THE HIGH COURT OF SINDH KARACHI

		Present: Mr. Justice Adnan-ul-Karim Memon Mr. Justice Adnan Iqbal Chaudhry
C.P. No. D – 4145/2026	:	Z.A. Enterprises and others versus Export Processing Zones Authority and others.
C.P. No. D – 4146/2026	:	Midas Clothing Limited and others versus Export Processing Zones Authority and others.
C.P. No. D – 4328/2026	:	M/s. Eurotex and others versus Export Processing Zones Authority and others.
C.P. No. D – 4329/2026	:	M/s. Saltex Pvt. Ltd., and others versus Export Processing Zones Authority and others.
For Petitioners	:	Mr. Arshad Tayabally, Advocate. C.P. No. D – 4145/2026. Mr. Jawad A. Qureshi, Advocate. C.P. No. D – 4146/2026. Mr. Sufiyan Zaman, Advocate. C.P. Nos. D – 4328 & 4329/2026.
For Respondent 1	:	Mr. Habibullah, Advocate, along with Mr. Ghulam Mustafa, Director and Muhammad Azhar, Manager, EPZA. In all Petitions.
For Respondent 2-3	:	Ms. Mehreen Ebrahim, Deputy Attorney General for Pakistan. In all Petitions.
For Respondent 4	:	Mr. Furkan Ali, Advocate, in C.P. Nos. D – 4145 & 4146/2026, & Mr. Iftikhar Ahmed, Advocate, in C.P. Nos. D –4328 & 4329/2026.
Date of hearing	:	15-07-2026
Date of decision	:	15-07-2026

ORDER

Adnan Iqbal Chaudhry J. – The Petitioners claim to be 'industrial undertakings' within the meaning of the Export Processing Zones Authority Ordinance, 1980 operating within the Karachi Export Processing Zone **[Zone]**. They are aggrieved of a Circular issued by the Export Processing Zone Authority **[EPZA]** informing the Petitioners that pursuant to a judgment of the Supreme Court of Pakistan, the

EPZA shall charge them sales tax in their electricity bills. The Petitioners have also challenged such charge in the electricity bills issued to them by the EPZA.

2. As apparent, the impugned Circular has been issued in a certain background. From submissions of learned counsel, we understand that background to be as follows. The EPZA receives electricity supply in bulk from the K-Electric **[KE]** and then raises its own bills upon electricity consumers within the Zone. Apart from industrial undertakings, there are also other consumers of electricity within the Zone who are not manufacturers but are licensed by the EPZA for facilitating industrial undertakings, as for example Banks. An issue arose with regards to sales tax charged by the KE to the EPZA on the supply of electricity. The EPZA contended that most electricity consumers within the Zone were industrial undertakings who were entitled to zero-rated electricity supply by virtue of section 4(a) of the Sales Tax Act, 1990 read with Entry No. 5 of the Fifth Schedule to said Act, and therefore the KE could only bill sales tax at zero-rate (Entry No. 5 reads *"Supplies of raw materials, components and goods for further manufacture of goods in the Export Processing Zones."*) However, C.P. No. D–676/2013 filed by the EPZA against the KE for such writ, was dismissed by this Court *vide* judgment dated 29.09.2015. Civil Appeal No.1651/2019 filed by the EPZA before the Supreme Court of Pakistan was also dismissed *vide* judgment dated 23.09.2025; hence the impugned Circular.

3. From judgment passed in C.P. No. D–676/2013, it appears that the learned Division Bench was of the view that the proviso to section 4 of the Sales Tax Act contemplated that provision for zero-rate was tied to eligibility of goods eventually produced; resultantly, since the KE is not expected to determine what part of the bulk electricity supply has been used in the Zone for production of goods, it was for the EPZA to divide the charge of sales tax *pro-rata* amongst all consumers in the Zone; whereafter any consumer entitled to zero-rated supply under section 4 may apply for refund of sales tax. The Supreme Court of

Pakistan was not inclined to interfere with such finding and dismissed EPZA's appeal by re-calling the leave-granting order.

4. Learned counsel for the Petitioners submit that industrial undertakings in the Zone, such as the Petitioners, who were directly affected by the controversy, were not party either before the High Court or the Supreme Court, and therefore the points raised by them in this petition have not been adjudicated. They submit *inter alia* that allocating the charge of sales tax *pro-rata* amongst "all" consumers of electricity within the Zone, does not take into consideration the fact that most consumers in the Zone are industrial undertakings who are not liable to sales tax to begin with and thus not required to be registered under the Sales Tax Act, therefore there is no mechanism for them to obtain refund of sales tax. They submit that the controversy could have been resolved by requiring the EPZA to segregate onward electric supply in the Zone by installing separate feeders for industrial undertakings and non-industrial consumers and charging sales tax only to the latter.

5. Apparently, the judgment of this Court in C.P. No. D–676/2013, which was affirmed by the Supreme Court, had determined the manner for allocating sales tax charged by KE to the EPZA for electric supply to all consumers within the Zone. The Petitioners, as the affected consumers in the Zone, disagree with such determination and seek a different view on the ground that they were not party to C.P. No. D–676/2013. However, after brief arguments, learned counsel for the Petitioners acknowledge that even if the Petitioners have brought forth points that were not considered in the previous decision, this Bench is bound by that decision and cannot take a different view. That being so, it will be pointless for us to examine the merits of these petitions. Resultantly, these petitions are dismissed.

Office shall place a copy of this order in all the petitions.

JUDGE

JUDGE

*SHABAN**