

THE HIGH COURT OF SINDH AT KARACHI

Special Criminal Bail Application No. 59 of 2025

[Danish Qureshi v. The State]

Applicant : Danish Qureshi son of Nizamuddin Qureshi through M/s. Riaz Ahmed Phulpoto and Nusrat Sultan, Advocates.

Respondent : The State, through Rana Sakhawat Ali, Advocate and Mr. Muhammad Javed Khalid, Deputy Attorney General for Pakistan along with I.O. Riaz-ul-Haq.

Date of hearing : 08-04-2025

Date of decision : 08-04-2025

*FIR No. 01/2023
U/s: 2(37), 2(9), 2(14)(a), 3, 3(1A), 6(1), 6(2), 7(1),
(2)(i)(ii), 8 (1)(a) (ca) & (d), 8A, 14, 21, 22(1), 23(1),
25, 26(1) and 73 of the Sales Tax Act, 1990 punishable
u/s 33(11), 33(13) of the Sales Tax Act, 1990 r/w Sales
Tax Rules, 2006,
P.S. Commissioner-IR Range-A, Corporate Tax Office, Karachi*

ORDER

Adnan Iqbal Chaudhry J. - The Applicant seeks post-arrest bail in the aforesaid crime after the same has been declined by the Special Judge (Customs, Taxation & Anti-Smuggling-II), Karachi by order dated 12.02.2025.

2. Heard learned counsel and perused the record.

3. The tax fraud for which the FIR was lodged was that the sole proprietor of M/s. UFT Corporation, namely Aslam Farooq, a registered person had passed away in the year 2016, however his login ID to the computerized sales tax system of the FBR, and consequently his sales tax registration number, had been taken-over / misappropriated by fraudsters, who used the same to generate fake sales tax invoices and returns in the name of UFT Corporation to reflect dummy supplies to a number of registered businesses/beneficiaries, who then claimed input tax adjustments

on those supplies. It was alleged that the Applicant, who was registered for sales tax under the name and style 'Shezan Enterprises', was one such beneficiary, and thus, all such persons were booked for the offence of tax fraud, defined in section 2(37) of the Sales Tax Act, 1990 and punishable under clauses 11(c) and 13 of section 33 of said Tax Act.

4. It is pointed out by learned counsel for the Department that the Applicant (Danish Qureshi) is different from the co-accused Muhammad Danish whose cell number was used to reset the computer sales tax ID of UFT Corporation.

5. The role of the Applicant in the tax fraud, as alleged in the supplementary progress report dated 11.02.2025 submitted by the I.O. to the Special Judge, is that the Applicant knowingly volunteered the use of his CNIC by Farhan Shani and Muhammad Asif to register the Applicant for sales tax under the name and style 'Shezan Enterprises' and 'WD Enterprises (Pvt.) Ltd.' and to open bank accounts in the names of those dummy units, which then reflected fake supplies from UFT Corporation to rake-up input tax adjustments. It is alleged that the Applicant received consideration for the same from Farhan Shani. It is further alleged that thereafter the Applicant brought to Farhan Shani and Muhammad Asif a number of CNICs of his relatives and friends for the same purpose and received Rs. 10,000/- to Rs. 15,000/- for each CNIC, and in this way the ring of the said accused persons created other dummy units and bank accounts for like tax fraud.

6. Therefore, thus far, the offence alleged against the Applicant is essentially for aiding and abetting tax fraud by allowing his CNIC to be used by Farhan Shani and Muhammad Asif for creating dummy units in the name of 'Shezan Enterprises' and 'WD Enterprises (Pvt.) Ltd.', which were then operated by Farhan Shani to generate input tax adjustments based on fake sales tax invoices. It is not alleged that the Applicant was complicit in the making of fake sales tax invoices and routing them through UFT Corporation.

Though it is contended by learned counsel for the Department that the Applicant himself was running said dummy units and filing false sales tax returns to generate input tax credits, it has yet to be proved that the Applicant's role was beyond that of a facilitator who had lent his CNIC for the tax fraud.

7. In view of the foregoing, the case against the Applicant is one of further inquiry into his guilt and therefore falls within the ambit of sub-section (2) of section 497 Cr.P.C.

8. As per the supplementary progress report submitted by the I.O., the quantum of tax fraud attributed to the Applicant *vide* dummy units namely 'Shezan Enterprises' and 'WD Enterprises (Pvt.) Ltd.' is in the sum of Rs. 994,765,668/-. The imprisonment for that, prescribed in clauses 11(c) and 13 of section 33 of the Sales Tax Act, does not exceed 5 years. Therefore, the offence alleged against the Applicant also does not fall within the prohibitory clause of section 497 Cr.P.C.

8. For the foregoing reasons, the Applicant Danish son of Nizamuddin Qureshi is granted post-arrest bail in the aforesaid FIR subject to furnishing solvent surety in the sum of Rs. 1,000,000/- [Rupees One Million only] alongwith P.R. Bond in like amount to the satisfaction of the trial Court.

Needless to state that the observations herein are tentative, and shall not be construed to prejudice the case of either side at trial.

JUDGE

Karachi
Dated: 08-04-2025

*PA/SADAM