ORDER SHEET

IN THE HIGH COURT OF SINDH AT KARACHI

Income Tax Reference Application 83 of 2020

DATE	ORDER WITH SIGNATURE OF JUDGE

1. For orders on CMA 196/2020.
2. For hearing of main case.

<u>03.08.2026</u>

Mr. Waqas Ahmed Mir, advocate for the applicant.
Mr. Faheem Raza Khuhro, advocate for the respondent.

Learned counsel for the applicant confines this challenged to Para 30 of the impugned Judgment which reads as follows:

> “30. Regarding royalty we are not inclined to agree with the submissions of learned Authorized Representative that the definition of royalty given in the Income Tax Ordinance is quite extensive and meets the criteria of admissibility of enabling services provided so that the purposes of licensing arrangements can be achieved. The findings of the officers below and the arguments of the learned Departmental Representative are convincing. Addition made by the assessing officer on account of trade-mark, software and patent has already been deleted by the learned Commissioner-IR (Appeals). We are inclined to agree with the findings of the learned Commissioner-IR (Appeals) and the assessing officer that deduction on account of general, management and administrative services and business systems and know-how is not allowable in the name of royalty as said expenses do not fall under the definition of royalty. We therefore find no reasons to interfere with the decision of the learned Commissioner Inland Revenue (Appeal) hence appeal fails on this issue.”

Learned counsel states that in so far as other issues are concerned arising out of the same judgment, the matter has been remanded for adjudication afresh to the adjudicating officer. He seeks that the said findings be set-aside and the said issue be also remanded for denovo adjudication to the adjudicating officer. Learned counsel for the respondents articulates no cavil in such regard. Order accordingly.

The reference stands disposed of in the above terms. A copy of this decision may be sent under the seal of this Court and the signature of the Registrar to the learned Appellate Tribunal, as required per section 133(8) of the Income Tax Ordinance, 2001.

Judge

Judge

M. Khan