

ORDER SHEET
IN THE HIGH COURT OF SINDH, KARACHI

Income Tax Reference No. 216 of 2001 along with
I.T.Rs Nos. 217, 218, 219, 220, 221 & 222 of 2001

Date	Order with signature of Judge
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For hearing of main case.

09.10.2023.

Mr. Adil Saeed, Advocate for Applicants.

Mr. Muhammad Aqeel Qureshi, Advocate for Respondents.

Mr. Qazi Ayazuddin Qureshi, Assistant Attorney General.

On 11.09.2023, the following order was passed:-

“Learned counsel appearing on behalf of applicant submits that the controversy as raised in these matters that “whether and under what circumstances, non-performing loans or bad debts are allowed to be treated as admissible expenses” now stands decided by the Hon’ble Supreme Court of Pakistan in the case of *MCB Bank Limited v. Commissioner Inland Revenue in Civil Petition bearing No.1673 of 2018 and other connected matters* vide *Judgment dated 05.06.2018* and these matters may be disposed of in similar terms. He further submits that following Hon’ble Supreme Court’s order, Lahore High Court has also decided this question by referring the matter to the concerned Deputy Commissioner in the case of *Commissioner of Income Tax v. Prime Bank Limited* reported as *[(2022) 126 Tax 575 (H.C. Lah.)]*. He lastly submits that in some assessment years, department has already passed rectification orders, whereas, no appeals have been preferred against such assessment orders. While confronted, department’s counsel needs time to seek instructions. He is directed to come prepared with instructions.

To come up on **25.09.2023**. Office is directed to place copy of this order in connected matters listed above.”

Today, Department’s Counsel concedes that all Reference Applications be disposed of on the basis of Order passed by the Honourable Supreme Court, as above, as the proposed question to that effect stands decided.

In view of the above position, the proposed question i.e. “*whether and under what circumstances, non-performing loans or bad debts are allowed to be treated as admissible expenses*” is answered in the same terms, as recorded by the Honourable Supreme at Para 8 to 10 of Judgment dated 05.06.2018 passed in *Civil Petition bearing No.1673 of 2018 (MCB Bank Limited v. Commissioner Inland Revenue and other connected matters)*.

All Reference Applications stand disposed of in these terms. Office to place copy of this order in the connected matters as above.

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