

ORDER SHEET
IN THE HIGH COURT OF SINDH, KARACHI

C. P. No. D-2438 of 2025
C. P. No. D-2439 of 2025
C. P. No. D-2489 of 2025

Date	Order with signature of Judge
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- Priority.
- 1. For orders on Office Objection No.1 to 3.
 - 2. For hearing of CMA No.11538/2025.
 - 3. For hearing of main case.

26.02.2026.

Mr. Muhammad Ahmed Masood, Advocate for the Petitioner.
Mr. Syed Ahsan Ali Shah, Advocate for the Respondent.
Ms. Mehreen Ibrahim, DAG.

The grievance of the Petitioners’ stems from a raid conducted by the Respondent No.4 at their common business premises, during which the same was searched and the documents/records of the Petitioners were seized. Per the Petitioners, such raid, search and seizure was conducted in violation of the Sales Tax Act, 1990, bypassing the procedural safeguards prescribed under Sections 38 and 40 of the Act. The legality of such action has thus been impugned through C. Ps. Nos. D-2438 and D-2439 of 2025, with the summons under Section 37 of that Act relating to the consequent proceedings initiated in the matter having been impugned through C. P. No. D-2489 of 2025. The essence of their case is that no proceedings can be initiated by the Department against them on the basis of any material as may have been gathered through the impugned search and seizure.

As it transpires, the question of whether the raid was conducted without following procedural safeguards came up for consideration before the learned Appellate Tribunal Inland Revenue Division Bench-I, Karachi

in STA Nos.255/KB/2025 and 256/KB/2025 filed by the Petitioners against proceedings initiated against them under Section 11E of the Act, which were allowed in similar terms vide Orders dated 11.10.2025 wherein it was observed inter alia that:-

“9. We find substance in the contention of the appellant that compliance with the procedural safeguards enshrined in Sections 38 and 40 of the Sales Tax Act, 1990 is mandatory. The record placed before us does not demonstrate that any prior notice under Section 38 was issued or that there existed any reasonable belief supported by material that documents relevant to any proceedings were kept at the appellant’s premises. Moreover, the warrant produced on record admittedly did not specify the date and time of the search, which renders the same defective in law. The subsequent direction of the Honourable High Court restraining the department from using the seized material further fortifies the appellant’s stance that the search proceedings were not conducted in accordance with law.

10. We further observe that despite the said directions of the Honourable High court, the Assistant Commissioner has, as is evident from page 7 of the impugned order, relied upon the seized material while framing findings under Section 11E of the Act. Such reliance, in clear disregard of judicial directions, cannot be countenanced. It is a settled principle that any evidence of record obtained in violation of statutory provisions or in defiance of judicial orders is inadmissible for adjudication purposes.”

The operative Paragraph of the aforementioned Orders, being Paragraph-16, then goes on to read as follows:-

“16. For the reasons discussed hereinabove and the ratio settled by the superior courts, the appeal is allowed. The impugned order No.109/2025 dated 29.05.2025 passed by the Assistant Commissioner-IR, Zone-II, RTO-II, Karachi is set aside. The respondent department is directed to ensure that any future proceedings, if warranted, are initiated strictly in accordance with law after affording due opportunity of hearing to the appellant.”

On the previous date, learned counsel appearing on behalf of the Department had sought time to seek instructions with reference to the aforementioned Order of the Tribunal. Today, he states and undertakes that the Department would act in inconformity therewith, particularly Paragraph-16 thereof. Learned counsel for the Petitioners is satisfied that the purpose of the Petitions stands served in view of such statement and undertaking. That being so, the Petitions stand disposed of in the foregoing terms.

JUDGE

JUDGE

MUBASHIR