

# THE HIGH COURT OF SINDH AT KARACHI

## Spl. Cr. Bail Application No. 110 of 2025

Applicant : Syed Abu Bilal Imam son of Abu Nassar through Mr. Abdul Samad Memon, Advocate.

The State : Through Mr. Ghulam Asghar Pathan, Advocate along with I.O. Javed Nawab.

## Spl. Cr. Bail Application No. 111 of 2025

Applicant : Syed Abu Bilal Imam son of Abu Nassar through Mr. Abdul Samad Memon, Advocate.

The State : Through Mr. Nadeem Yaseen, Advocate.

Mr. Muhammad Khalid Javed Raan, Deputy Attorney General for Pakistan.

Date of hearing : 29-05-2025

Date of decision : 29-05-2025

Spl. Cr. Bail App. No. 110 of 2025  
FIR No. DC-IV/Zone-I/L TO/01  
U/s: 2(37), 2(9), 2(14)(a), 3, 6, 7, 8(1)(a)(d),  
8A, 8B(1)(ca), 22(1), 23(1), 25, 26(1) and 73  
Of the Sales Tax Act, 1990 punishable under  
Section 33 of the Act *ibid*

Spl. Cr. Bail App. No. 111 of 2025  
FIR No. 01/2023  
U/s: 2(37), 2(14)(a), 3, 6, 7, 8, 11, 21, 22, 23,  
26 and 73 Of the Sales Tax Act, 1990 punishable  
Under Section 33(11), 33(13) of the Sales Tax Act, 1990

## ORDER

**Adnan Iqbal Chaudhry J.** - The Applicant in both bail applications is Syed Abu Bilal Imam who has been denied bail by the Special Judge (Customs, Taxation & Anti-Smuggling-I) Karachi by separate orders in separate FIRs.

2. The Applicant is the principal accused in FIR No. 01/2023 which was lodged on 06.11.2023 for the offence of tax fraud as defined in section 2(37) of the Sales Tax Act, 1990. Thereafter, he was

also implicated for the offence of tax fraud *vide* Supplementary Challan dated 29.01.2025 filed in respect of FIR No. DC-IV/Zone-I/LTO/01 which had been lodged on 04-03-2024 against Nawab Khan of 'M/s. A.H. Impex' and Aftab Ahmed of 'M/s. Malik Aftab & Imtiaz Brothers. The Applicant was arrested in FIR No. 01/2023 on 12.03.2025. Whilst in custody, he was also interrogated in FIR No. DC-IV/Zone-I/LTO/01, however, in that FIR a formal memo of his arrest was made only on 24.05.2025.

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3. FIR No. 01/2023 is preceded by an order dated 31.08.2023 passed under the erstwhile section 11(2) of the Sales Tax Act by the Assistant Director-IR to adjudicate the tax liability of the Applicant as sole proprietor of 'M/s Bilal Enterprises' for the period April 2022 to April 2023. In concluding that the Applicant had evaded a huge amount of sale tax it was observed that he had committed tax fraud. Though said adjudication was *ex-parte*, it is stated by the prosecution that it was not appealed by the Applicant. Be that as it may, the adjudication is relied upon by the prosecution to submit that the FIR is not hit by the principle that criminal proceedings can only follow tax adjudication, enunciated in *Taj International (Pvt.) Ltd. v. Federal Board of Revenue* (2014 PTD 1807) and upheld by the Supreme Court in the case of *Directorate of Intelligence & Investigation-FBR v. Taj International (Pvt.) Ltd.* by short order dated 04.12.2024. Therefore, I proceed to examine the merits of Spl. Cr. Bail Application No. 111 of 2025.

4. FIR No. 01/2023, lodged against the Applicant as sole proprietor of 'M/s. Bilal Enterprises', and against his son, Abu Shabi Imam as sole proprietor of M/s. Globeways International Trading House, alleged that they were not engaged in any real trading but were primarily purchasing and selling fake/flying sales tax invoices. It was alleged that in May 2021, the Applicant had declared purchases from Saeed & Co., whereas it's sole proprietor, Abdullah Yousuf, was

deceased since 25-09-2018 and his legal heirs had never continued the business; that other suppliers declared by the Applicant too did not exist at their registered address; thus, invoices purportedly issued by Saeed & Co. and other declared suppliers were apparently fake and input tax adjustments made by the Applicant on the basis of those invoices was a fraud. It was further alleged that the Applicant also made purchases from persons who were either suspended or blacklisted. It was pointed by learned counsel for the State that the Applicant's suppliers include Nawab Khan of M/s. A.H. Impex' and Aftab Ahmed of 'M/s. Malik Aftab & Imtiaz Brothers' who are the principal accused in FIR No. DC-IV/Zone-I/LTO/01.

