

ORDER SHEET
IN THE HIGH COURT OF SINDH, KARACHI.
C.P No. D-236 of 2026

Dated	Order with signature of Judge.
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Priority

1. For hearing of CMA No. 1011/2026
2. For hearing of main case

16.09.2026.

Mr. Ovais Ali Shah, Advocate for the Petitioner
Mr. Faheem Raza, Advocate for the Respondent.
Ms. Mehreen Ibrahim, D.A.G.

The Petition assails the proceedings initiated and undertaken by the Respondent Nos. 5 & 7 pursuant to a Recovery Notice dated 16.01.2026, issued under Section 140 of the Income Tax Ordinance, 2011, read with Rule 69 of the Income Tax Rules, 2002, in respect of the tax year 2019, whereby the accounts maintained by the Petitioner with the scheduled commercial banks arrayed as the Respondent No.8 to 12 were attached, and a cumulative sum of Rs.533,666,499.79/- was withdrawn by means of the pay orders specified in Paragraph-1 of the Memo of Petition.

That action was impugned by the Petitioner as having been conducted in haste, without issuance of a Notice under Section under Section 137(2) or a Notice under section 138(1) of the Ordinance, thus violating the principle laid down by the Supreme Court in the case reported as Commissioner Inland Revenue (Legal) Islamabad vs. Pakistan LNG Limited and others 2026 SCMR 227, emphasizing the separation of a tax demand from recovery, and mandating that tax authorities issue a fresh 30-day notice following appeals before executing actions towards recovery.

No attempt has been made in the Statement submitted in the matter by the Department to justify direct issuance of the Recovery Notice and on query posed as to the legality of that action, learned counsel appearing on its behalf remained at a loss to explain how the same satisfied the requisites of the Ordinance in light of the Pak LNG case.

Furthermore, it falls to be considered that the Recovery Notice was predicated on an Order passed on 27.06.2025 by an Additional Commissioner Inland Revenue under Section 122(5A) of the Ordinance for amended assessment in respect of the tax year 2019, which had subsequently been confirmed by the Commissioner Inland Revenue (Appeals II) Karachi vide CIRA Order dated 30.12.2025, dismissing the Petitioners Appeal. It transpires that such Orders, which underpin the impugned recovery, were under challenge before the Appellate Tribunal Inland Revenue at the time of filing of the Petition, which has since decided in favour of the Petitioner vide an Order dated 17.06.2026 made in ITA Nos. 612/KB/2025, 613/KB/2025, 12/KB/26 and 13/KB/2026. A copy of that Order has been placed on record by counsel appearing on behalf of the Department, the operative paragraph of which reads as follows:

“32. Consequently, for the reasons discussed above, the impugned assessment Order for Tax Year 2024 is hereby set aside. Since the amendment orders for Tax years 2019 and 2023 have substantially been founded upon and derived from the findings, methodology and conclusions adopted in the proceedings for Tax Year 2024, the same cannot independently survive and are likewise set aside. The Order passed under Section 4C relating to Super Tax, being consequential in nature and dependent upon the assessed taxable income, is also set aside. The matters are accordingly remanded to the concerned Assessing officer for decision afresh strictly in accordance with law after affording the Appellant a fair, adequate and effective opportunity of hearing, including reasonable opportunity to furnish documentary evidence, explanations and submissions in support of its case.”

Ergo, as the matter stands, over and above the procedural impropriety afflicting the recovery initiated against the Petitioner, the very basis/substratum of that action stands shorn away. Under such circumstances, it is apparent the Impugned Recovery Notice cannot stand, and is set aside accordingly.

Learned counsel for the Petitioner submitted that, as a corollary, the amounts recovered on the basis of the Recovery Notice were to to be returned. He pointed out with reference to the judgment rendered at first instance in the Petition before the Islamabad High Court which birthed the precedent in the Pak LNG case, that an order to that effect had been made, which was upheld in the Intra-Court Appeal filed by the Department as well as the subsequent Petition before the Supreme Court. The submission is well founded and also finds support in terms of the Order dated 25.05.2026 made by a learned Division Bench of this Court in CP. No. D-2261 of 2026 (Imtiaz Group (Private) Limited v. Federation of Pakistan & others). As such, the recovery effected pursuant to the impugned Notice is declared to be null and void and the amount(s) recovered are to be returned forthwith.

The Petition stands disposed of in the foregoing terms.

JUDGE

JUDGE