show-cause notice dated 11.04.2026 was issued, to which the Petitioner submitted a detailed reply disputing the alleged tax liability. However, Respondent No.3 subsequently passed the impugned order dated 08.05.2026, holding that an amount of Rs.182,885,399/- was recoverable from the Petitioner, allegedly without properly considering its reply or affording an effective opportunity of hearing. Pursuant thereto, a recovery notice dated 08.05.2026 was issued under Section 137(2) of the Ordinance, requiring payment of the said amount. Aggrieved, the Petitioner preferred an appeal before Respondent No.4, along with an application seeking stay of recovery. However, neither the appeal nor the stay application has so far been decided, and the Petitioner apprehends coercive recovery, including action against its bank accounts and other assets.

3. The Petitioner's counsel contends that the disputed demand has not yet been examined by an independent appellate/judicial forum and that recovery during pendency of the appeal and stay application would cause serious prejudice to its business. It is further alleged that the impugned order was passed in haste, without proper application of mind and in violation of the principles of natural justice and the constitutional guarantees contained in Articles 4 and 10-A of the Constitution. It is therefore asserted that, although the Petitioner has an available statutory remedy, the failure of Respondent No.4 to decide the pending appeal and stay application has exposed it to immediate coercive recovery, leaving it with no

efficacious remedy. The Petitioner accordingly seeks protection against recovery until its appeal and stay application are decided in accordance with law. The Petitioner has consequently prayed that the failure of Respondent No.4 to decide the appeal and stay application be declared unlawful; that the Respondents be restrained from taking coercive recovery measures pursuant to the impugned order and notice during pendency of the appeal and stay application; that operation of the recovery notice dated 08.05.2026 be suspended.

4. After arguing the matter at some length, the learned counsel for the parties agreed that the matter may be disposed of in terms of the order dated 06.08.2026 passed by this Court in C.P. No.D-4408/2026, whereby the concerned Tribunal was directed to hear and decide the stay application/appeal at the earliest, with coercive recovery proceedings remaining restrained until such decision.

5. Accordingly, without touching the merits of the case and with the consent of the parties, the instant petition and listed application are disposed of on the same analogy. The Commissioner (Appeals-1) shall provide the Petitioners an opportunity of hearing and decide the stay application/appeal within 60 days. Until such decision, no coercive action for recovery of the disputed tax demand shall be taken against the Petitioners.

JUDGE

JUDGE

Nadeem Qureshi PA