

ORDER SHEET
IN THE HIGH COURT OF SINDH KARACHI

C.P No. D-3095 of 2021

DATE	ORDER WITH SIGNATURE OF JUDGES
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Priority

1. For hearing of CMA No.13259/2021 (Stay Application)
2. For hearing of Main Case

19.10.2022

Mr. Arshad Hussain, Advocate for the petitioner
Mr. G.M Bhutto, AAG
Dr. Shah Nawaz, Advocate for Respondent Nos.2 and 3

Petitioner is engaged in the manufacturing of automobile parts and accessories of motor vehicles, who per learned counsel for the petitioner, was bombarded with numerous notices under Section 177 of the Income Tax Ordinance, 2001, the string of which is attached alongwith the instant petition. This grievance is coupled with the fact that the petitioner was also chosen for audit for the tax year 2019 and had also received separate notices under sections 44 and 161 of the Ordinance, 2001, details of which are given under paragraph-7. A perusal of which reflects that not only multiple notices have been issued, at the same time, audit proceedings for a number of years in one instance have also been instituted to the extent that one of such notices available at page 17, boiler-plateing is so obvious that it mention petitioner being engaged in the business of “broadcasting satellite channels and run radio and text services” rather than automobile parts.

Learned counsel has placed reliance on a number of judgments of this Court, where such practice of issuing string of notices and at the same time selecting a taxpayer for audit for multiple years without issuing any cogent reasons and application of mindfulness and providing legitimate reasons, has been deprecated. Attention of this Court is drawn to the judgment of this Court rendered in the cases of *Atlas Honda Ltd v. Pakistan & others* (CP No.D-5107 of 2021) and others petitions.

When confronted with these factual occurrences, learned counsel for Respondent Nos.2 and 3 admitted that there have been some typographical errors in various notices, where the business of the petitioner was wrongly treated, as well as, an error also was evident in notice, available at page 43, where the respondent stated that they had mistakenly selected the petitioner for audit through computer balloting. Learned counsel stated that the law permits issuance of such notices and the petitioner could have responded to the notices, which he did in few circumstances, therefore, the petition is not maintainable.

Heard the counsel and perused the record.

This is an established position, as cemented by the judgment rendered by this Court referred above, where issuance of multiple audit notices is highly deprecated by courts. A detailed judgment has been penned down by our learned brother Mr. Justice Muhammad Shafi Siddiqui in C.P No.D-5107 of 2021 and others, the fact remains that while department has competency to issue notices or to conduct audit, but only within four corners of law and following the dictum laid down by various judgments of the superior courts. We are convinced that petitioner has become a scapegoat of mindless exercise of revenue generation at the cost of serious harassment to the petitioner.

In the circumstance at hand, notices are hereby *set aside*. However, the respondents would be at liberty to issue fresh notices strictly in accordance with law and following the dictum laid down by this Court in the case referred above.

Judge

Judge