ORDER SHEET

IN THE HIGH COURT OF SINDH AT KARACHI

Special Sales Tax Reference Application No. 81 of 2025

DATE	ORDER WITH SIGNATURE OF JUDGE

1. For hearing of main case.
2. For hearing of CMA No. 1107/2025 (stay)

25.08.2026

Mr. Ovais Ali Shah, advocate for the applicant.
Mr. Mukesh Kumar Khattri, advocate for the respondent.

Following questions of law had been proposed:-

i. Whether under the facts and circumstances of the case, the Appellate Tribunal Inland Revenue erred by upholding the imposition of penalty under Section 33(5) of the Sales Tax Act, 1990, in a cursory and perfunctory manner without appreciation of any material or evidence for the establishment of mens rea and in the absence of a separate notice under S.26 of the STA, 1990?

ii. Whether, under the facts and circumstances of the case, the Appellate Tribunal Revenue erred by upholding imposition and penalty and finding of mens rea, where payment of the tax had been voluntarily, prior to issuance of any notice and there was no question of short payment of tax?

Learned counsel for the applicant states that the said questions are no case of first impression and *pari materia* circumstances have already been decided in favour of applicants by a divisional bench of this Court in the case of *New Era Fabrics* reported as 2025 PTD 1519. Learned counsel states that said judgment is binding upon this court in view of the multiline principles, therefore, in *mutatis mutandis* application thereof, the said questions be answered in favour of the applicant and against the respondent department. Learned counsel for the respondent articulates no cavil to the aforesaid. Order accordingly. Reference application 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 47 subsection 5 of Sales Tax Act, 1990.

Judge

Judge

Ayaz P.S.