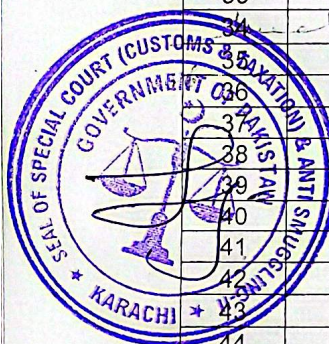


IN THE COURT OF THE SPECIAL JUDGE
(CUSTOMS, TAXATION & ANTI-SMUGGLING-II),
KARACHI

Sr. No.	Case No.	The State V/s
1	156/2022	Muhammad Ameen
2	157/2022	Muhammad Naveed
3	152/2025	Abdul Rasheed & Others
4	262/2023	Raees & Others
5	109/2023	Ghulam Nabi
6	10/2021	Haji Jamal Pardesi
7	160/2022	Shakil Feroz Chawla
8	155/2022	Amjad Hussain
9	12/2021	Muhammad Kashif
10	67/2024	New Metro Footwear & Others
11	258/2023	Maroof-ur-Rehman
12	177/2023	Muhammad Kashif & Others
13	103/2023	Mehmood Akhtar & Others
14	104/2023	Syed Zamin Raza Jaffiri
15	19/2020	Syed Jawed Arshad & Others
16	20/2020	Haroon Rehman & Others
17	21/2020	Muhammad Younus & Others
18	08/2025	Muhammad Naveed Khan
19	92/2023	Muhammad Raheel
20	286/2023	Muhammad Yasir Bashir
21	233/2023	Syed Abu Bilal Imam
22	158/2022	Abdul Aleem
23	120/2023	Muhammad Anees
24	113/2023	Waseem Ahmed
25	108/2023	Syed Mohsin Shah
26	111/2023	Shakeel Ahmed Khan
27	117/2023	Muhammad Faheem & Others
28	181/2024	Saleem Shahzad & Others
29	60/2022	Mehmood Elahi & Others
30	08/2024	Shaikh Tariq Ghani
31	168/2023	Muhammad Raheel
32	140/2023	Muhammad Amir & Others
33	05/2024	M/s Asian Commodities
34	113/2022	Nawab Zaman & Others
35	226/2023	Abdul Rasheed Iron Steels
36	33/2024	Muhammad Munir Ahmed & Others
37	118/2023	Mehboob Ali
38	91/2023	Mir Qadam Gul
39	40/2023	Jabeera Saadat & Others
40	107/2023	Muhammad Rizwan
41	96/2023	Yousuf Ameen
42	281/2023	Muhammad Ameen & Others
43	232/2023	Sibtain Abbas & Others
44	367/2024	Muhammad Ajmal & Others
45	11/2022	Muhammad Siddique & Others
46	159/2025	Usman Ali & Others
47	160/2023	Hassan Ali Badami & Others
48	06/2011	Shabbir Hussain
49	65/2024	Nawab Khan & Others



