

ORDER SHEET  
**IN THE HIGH COURT OF SINDH, KARACHI**  
Special Sales Tax Reference Application No. 141 / 2024

Date

Order with signature of Judge

**HEARING / PRIORITY CASE**

- 1) For orders on office objection No. 26.
- 2) For hearing of main case.
- 3) For hearing of CMA No. 330/2024.

**13.05.2025.**

Mr. Najeebullah, Advocate for Applicant.

Mr. Ameer Bakhsh Metlo, Advocate for Respondent.

Through this Reference Application, the Applicant has impugned Order dated 05.08.2024 passed by the Appellate Tribunal Inland Revenue, Karachi in STA No. 340/KB/2024 proposing various Questions of law; however, for the present purposes there is only one Question i.e. *“Whether in the facts and circumstances of the case order of suspension dated 20.12.2023 and Black listing dated 14.03.2024 are in accordance with law and the judgment passed by the Hon’ble Supreme Court in the case of The Commissioner Inland Revenue, Lahore v. M/s. Eagle Cables (Pvt.) Ltd. Lahore passed in CPLA No. 2400-L/2022.”*

2. Heard learned Counsel for the parties and perused the record. After briefly hearing the respective Counsel, on 07.04.2025 the following order was passed:-

“We have heard the respective Counsel for the parties and perused the record.

Before any final determination can be made it reflects that in the pre-suspension notice as well as subsequent order of suspension / blacklisting it is not clearly stated that as to when the suppliers of the Applicant were blacklisted or suspended, as recently the Hon'ble Supreme Court of Pakistan vide an unreported order dated 16.01.2025 in the case of *The Commissioner Inland Revenue, Lahore v. M/s. Eagle Cables (Pvt) Ltd., Lahore* passed in C.P.L.A. No.2400-L/2022 has been pleased to hold that any claim of input tax cannot be denied by retrospective application of a suspension or blacklisting order.

Accordingly, both the learned counsel are directed to assist this Court on this point on the next date of hearing i.e. on **23.04.2025.**”

3. Today, it is admitted by the Respondent's Counsel that in the Pre-suspension Notice and the orders passed thereon, there is no specific mention as to when the suppliers of the Applicant were suspended or blacklisted and in that case, it is not possible for this Court to adjudicate the matter finally in line with the Judgment of the Hon'ble Supreme Court as above which reads as under:-

"5. An examination of the records lends credence to the position taken by the respondent. The petitioner has failed to provide any concrete evidence indicating that invoices were issued to the respondent during any period of suspension or blacklisting. It is therefore admitted on all hands that at the time the purchases were made, the supplier involved were neither blacklisted nor inactive. Furthermore, the payments for these purchases were processed through a legitimate banking channel, adhering to the procedures delineated in section 73 of the Act. It is now well established in legal precedents that if a transaction is conducted while the suppliers are active and duly registered, any invoices issued are not automatically invalidated by a subsequent blacklisting or suspension of those suppliers. Therefore, it follows that the denial of refunds cannot be justified solely based on the later blacklisting of a supplier. In light of this context, according to sub-section (3) of Section 21, all purchasers, including the respondent, who procured goods before the suppliers' registration was suspended or they were blacklisted, and who complied with the conditions outlined in section 73 of the Act, were entitled to claim an adjustment of input tax."

4. Accordingly, in view of the above, the proposed Question is answered in favor of the Applicant and against the Respondent to that extent. Consequently, thereof, the orders passed by the forums below are hereby **set aside**. However, the matter shall be deemed to be pending / remanded to the original officer who shall proceed further in accordance with the directions of Hon'ble Supreme Court as above, while deciding the Pre-suspension / Blacklisting Notices.

5. Let a copy of this order be sent to the Appellate Tribunal Inland Revenue of Pakistan, Karachi Bench in terms of subsection (5) of Section 47 of the Sales Tax Act, 1990.

**ACTING CHIEF JUSTICE**

**J U D G E**