ORDER SHEET

IN THE HIGH COURT OF SINDH AT KARACHI

C.P No. D- 7028 of 2026

DATE	ORDER WITH SIGNATURE OF JUDGE(S)

Priority.

1. For hearing of Misc. No. 27991/2026 (stay)
2. For hearing of main case.

06.11.2026

Mr. Ovais Ali Shah, Advocate for the Petitioner

Barrister Ghazi Khan Khalil, Advocate files Vakalatnama on behalf of the Department, which is taken on record. Aggrieved of an order dated 25.11.2025 passed under section 122(5A) of the Income Tax Ordinance 2001 (**the Ordinance**), the Petitioner has preferred an appeal to the Appellate Tribunal Inland Revenue (**Tribunal**) along with an application to stay recovery pending appeal. The grievance of the Petitioner is that while the Tribunal 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. Learned counsel for the Petitioner submits that till such time, the Tribunal provides a hearing on the stay application, coercive action should not be taken against the Petitioner for recovery.

Under sub-section (5) of Section 131 of the Ordinance, the Tribunal is vested with discretional powers to stay recovery of tax should it deem fit. Apparently, the Tribunal has yet to consider the stay application for the appeal filed by the Petitioner. Therefore, we are inclined to allow this petition in the following terms. Until the Tribunal 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 order dated 25.11.2025 for tax periods from 1st Jan 2021 to 31st Dec. 2021.

Judge

Judge

Tariq