Learned Advocates: Mr. Zain.A.Jatio, Mr. Afaq Ahmed, Mr. Bilal Ahmed, Mr. Imran Hussain, Mr. Mohsin Khan, Mr. Naseer A Abbasi, Barrister Mudassir Khan Abbasi, Mr. Ifrikhar Hussain, Mr. Adeel Ahmed, Mr. Faraz Haroon, Mr. Javaid Iqbal, Mr. Kaleemullah Shar, Mr. Umar Farooq, Mr. Abid Qureshi, Mr. Manzar Ali Siyal, Mr. Zubair Samejo, Mr. Muhammad Aqib Soomro, Mr. Javed Akhtar A. Memon, Mr. Aqeel Ahmed, Mr. Bilal Weldon, Muhammad Shahnawaz Khan, Mr. Imtiaz Ali, Mr. Saad Ahmed Khoso, Mr. Mujahid Hussain Zaidi, Mr. Arif Manthar Solangi, Mr. Nadeem Yaseen, Mr. Bilal Ahmed, Mr. Taimoor Ahmed Qureshi, Mr. Hasnain Ali, Mr. Hamza Yousuf, Syed Zeeshan Haider Shah, Mr. Waseem Shaikh, Mr. Ovais Ali Shah, Mr. Umair Qazi, Mr. Mehmood Alam Rizvi, Muhammad Rizwan, Mr. Sundar Lal Lohana, Mr. Imran Taj, Mr. Darvesh K Mandan, Mr. Abdul Hafeez Sahito, Muhammad Khoso, Muhammad Inzimam Sharif, Mr. Shah Bakht Peerzada, Barristar Rameez, Mr. Afaq Ahmed, Mr. Ali Ahmed Hussain, Ms. Sabeen, Mr. Shokat Hayat, Mr. Shahnawaz, Muhammad Nadeem Khan, Mr. Najeebullah Mr. Nadeem Mr. Hassan Sabir, Ms. Sana Abid, Zahid Ali Saheto, Mr. Najeebullah Shar, Syed Mehmood Saeed, Mr. Aftab Hussain Khuharo, Mr. Anwar Wali Mr. Riaz Ahmed Phulpoto Mr. Aleem Akhtar Shaikh Mr. Ali Ahmed Metlo, Mr. Waseem Shaikh Mr. Rehan Kiayani, Mr. Mushtaq Hussain Qazi, Muhammad Anwarullah learned advocate, Mr. Abdul Qayyum Abbasi, Mr. Shahid Hussain Korejo Mr. Aqil Ahmed Khan, Mr. Inzmam Shareef, Mr. Nawazullah Khan Marwat, Mr. Muhammad Ahmed Masood Mr. Adnan Sherwani, Muhammad Saeed Abbasi, Mr. Arif Manthar Solangi, Mr. Amir Mansoob Qureshi, Mr. Mian Wajid Ali, Muhammad Nadeem Khan Mr. Siraj Ahmed Mangi, Mr. Saddam Hussain Mashori, Mian Rafiu Ahmed Tunio, Mr. Abdul Karim Bhutto, Mr. Muzammil Hussain, Muhammad Nadeem Qureshi, Ms. Razia Noreen, Mr. Amar Naseer, Mr. Mamoon Ahmed Khan Shirwany, Muhammad Ahmed Masood, Mr. Aqil Ahmed Khan, Syed Ashfaq Ali Shah, Mr. Mansoor Bhogio, Mr. Naveed-ul-Haq, Mr. Saqib Soomro, Mr. Abras Waseem, Mr. Sheraz Ali, Mr. Shahrukh Farooqh Naseem, learned counsels for Applicants/Accused.

Learned SPP for the State Mr. Naimatullah Soomro. Mr. Rana Sakhawat & Mr. Farooq Hashmat Abbasi as Assistance from the department.

ORDER:

19.05.2026

1. The prosecution and the concerned departmental representatives were specifically directed through detailed show cause order dated **28.04.2026** to satisfy this Court regarding the maintainability, legality and sustainability of the instant proceedings in light of the statutory framework of the Sales Tax Act, 1990 and the law laid down by the Hon'ble Supreme Court of Pakistan in Directorate of Intelligence & Investigation—FBR v. Taj International (Pvt.) Ltd. reported as **PLD 2025 SC 633 / 2025 P.T.D. 1270**. The prosecution was further directed to place on record complete documentary compliance regarding issuance and lawful service of show cause notices, adjudicatory proceedings **under Section 11** of the Sales Tax Act, 1990, proof of service, taxpayer's reply (if any), assessment proceedings, Orders-in-Original and all other material allegedly forming basis of the present criminal prosecution.

2. The prosecution was specifically called upon to explain:

- i. How the instant proceedings are maintainable without prior adjudication/determination of tax liability **under Section 11** of the Sales Tax Act, 1990;

To place on record complete documentary compliance, including:

- (a) valid show cause notice;
- (b) proof of lawful service;
- (c) taxpayer's reply, if any;
- (d) speaking Order-in-Original determining liability;



- iii. To justify initiation of criminal proceedings under Sections 37, 37A, 37B read with Section 38 of the Sales Tax Act, 1990 in absence of such determination;
- iv. To address the applicability and binding effect of Taj International (Pvt.) Ltd. (PLD 2025 SC 633 / 2025 P.T.D. 1270);
- v. To clarify whether the present cases fall within any legally recognized exception, if any, to the principle requiring prior adjudication and determination of liability.

3. Pursuant to the aforesaid directions, the prosecution produced certain record in some matters, whereas in other matters either incomplete material was produced or no legally satisfactory compliance was shown. Upon examination of the entire material presently available on record, this Court finds that the prosecution cases suffer from serious foundational inconsistencies, procedural infirmities and statutory defects going to the very root of the prosecution. These defects are not being examined as disputed defense pleas, nor is this Court entering into appreciation of evidence regarding fake invoices, movement of goods, banking trail, chain transactions or disputed fiscal liability on merits. The present scrutiny is confined solely to determining whether the prosecution has been able to place before this Court the minimum legally sustainable foundation necessary for continuation of criminal proceedings.

