

ORDER SHEET  
IN THE HIGH COURT OF SINDH AT KARACHI

CP D 4318 of 2024  
CPs D 4362, 4363, 4710, 4742, 4905, 5310, 5311, 5449, 5460, 5720,  
5721, 5722, 5723, 5884, 6348 & 6437 of 2024  
CPs D 238, 246, 287, 485 & 635 of 2025

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Date	Order with signature of Judge(s)
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1. For hearing of CMA No.19085/2024.
2. For hearing of main case.

**06.03.2025**

**Advocates for the Petitioners**

Mayhar Kazi, Ovais Ali Shah, Jahanzeb Awan, Jawad A. Qureshi, Usman Alam, M. Adil Saeed, Yousuf Khalid Anwer, Sauban Tasleem, Siraj Alam, Arshad Hussain Shehzad, Akber Sohail, Hamza Waheed, Qazi Umair Ali, Sami-ur-Rehman, Kohmeer Rindh, Faiz Ahmed, Kubra Ali, Zulfiqar Ali, Sualeha Baig, Furqan Mushtaq, Syed Mustafa Ali.

**Advocates for the Respondents**

Dr. Shah Nawaz Memon, Ameer Bakhsh Metlo, Syed Ahsan Ali Shah, Mukesh Kumar Khatri, Faheem Raza Khuhro, Syed Irshad ur Rehman, Qaim Ali Memon, Fahad Hussain Arijio, Fawad Hussain Chand.

Mr. Kashif Nazeer, Assistant Attorney General.  
Mr. Sandeep Malani, Assistant Advocate General Sindh.  
Mr. Girdhari Mal, Commissioner Inland Revenue, Zone-II, LTO, Karachi.

Vide order dated 06.02.2025, it was observed as follows:

“It is jointly submitted that sales tax on services rendered by non-resident entities is chargeable pursuant to Section 3(2) of the Sindh Sales Tax on Services Act, 2011. Section 9(2) of the said Act also provides for the same. Per section 7 read with Section 2(14) of the Sindh Tax Act, 1990, the aforesaid payment of tax is adjustable. Such adjustment was being carried out on the Federal Board of Revenue online system, however, recently the system has precluded claims of this nature to be entered. The admissibility of input claim in view of the sales tax on services paid as aforesaid, is not disputed by the respondents, however, the only impediment appears to be Federal Board of Revenue online system which at presently appears to be unjustifiably denying such claims.

Dr. Shah Nawaz Memon, counsel for the department seeks time to have online system adjusted and to bring it in line with the law. At his request, adjourned to 06.03.2025.

Interim orders passed earlier to continue till the next date. Office is instructed to place copy hereof in each connected file.”

Dr. Shah Nawaz Memon, advocate has filed a letter of Operation Wing of FBR, which states as follows:

“Subject: **Input Tax Paid On Behalf of Non-Resident On Franchise Services – CP No.D – 4318/2024**”

I am directed to refer to the Honourable Sindh High Court's interim order dated 06-02-2025 whereby it was stated that the adjustment of sales on services rendered by non-residents was carried out in return on online system of FBR but the Honourable court has observed that at present the adjustment "appears to be unjustifiably denying such claims". Hearing has been adjourned till 6<sup>th</sup> March 2025 apparently to bring the online system in line with law.

2. The matter is of allowing such input tax in return. The relevant tax authorities can interpret its admissibility or otherwise under the provisions of Sales Tax Act, 1990 as well as the Judgment of the Honourable Apex Court to determine the vires of such levy by a Provincial Legislature. In the meantime, it is, therefore, requested that PRAL may remove the check to allow input tax adjustment in the sales tax return to the petitioners (list attached as Annex-A) paid on behalf of the non-resident if such tax payment is electronically verified by the system."

Respective learned counsel for the petitioner state that present grievance of the petitioners appears to have been addressed, however, issue of six months limitation has not been covered in the aforesaid letter, notwithstanding interim orders of this court.

Mr. Girdhari Mal, Commissioner Inland Revenue, Zone-II, LTO, Karachi, is present and states that insofar as the issue of condoning is concerned, the order of the court remains paramount, however, procedurally respective petitioners may make application to such effect and the same shall be entertained and complied with in terms of earlier orders of this court.

It is jointly stated that in view hereof, these petitions may be disposed of. Order accordingly. Presence and assistance of the officer present is duly appreciated.

Office is instructed to place copy hereof in each connected file.

Judge

Judge