5. It is further alleged that 'M/s Globeways' was a dummy unit also set-up by the Applicant with his son, namely Abu Shabi Imam. However, since the latter is not the applicant of the bail applications, transactions by 'M/s. Globeways' are not relevant for present purposes.

6. The case against the Applicant thus far is that he used fake/flying invoices to declare purchases only to rack-up input tax; that in collusion with other registered persons who were his purchasers, he issued fake invoices of sales to generate output tax so as to make adjustments of input tax from output tax. In other words, actual purchases and sales were never made and the trading activity was only on paper so that the Applicant could eventually dupe the exchequer in making a claim for refund of sales tax. But then, the investigation does not reveal whether the Applicant was in fact granted a refund of sales tax.

7. Though it is alleged that sales tax invoices of M/s. Saeed & Co. relied upon by the Applicant to show purchases are fake because it's sole proprietor was deceased at the time, there is no investigation as how the Applicant came into possession of such invoices when it is not alleged that he had hacked or misappropriated the system ID of M/s. Saeed & Co. The allegation that input tax was claimed on fake

and flying invoices necessarily requires a probe into the suppliers who allegedly issued them.

8. Though it is alleged that the Applicant made purchases from suspended or black-listed persons, the challan does not go on to demonstrate that on the date of the alleged transactions, the persons making sales to the Applicant was suspended or black-listed.

9. Most importantly, at the time the offences of tax fraud were allegedly committed, the maximum imprisonment prescribed by clause 11 of section 33 of the Sales Tax Act was only three years. The enhancement upto 10 years had come about on 29.06.2024 by the Finance Act, 2024. Therefore, the offence alleged against the Applicant does not fall within the prohibitory clause of section 497 CrPC. Learned counsel for the State submit that bail should nonetheless be denied as tax fraud being a white collar crime is essentially a crime against society and thus an exception to the rule of bail. However, such an argument did not find favor with a learned Division Bench of this Court in *Ali Shan v. Directorate of Intelligence & Investigation (IRS)* (2017 PCr.LJ Note 189), where it was observed that the scheme of the Sales Tax Act, 1990 is primarily to effect recovery of tax, and therefore it cannot be said that all white collar crimes are crimes against the society.

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10. FIR No. DC-IV/Zone-I/LTO/01 was lodged against Nawab Khan of 'M/s. A.H Impex' and his son Aftab Ahmed of M/s. 'Malik Aftab & Imtiaz Brothers' [**principal accused**]. It is alleged that scrutiny of their record for the tax period December 2021 to February 2023 reflects that they were not carrying on actual trading, rather they were using sales tax registration to issue fake sales tax invoices to other registered persons to enable them to claim refunds and/or adjustments of input tax; and they themselves also obtained

fake/flying invoices from inactive, suspended or blacklisted persons to generate input tax adjustments.

11. The Applicant (Abu Bilal Imam) was implicated as an accused person in the Supplementary Challan dated 29.01.2025 as one of the suppliers of the principal accused who issued fake sales tax invoices. However, beyond that, the Supplementary challan does not discuss transactions made by the Applicant. In fact, it appears that the Applicant's transactions with the principal accused are covered under FIR No. 01/2023 which is directly against the Applicant and in which I am inclined to grant bail.

12. In any case, the impugned order reflects that in FIR No. DC-IV/Zone-I/LTO/01 the principal accused were granted bail by the trial court on 09.04.2024. Since the Applicant has been implicated as part of the supply chain of the principal accused, I am of the view that his case is on the same footing. Therefore, the Applicant is also entitled to bail on the rule of consistency.

13. For the foregoing reasons, both applications are allowed. The Applicant, Syed Abu Bilal Imam is granted bail in FIR No. DC-IV/Zone-I/LTO/01 and in FIR No. 01/2023 subject to furnishing solvent surety of Rs.1,000,000/- (Rupees One Million only) in each case along with P.R. Bond in like amount to the satisfaction of the trial court.

Needless to state that the observations above are tentative and shall not be construed to prejudice the case of either side at trial.

**JUDGE**

Karachi  
Dated: 29-05-2025

*\*PA/SADAM*