4. The deficiencies observed by this Court are summarized in the following tabulated form:

RTO-I							
Sr. No.	Case No.	Date of FIR	Date of Assessment	Date of Show Cause	Date of O.N.O	Date of Challan	The State V/s
1	152/2025	28.02.2025	-	-	-	12.06.2025	Abdul Rashid & Others
2	262/2023	23.11.2023	-	-	-	23.09.2024	Raees & Others
3	109/2023	26.01.2021	-	-	-	14.05.2025	Ghulam Nabi
4	10/2021	27.10.2020	-	-	-	11.11.2020	Haji Jamal Pardesi
5	160/2022	31.05.2022	-	-	-	15.06.2022	Shakil Feroz Chawla
6	155/2022	31.05.2022	-	-	-	15.06.2022	Amjad Hussain
7	12/2021	23.08.2021	-	-	-	01.10.2021	Muhammad Kashif
8	67/2024	26.03.2024	-	-	-	17.12.2024	New Metro Footwear & Ot
9	258/2023	28.11.2023	-	-	-	11.12.2023	Maroof-ur-Rehman
10	177/2023	11.09.2023	-	-	-	26.09.2023	Muhammad Kashif & Ot
11	156/2022	31.05.2022	14.11.2024	19.08.2024	-	23.07.2025	Muhammad Ameen
12	157/2022	31.05.2022	14.11.2024	19.08.2024	-	23.07.2025	Muhammad Naveed
13	286/2023	15.12.2023 Replied	02.02.2024	08.01.2024	-	28.12.2023	Muhammad Yasir Bashir
14	233/2023	20.11.2023 Replied	03.03.2021	05.07.2022	-	06.11.2023	Syed Abu Bilal Imam
15	158/2022	31.05.2022 Replied	24.11.2022	21.07.2022	-	15.06.2022	Abdul Aleem
16	120/2023	24.12.2020 Replied	-	06.01.2015	19.01.2015	07.11.2021	Muhammad Anees
17	113/2023	24.12.2020 Replied	28.12.2020	14.12.2020	-	06.04.2021	Waseem Ahmed
18	108/2023	26.01.2021 Replied	18.01.2021	31.12.2020	-	06.04.2021	Syed Mohsin Shah
19	111/2023	24.12.2020 Replied	28.12.2020	14.12.2020	-	07.01.2021	Shakeel Ahmed Khan
20	117/2023	12.01.2021 Replied	-	11.12.2020	28.12.2020	01.08.2025	Muhammad Faheem & O
RTO-II							
21	103/2023	31.08.2020	-	-	-	16.01.2025	Mehmood Akhtar & Oth
22	104/2023	31.08.2020	-	-	-	13.09.2025	Syed Zamin Raza Jaffiri
23	19/2020	16.01.2020	-	-	-	03.02.2021	Syed Jawed Arshad & Ot
24	20/2020	16.01.2020	-	-	-	03.02.2020	Haroon Rehman & Others
25	21/2020	16.01.2020	-	-	-	03.02.2020	Muhammad Younus & Ot
26	118/2023	08.10.2020 Replied	-	27.01.2015	06.02.2015	17.03.2026	Mehboob Ali
27	91/2023	31.08.2020 Replied	-	27.01.2015	06.02.2015	24.05.2025	Mir Qadam Gul
28	40/2023	22.02.2023 Replied	02.04.2024	18.12.2023	-	08.07.2024	Jabeera Saadat & Others

