

**SUPREME COURT ORDERS / JUDGMENTS – INLAND REVENUE CASES**

S.No.	Tax Type	Citation of Judgement	Download Link	Issue before Supreme Court	Sections of Law referred in the Supreme Court Judgment	Findings of Supreme Court
1	Income Tax	2025 SCP 173 Supreme Court of Pakistan Civil Petition No. 2135-L of 2020 CIR, LAHORE AND OTHERS. PETITIONERS VERSUS SALMAN BUTT AND OTHERS.	<a href="https://drive.google.com/file/d/1iYWwzNIP8EHrpuKL1HFHS34uTE_nl5x0/view?usp=drive_link">https://drive.google.com/file/d/1iYWwzNIP8EHrpuKL1HFHS34uTE_nl5x0/view?usp=drive_link</a>	Section 174(3) of the Income Tax Ordinance, 2001 generally requires taxpayers to retain records for six years after the end of the relevant tax year. However, the proviso to this section obliges taxpayers to maintain records until final disposal of any pending proceedings. In the titled petition, the issue was whether records must be retained beyond the statutory six-year period if proceedings are pending. The Hon'ble Supreme Court upheld the department's appeal, set aside the High Court's decision, and ruled that under the proviso to section 174(3), tax authorities may require records beyond six years where proceedings remain pending.	174(3) of ITO, 2001	The Hon'ble Supreme Court upheld the department's appeal, set aside the High Court's decision, and ruled that under the proviso to section 174(3), tax authorities may require records beyond six years where proceedings remain pending.
2	Income Tax	CA 743 / 2014 and CP 10-L / 2017, CMA 13838 / 2021 M/s Kassim Textile Mills Pvt Limited Vs. Commissioner Inland Revenue, Karachi	<a href="https://drive.google.com/file/d/1z--qRGWJuYuye-JIEVnN7ifwlcNoxwr/view?usp=drive_link">https://drive.google.com/file/d/1z--qRGWJuYuye-JIEVnN7ifwlcNoxwr/view?usp=drive_link</a>	The Supreme Court of Pakistan, in its judgment dated 20.02.2025, decided several civil appeals and petitions concerning Section 113(2) (c) of the Income Tax Ordinance, 2001. The core issue was whether taxpayers paying minimum tax under Section 113(1)—despite having no taxable income due to losses—could carry forward the excess for future adjustment.	113 of ITO, 2001	The Court categorically held that the benefit of carry forward under Section 113 (2)(c) is not available to taxpayers who have no tax liability under Part-I, Division II of the First Schedule. It further held that the relief introduced through the substituted proviso to Section 113(2)(c) by the Finance Act, 2021 is prospective and applies only thereafter. Since this judgment conclusively settles the controversy on carry forward of minimum tax, and has significant revenue implications, immediate measures are required to safeguard state revenue.
3	Sales Tax	CPLA 350-L / 2023 CIR, Lahore Vs. M/s Sharif Dairy Farms Private Limited, Chiniot	<a href="https://drive.google.com/file/d/1tavwoROP-RzPzDMMOpMgsh7jnNDaNzvN/view?usp=drive_link">https://drive.google.com/file/d/1tavwoROP-RzPzDMMOpMgsh7jnNDaNzvN/view?usp=drive_link</a>	Through this judgment, the Hon'ble Supreme Court has conclusively settled the controversy regarding whether Section 11 of the Sales Tax Act, 1990 can be invoked without recourse to Sections 25 or 72B. The Court held that issuance of a show cause notice under Section 11(4) does not require prior selection of the registered person for audit under Section 72B read with Section 25(2). What is necessary is the existence of material before the adjudicating officer to form a view that input tax has been wrongfully claimed. Accordingly, all pending cases on this issue before lower appellate fora may be defended on the strength of this landmark judgment.	11, 25 and 72B of STA, 1990	The Court held that issuance of a show cause notice under Section 11(4) does not require prior selection of the registered person for audit under Section 72B read with Section 25(2). What is necessary is the existence of material before the adjudicating officer to form a view that input tax has been wrongfully claimed. Accordingly, all pending cases on this issue before lower appellate fora may be defended on the strength of this landmark judgment.

