THE HIGH COURT OF SINDH KARACHI

Present:
Mr. Justice Adnan-ul-Karim Memon
Mr. Justice Adnan Iqbal Chaudhry

C.P. No. D – 4039 of 2026
[Castrol Pakistan (Pvt.) Ltd., versus FOP and others]

Petitioner	:	Castrol Pakistan (Pvt.) Ltd., through Mr. Hamza Waheed, Advocate, alongwith Mr. Sami-ur-Rehman, Advocate.
Respondent 1	:	Federation of Pakistan and another through Ms. Mehreen Ebrahim, DAG.
Respondents 2-3	:	Commissioner, Inland Revenue and another through Mr. Fareed Ahmed Dayo, Advocate.
Date of hearing	:	17-07-2026
Date of decision	:	17-07-2026

JUDGMENT

Adnan Iqbal Chaudhry J. – Petitioner is aggrieved of show-cause notice dated 16-06-2026 issued by the Deputy Commissioner-IR under the proviso to sub-section (6B) of section 147 of the Income Tax Ordinance, 2001 (**Ordinance**), calling upon the Petitioner to satisfy why its estimate of advance tax payable under section 147 should not be rejected, and further, why the department's estimate of advance tax should not be recovered under section 138 read with section 137(2) of the Ordinance.

2. To be specific, the Petitioner does not challenge the issuance of the show-cause notice *per se*, but only the latter part which contemplates recovery straightway under section 137(2) and 138 of the Ordinance in case the decision goes against the Petitioner. In that regard, learned counsel for the Petitioner draws attention to sub-section (7) of section 147 of the Ordinance which stipulates that: "The provisions of this Ordinance shall apply to any advance tax due under this section as if the amount due were tax due under an assessment

order". The submission is that by such a deeming provision, all provisions applicable to an assessment order are attracted, and thus the threat to recover the amount straight-away is unlawful.

3. When sub-section (7) of section 147 of the Ordinance *supra* is read with sub-section (2) of section 137, it is clear that even where the Commissioner-IR rejects the taxpayers estimate of advance tax under the proviso to sub-section (6B) of section 147, recovery has to follow the machinery of sub-section (2) of section 137 of the Ordinance, which requires a separate notice providing the taxpayer at least 30 days to make payment *albeit* without effecting the 'due date' specified under section 147 of the Ordinance. Learned counsel for the Inland Revenue does not present any other interpretation of the noted provisions. Since the show-cause notice has yet to be determined, it will be premature to examine whether an order passed under sub-section (6B) of section 147 is appealable under section 127 of the Ordinance.

4. In view of the foregoing, the reference made in the impugned show-cause notice dated 16-06-2026 to provisions for recovery are struck-of. The Deputy Commissioner-IR shall fix a date for hearing of the show-cause after intimation to the Petitioner. In the event it is determined against the Petitioner, the Commissioner may issue notice for recovery in line with section 137(2) of the Ordinance, whereafter, the law will take its own course.

Petition allowed in above terms.

JUDGE

JUDGE

*SHABAN**