29	107/2023	08.10.2020 Replied	25.08.2015	08.07.2015	-	14.04.2026	Muhammad Rizwan
30	96/2023	31.08.2020 Replied	19.06.2017	08.06.2017	-	16.05.2025	Yousuf Ameen
CTO							
31	08/2025	12.12.2024	-	-	-	06.02.2025	Muhammad Naveed Khan
32	92/2023	03.06.2021 CTO	-	-	-	14.04.2026	Muhammad Raheel
33	181/2024	12.09.2024 Replied	30.01.2025	08.11.2024	28.02.2025	12.05.2025	Saleem Shahzad & Others
34	60/2022	14.03.2022 Replied	-	17.05.2022	10.10.2022	14.04.2026	Mehmood Elahi & Others
35	08/2024	19.12.2023 Replied	13.08.2024	-	-	07.08.2024	Shaikh Tariq Ghani
36	168/2023	15.03.2021 Replied	-	-	-	02.06.2021	Muhammad Raheel
37	140/2023	20.06.2023 Replied	26.06.2024	03.06.2024	-	23.09.2024	Muhammad Amir & Others
LTO							
38	113/2022	14.06.2022 LTO	-	-	-	04.11.2023	Nawab Zaman & Others
39	05/2024	11.01.2021 Replied	-	15.12.2020	25.02.2021	19.09.2025	M/s Asian Commodities
40	65/2024	04.03.2024 Replied	08.10.2024	07.05.2024	24.06.2024	29.01.2025	Nawab Khan & Others
MTO							
41	226/2023	03.10.2023 Replied	01.12.2025	29.10.2025	-	30.07.2024	Abdul Rasheed Iron Steels
42	33/2024	08.01.2024 Replied	30.03.2023	16.02.2023	-	08.07.2024	Muhammad Munir Ahmed & Others
Directorate of Intelligence & Investigation (Inland Revenue)							
43	281/2023	25.11.2023	-	-	-	09.10.2023	Muhammad Ameen & Oth
44	232/2023	07.11.2023	-	-	-	30.07.2024	Sibtain Abbas & Others
45	367/2024	27.09.2024	-	-	-	18.09.2015	Muhammad Ajmal & Oth
46	11/2022	31.12.2021	-	-	-	16.02.2024	Muhammad Siddique & O
47	159/2025	16.06.2025	-	-	-	14.04.2026	Usman Ali & Others
48	160/2023	09.08.2023	-	-	-	09.10.2023	Hassan Ali Badami & Oth
49	06-JJ/2011	02.02.2012	-	-	-	02.02.2012	Shabbir Hussain

5. It is further observed that in cases falling at Serial No. 1 to 10 pertaining to RTO-I, Serial No. 21 to 25 pertaining to RTO-II, Serial No. 31 to 32 pertaining to CTO, Serial No. 38 pertaining to LTO and Serial No. 43 to 49 pertaining to the Directorate of Intelligence & Investigation, no reply whatsoever was filed by the concerned department despite repeated opportunities and specific directions issued by this Court. Prima facie, although FIRs appear to have been lodged in the said matters, however, no material has been brought on record to demonstrate issuance of valid show cause notices, lawful assessment proceedings, adjudication orders and/or Orders-in-Original (ONO). The record is conspicuously silent regarding compliance of mandatory procedural and statutory requirements before initiation of criminal prosecution, thereby creating serious doubt regarding the legal sustainability and maintainability of the proceedings in their present form.

6. Upon meticulous scrutiny of the record of all 49 pending matters, it transpired that the prosecution managed to submit only partial and fragmented replies in merely 22 cases. Even in those matters, the material supplied was

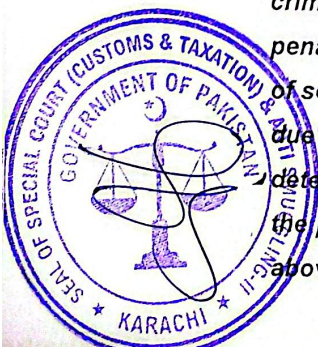


found to be incomplete, inconsistent, chronologically defective and legally insufficient to satisfy the foundational concerns repeatedly identified by this Court. Significantly, from the replies and documents so furnished, this Court further observed that in several cases the FIRs had admittedly been lodged prior to initiation/completion of assessment and adjudicatory proceedings, whereas the assessment orders, show cause proceedings and consequential determinations were undertaken only subsequent to the registration of criminal proceedings. Such chronology prima facie reflects reversal of the statutory sequence contemplated under the fiscal framework and directly attracts the legal concerns already highlighted by this Court regarding sustainability of criminal prosecution founded upon disputed and subsequently determined fiscal liability.

7. Further scrutinizing of the case filed, it has been found that In **Case No. 33/2024**, the FIR alleges an amount of **Rs. 192,395,249/-** whereas the assessment determines the amount at **Rs. 216,812,847/-**. In **Case No. 118/2023**, the FIR amount is shown as **Rs.22.587 million** whereas the ex parte assessment determines recoverable tax at **Rs.20,299,039/-**. In **Case No. 91/2023**, the FIR mentions **Rs.134.374 million** while the ex parte assessment reflects **Rs.124,737,608/-**. Likewise, in **Case No. 96/2023**, the FIR amount is **Rs.148.715 million** whereas the ex parte assessment determines only **Rs.53,077,677/-**.

