THE HIGH COURT OF SINDH KARACHI

C.P. No. D – 4012 of 2026
[Dial Zero (Private) Limited v. Federation of Pakistan & others]

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Petitioner(s)	:	Dial Zero (Private) Limited through Mr. Shahbakht Pirzada, Advocate.
Respondent No.1	:	Federation of Pakistan through Ms. Mehreen Ibrahim, Deputy Attorney General for Pakistan.
Respondents 3 and 4	:	Commissioner Inland Revenue and another through Barrister Ghazi Khan Khalil, Advocate.
Respondents 2 and 5	:	Nemo.
Date of hearing	:	14-07-2026
Date of decision	:	14-07-2026

ORDER

Adnan Iqbal Chaudhry J. - By an order under section 172(3)(f) of the Income Tax Ordinance, 2001 **[Ordinance]**, the Commissioner-IR declared the Petitioner to be a 'representative' of a non-resident person for tax year 2021, namely Facebook Ireland Ltd. **[Facebook]**, and consequently held the Petitioner liable to pay tax on behalf of Facebook. While the Petitioner appealed that order before the Commissioner (Appeals), the Deputy Commissioner-IR proceeded to pass order dated 25.07.2025 to determine Facebook's tax liability for tax years 2023 and 2024. However, recovery from the Petitioner was stayed by this Court on previous petitions made by the Petitioner. On 11.06.2026, the Petitioner's appeal against the order passed under section 172(3)(f) of the Ordinance was dismissed by the Commissioner (Appeals). Consequently, to recover tax liability of Facebook for tax years 2023 and 2024, the Inland Revenue issued notices dated 16.06.2026 to the Petitioner under section 138(1) of the Ordinance. Presently, the Petitioner's appeal from order dated 11.06.2026 passed by the Commissioner (Appeals) (holding the

Petitioner a representative of Facebook), is pending before the Appellate Tribunal Inland Revenue **[Tribunal]** under section 131 of the Ordinance along with an application to stay recovery of Facebook's tax liability from the Petitioner pending said appeal.

Grievance of the Petitioner is that while the Tribunal has yet to provide a hearing on its stay application, the Petitioner is exposed to coercive process for recovery of aforesaid tax under notices dated 16.06.2026. 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 for recovery is not justified.

Under sub-section (5) of section 131 of the Ordinance, the Tribunal is vested with discretionary powers to stay recovery of tax should it deem fit. Apparently, the Tribunal has yet to consider the stay application in the appeal filed by the Petitioner. Therefore, we are inclined to allow this petition in the following terms. The Tribunal shall provide a hearing to the Petitioner at the earliest, and until the Tribunal passes an order on the stay application or the appeal filed by the Petitioner, whichever is earlier, officers of Inland Revenue shall not take coercive action against the Petitioner to recover Facebook's tax liability on the basis of recovery notices dated 16.06.2026 issued under section 138(1) of the Ordinance for tax years 2023 and 2024. Petitions stand disposed of. Office to place a copy of this order in the connected petition listed above.

JUDGE

JUDGE

*PS/SADAM