

ORDER SHEET
IN THE HIGH COURT OF SINDH AT KARACHI

Income Tax Reference Applications 26 & 27 of 2018

DATE	ORDER WITH SIGNATURE OF JUDGE(S)
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- 1. For orders on CMA No.14/2018
- 2. For hearing of main case

30.10.2025

Mr. Irfan Mir Halepota, advocate for the applicant

Representative facts are that the department expresses grievance with regard to treatment of exchange gains. The relevant paragraph dealing with the matter is as follows :

10. The plain reading of Rule 231(b) shows that it lays down that proportionate working between profits from exports and those from other sales will be made on the basis of the same ratio as exports bear to total sales where separate accounts are not maintained for exports. In the instant case separate accounts are apparently not maintained. However, in our opinion the issue at hand is whether the exports would include exchange difference /exchange gains for working out the ratio as envisaged in Rule 231 or as to whether they are to be taxed as other income under normal law or not. There is nothing repugnant to the application of Rule 231 in the impugned order. The reliance of the CIR(A) on Circular 14 of 1993 is well placed, which provides the basis of taking the total exports as inclusive of exchange gains. As regards the departments argument that the CIR(A) was not justified in deleting the disallowance on account of exchange gains without determining whether they arise on account of exports or not, cannot be entertained at this stage because the department has not questioned the same and not made out a case on this point at the assessment stage.

Learned counsel was confronted as to any question of law arising there from since two questions pleaded were admittedly argumentative and / or sought to agitate questions of fact, however, he remained unable to assist. These matters have been pending since seven years and there appears to be no reason to perpetuate these reference applications clogging the docket since no questions of law articulated for determination of this court, therefore, these reference applications are dismissed in *limine*.

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. Office is instructed to place copy of this order in connected matter.

Judge

Judge