4	Income Tax	2024 PTD 865 IR CPs 285-Q to 288-Q / 2020 Zone-I, RTO, Quetta Vs. M/s Haji Muhammad Sharif & Son, Inam Hassan Petroleum Service, Zhob, Malik Gul Hassan, Gul Habib Service, Zhob	<a href="https://drive.google.com/file/d/1oOXoffFKsTUBYxnbOrqPDNlsROuOy5qS/view?usp=drive_link">https://drive.google.com/file/d/1oOXoffFKsTUBYxnbOrqPDNlsROuOy5qS/view?usp=drive_link</a>	The Hon'ble Supreme Court disposed of the petition in favour of the department, following its earlier judgment in CCIR Peshawar v. Akbar Khan Filling Station (2024 PTD 865). Interpreting Sections 156A and 170 of the Income Tax Ordinance, 2001 regarding refund claims of tax deducted on income from petrol pumps in FATA, the Court held that the income accrued on account of commission paid for sale of petroleum products, not from direct sales in FATA. Since the contractual arrangements, sales, payments, and tax deductions occurred outside FATA, the income was not exempt from the Ordinance. The Court reiterated that immunity cannot be claimed merely because business premises are located in FATA; the taxpayer must prove that taxable income is derived solely from exempt areas, which the respondents failed to establish. Consequently, refund claims under Section 170 were rightly rejected.	156A, 170 of ITO, 2001	The Supreme Court of Pakistan found against the petrol pump operators, rejecting their refund claims. The court emphasized that the tax deducted under Section 156A is a final tax on the income from the sale of petroleum products. The court held that immunity from tax payment could not be claimed merely because the business premises were located in FATA. Business operations in FATA do not exempt a taxpayer from paying taxes on income earned in other areas where the tax laws apply.
5	Income Tax	CPLA 972 / 2023 Emaar DHA Islamabad Ltd Vs. CIR, Islamabad, etc.	<a href="https://drive.google.com/file/d/11G9rEeghyD-CEE_SQN8LLX8wp4OKjCy8/view?usp=sharing">https://drive.google.com/file/d/11G9rEeghyD-CEE_SQN8LLX8wp4OKjCy8/view?usp=sharing</a>	The issue of whether the income of land developers is assessable under Section 36 of the Income Tax Ordinance, 2001 was conclusively settled by the Hon'ble Supreme Court vide judgment dated 18.03.2025 in M/s Emaar DHA Islamabad v. CIR. The Court upheld the Islamabad High Court's earlier judgment (04.10.2022) which held that agreements for sale of developed property fall within the definition of a "long-term contract" under Section 36(3), thereby requiring taxation on the basis of the percentage of completion method. The Supreme Court further observed that until the Finance Act, 2020 introduced Section 100D, no separate taxation regime existed for developers, and hence Section 36 applied. Consequently, the appeal of the taxpayer was dismissed. This landmark judgment, having significant revenue implications for cases of land developers, should be promptly implemented by deciding pending cases at the assessment stage and pursuing early hearings in appeals and references before appellate fora to ensure realization of state revenue.	36(3), 21(c) of ITO, 2001	The Court upheld the Islamabad High Court's earlier judgment (04.10.2022) which held that agreements for sale of developed property fall within the definition of a "long-term contract" under Section 36(3), thereby requiring taxation on the basis of the percentage of completion method. The Supreme Court further observed that until the Finance Act, 2020 introduced Section 100D, no separate taxation regime existed for developers, and hence Section 36 applied. Consequently, the appeal of the taxpayer was dismissed. This landmark judgment, having significant revenue implications for cases of land developers, should be promptly implemented by deciding pending cases at the assessment stage and pursuing early hearings in appeals and references before appellate fora to ensure realization of state revenue.
6	Income Tax	CP 4177 / 2024 M/s Payoneer Inc, through its authorized officer Vs. FOP and others	<a href="https://drive.google.com/file/d/1ZUYxiGyPNePmCZf8vsYjzxfG1dl_Mzg3/view?usp=drive_link">https://drive.google.com/file/d/1ZUYxiGyPNePmCZf8vsYjzxfG1dl_Mzg3/view?usp=drive_link</a>	In this case, the petitioner, Payoneer Inc. (a US-based non-resident company), challenged a notice issued under Section 114 of the Income Tax Ordinance, 2001 by invoking the writ jurisdiction of the High Court under Article 199 of the Constitution. The High Court dismissed the petition, and the taxpayer assailed the order before the Supreme Court. The Apex Court declined to grant leave to appeal, holding that issuance of a show cause notice cannot be treated as without jurisdiction, and the High Court rightly refrained from exercising writ jurisdiction, leaving the petitioner to avail remedies under the Ordinance. The Court further observed that the petitioner had bypassed the remedy of an intra-court appeal, which could only be overlooked in exceptional circumstances not present in this case.	114 of ITO, 2001	The Apex Court declined to grant leave to appeal, holding that issuance of a show cause notice cannot be treated as without jurisdiction, and the High Court rightly refrained from exercising writ jurisdiction, leaving the petitioner to avail remedies under the Ordinance. The Court further observed that the petitioner had bypassed the remedy of an intra-court appeal, which could only be overlooked in exceptional circumstances not present in this case.

7	Income Tax	CP 1240-L / 2024 Ahsan Aslam Vs. The CIR, Lahore & another	<a href="https://drive.google.com/file/d/1wPAzehBr-ftqw97Zhm5LFEUffCVlkfE/view?usp=drive_link">https://drive.google.com/file/d/1wPAzehBr-ftqw97Zhm5LFEUffCVlkfE/view?usp=drive_link</a>	<p>The Hon'ble Supreme Court, after hearing the matter at length, dismissed the petition of the registered person and upheld the judgment of the Lahore High Court rendered in favour of the revenue, thereby giving finality to the principles laid down therein. In the impugned judgment, the Lahore High Court, while allowing the department's reference, decided the following questions of law in favour of the revenue: (i) that the requirement of issuing an audit report under Section 177(6A), inserted through the Finance Act, 2019, is prospective and does not apply where a show cause notice under Section 122(9) had already been issued prior to the amendment; (ii) that addition under Section 39(3) is valid notwithstanding supplementary reference to Section 111(1)(d), as both are independent provisions; and (iii) that appellate authorities must specifically refer to the documentary evidence relied upon to establish taxpayer's compliance. Since the Hon'ble Supreme Court has affirmed these findings, all pending cases on the issue before lower appellate fora may now be defended on the strength of this judgment.</p>	122(1), 177, 122 (9) of ITO, 2001	<p>The Hon'ble Supreme Court, after hearing the matter at length, dismissed the petition of the registered person and upheld the judgment of the Lahore High Court rendered in favour of the revenue, thereby giving finality to the principles laid down therein.</p>
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