8. These substantial variations prima facie demonstrate that the criminal proceedings were initiated upon uncertain, tentative, evolving or subsequently altered fiscal determinations. Such discrepancies directly attract the principle laid down by the Hon'ble Supreme Court of Pakistan in *Directorate of Intelligence & Investigation-FBR v. Taj International (Pvt.) Ltd.* (PLD 2025 SC 633 / 2025 P.T.D. 1270), wherein the Hon'ble Apex Court categorically held as follows:

"13. Perusal of the provisions of Section 33 of the Act reveal that criminal penalties are linked with the "tax loss" or "amount of tax involved and tax due". Therefore, instead of providing for imprisonment or fine (ordinarily a certain sum of money) or both as punishment, the "fine" under the Act requires the taxpayer to pay the "tax loss" or "amount of tax involved and tax due," thereby indirectly criminalizing, the recovery of "tax due." Careful review of the penalties as provided hereinabove, clearly shows that the measure of sentence is linked with the "amount or loss of tax involved and tax due", and prima facie, cannot be imposed unless there is some determination or duly assessed tax liability of sales tax due through the processes of assessment for adjudication as per law. In fact, the above linkage, uses the tool of imposition of penalty as a mode of



recovery of tax. Hence, criminalization under the Act goes beyond the pale of retribution and deterrence and appears to be principally focused on recovery of tax. The said linkage between "fine" and the "amount of tax due" is missing. If we may examine the criminal provisions under the other tax laws i.e. Income Tax Ordinance, 2001, in Part XI of Chapter X of the said Ordinance, it provides for criminal prosecution under Sections 191 to 200, which simply provide for imposition of "fine" but does not link it with the "tax loss or amount of tax" (except for compounding the offence under Section 202)."

9. Admittedly in all aforesaid cases, without determination of sales tax liability and the amount of tax allegedly evaded or short paid, through process of assessment/adjudication, recourse to initiation of criminal proceedings on the allegation of tax fraud, including registration of FIR and arrest of a registered person or any person within the supply chain, amounts to preempting the assessment of tax liability, whereas, in the absence of lawful demand of sales tax pursuant to Assessment of tax due, the penal provisions including **Section 33** read with **Section 37A** and **37B** cannot be invoked. Therefore, the penal provisions including registration of FIR and arrest of any person on the above allegations is without jurisdiction and lawful authority."

10. The above pronouncement of the Hon'ble Supreme Court constitutes binding law within contemplation of **Article 189** of the Constitution of the Islamic Republic of Pakistan, 1973. This Court, being subordinate to the Hon'ble Apex Court, is constitutionally bound to faithfully implement and give effect to the law so declared. Any deviation therefrom would amount to acting contrary to constitutional mandate itself.

11. This Court is also mindful of **Articles 4** and **10-A** of the Constitution, which guarantee due process, fair trial and lawful treatment in accordance with law. Once the prosecution itself seeks to substantially predicate criminal liability upon adjudicatory findings under **Section 11** of the Sales Tax Act, 1990, it becomes incumbent upon the department to demonstrate lawful issuance and valid service of statutory notices before relying upon ex parte determinations as basis for criminal prosecution.

12. **Section 56** of the Sales Tax Act, 1990 specifically provides the statutory mechanism regarding lawful service of notices and orders and reads as follows:

"Any notice, order or requisition required to be served on a registered person or any other person under this Act or the rules made thereunder, shall be served by any of the following modes, namely: -

(a) by courier service or by registered post or by book post at the last known address of the person;



(b) by electronic mail or to any electronic account or device maintained by the person;

(c) by delivery to the person or his authorized representative;

(d) by publication in the newspapers circulating in the area in which the person is last known to have resided or carried on business; or

(e) in such other manner as may be prescribed."

