

THE HIGH COURT OF SINDH, KARACHI

Suit No. 463 of 2024

[Century Engineering Industries (Pvt.) Industries Limited v. Pakistan through Secretary Revenue & others]

Plaintiff : Century Engineering Industries (Pvt.) Industries Limited through Mr. Furqan Mushtaq, Advocate.

Defendant No. 1 : Pakistan through Secretary Revenue through Mr. Altaf Ahmed Sahar, Assistant Attorney General for Pakistan.

Defendant No. 2 : Nemo.

Defendant No. 3 : Pakistan through Secretary Revenue through Mr. Ameer Nausherwan Adil, Advocate.

Date of hearing : 24-02-2025

Date of decision : 24-02-2025

ORDER

Adnan Iqbal Chaudhry J. - The suit has been brought to challenge a 'pre-suspension notice' dated 19.04.2024 issued to the Plaintiff by the Commissioner-IR for initiating suspension/blacklisting proceedings under section 21(2) of the Sales Tax Act, 1990 read with Rule 12 of the Sales Tax Rules, 2006 [**impugned notice**]. By CMA No. 6851/2024, the Plaintiff prays for suspension of the impugned notice.

2. The case of the Plaintiff is *inter alia* that the impugned notice is *malafide*; that the allegation in the impugned notice that the Plaintiff claimed input tax adjustments based on fake/flying invoices is unsubstantiated; and the allegation that the Plaintiff made purchases from a suspended vendor is also incorrect as the notice manifests that at the relevant time the said vendor was not suspended.

3. The impugned 'pre-suspension' notice is essentially a notice to show-cause against suspension of sales tax registration. It is a precursor to blacklisting proceedings. By virtue of sub-section (5) of

section 21 of the Sales Tax Act, which has been inserted by the Finance Act 2024, a remedy is now available to the Plaintiff before the Chief Commissioner in the event an order of suspension is passed against the Plaintiff. Though that provision was inserted in the statute after the suit was filed, it is settled law that an amendment in statute to provide a forum is procedural in nature and therefore operates retrospectively.¹

4. It is by now also settled that excepting a jurisdictional defect, a Court of law does not ordinarily interfere with a show-cause notice issued by a statutory authority lest such interference stifles the exercise of fact-finding and provides an escape from special statutory proceedings and remedies.² The grounds urged by the Plaintiff for interference are on the facts of the case and do not go to the jurisdiction of the Commissioner-IR in issuing the impugned notice. Those facts can be laid by the Plaintiff before the Commissioner-IR who has yet to pass any order on the impugned notice. He may well agree with the Plaintiff. The temporary injunction sought in effect requires this Court to determine to those facts instead of the Commissioner-IR.

5. In view of the foregoing, since the Plaintiff does not bring forth any exception for interfering with the impugned notice, CMA No. 6851/2024 is dismissed.

JUDGE

*PA/SADAM

¹ *Income Tax Peshawar v. Islamic Investment Bank Ltd.* (2016 SCMR 816) and *Air League of PIAC Employees v. Federation of Pakistan* (2011 SCMR 1254).

² *Commissioner of Income Tax v. Hamdard Dawakhana (Waqf)* (PLD 1992 SC 847); *Deputy Commissioner of Income Tax v. Punjab Beverage Company (Pvt.) Ltd.* (2007 PTD 1347); *Indus Trading and Contracting Company v. Collector of Customs (Preventive) Karachi* (2016 SCMR 842); *Dr. Seema Irfan v. Federation of Pakistan* (PLD 2019 Sindh 516); *Commissioner Inland Revenue v. Jehangir Khan Tareen* (2022 SCMR 92); *Zain ul Abideen v. Federal Board of Revenue* (PLD 2021 Sindh 130); *Pakistan Petroleum Ltd. v. Pakistan* (2022 PTD 1742).