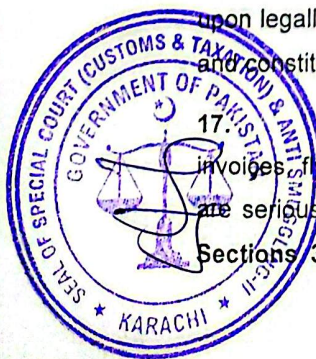
13. A plain reading of the above provision reflects that the legislature itself has prescribed mandatory statutory modes for lawful and demonstrable service before adverse adjudicatory consequences may follow. Such statutory compliance cannot be treated as an empty formality or dispensable procedural requirement, particularly where ex parte adjudicatory proceedings are subsequently relied upon as foundational basis for criminal prosecution.

14. In Case No. 117/2023, although the FIR amount and assessment amount are shown to be the same, the proceedings admittedly culminated in ex parte adjudication, no legally satisfactory proof of service has been produced, and the Order-in-Original was passed in the year 2020 pertaining to tax period 2012 after an unexplained delay of approximately eight years. Likewise, in Case No. 96/2023, apart from the major mismatch between FIR amount and assessment amount, the assessment proceedings are ex parte and the tax periods reflected in the Order-in-Original do not correspond with the period forming subject matter of the FIR itself. Such inconsistencies strike at the very root of the prosecution foundation.

15. Similarly, in Case No. 120/2023, the FIR does not prima facie appear to have been initiated upon duly established credible information, no approval of the competent Commissioner has been demonstrated before this Court, and no proof regarding lawful service of statutory proceedings has been produced, furthermore the assessment was also found to be ex parte. In Case Nos. 107/2023 and 108/2023, the proceedings are again admittedly ex parte, yet no legally admissible material demonstrating compliance of Section 56 of the Sales Tax Act, 1990 has been placed on record.

16. The cumulative effect of these deficiencies cannot be treated as mere curable procedural irregularities. Rather, the same go to the jurisdictional and foundational legality of the prosecution itself. The prosecution has failed to satisfy this Court that the criminal proceedings presently before it is founded upon legally sustainable, duly served, properly adjudicated, jurisdictionally sound and constitutionally compliant fiscal determinations.

17. This Court is fully conscious that allegations relating to fake invoices, flying invoices, dummy concerns and fraudulent availment of input tax are serious matters affecting public revenue. This Court is also conscious that Sections 37, 37A, 37B and 38 of the Sales Tax Act, 1990 confer extensive



powers of investigation and criminal prosecution in appropriate cases. Nevertheless, seriousness of allegation itself cannot relieve the prosecution from establishing lawful foundational compliance where the prosecution itself substantially relies upon disputed adjudicatory findings as basis for criminal proceedings.

18. This Court is not holding that offences under Sections 37, 37A, 37B and 38 of the Sales Tax Act, 1990 can never coexist with adjudicatory proceedings under Section 11, nor does this Court hold that organized fiscal fraud is immune from criminal prosecution where independently sustainable incriminating material exists. Likewise, this Court is not adjudicating upon the actual fiscal liability of the accused persons. The present determination is confined strictly to the peculiar facts, procedural posture, statutory non-compliance and evidentiary deficiencies presently existing on record despite repeated opportunity afforded to the prosecution and departmental representatives.

19. The Hon'ble Supreme Court of Pakistan in Directorate of Intelligence & Investigation—FBR v. Taj International (Pvt.) Ltd. reported as PLD 2025 SC 633 / 2025 P.T.D. 1270 authoritatively held as follows:

"20. Invariably, imposition of any tax either direct or indirect, including Sales Tax, is regarded as a civil liability to be recovered from the tax payer, not only to collect tax but also to regulate the economy and to facilitate the business activity, however, in order to ensure tax compliance and the recovery of the amount of tax due, the penal provisions including imposition of surcharge and penalty are also incorporated in the taxing statutes. However, before invoking such provisions or adopting coercive measures for the recovery of the amount of tax due, the determination of tax liability through process of assessment or adjudication has to precede before initiating criminal proceedings, which otherwise depend upon willful default, mens-rea and commission of an offence of tax fraud with an intent to cause loss of tax involved or due."

20. The Hon'ble Apex Court further held:

"Admittedly in all aforesaid cases, without determination of sales tax liability and the amount of tax allegedly evaded or short paid, through process of assessment/adjudication, recourse to initiation of criminal proceedings on the allegation of tax fraud, including registration of FIR and arrest of a registered person or any person within the supply chain, amounts to preempting the assessment of tax liability, whereas, in the absence of lawful demand of sales tax pursuant to Assessment of tax due, the penal provisions including



Section 33 read with Section 37A and 37B cannot be invoked. Therefore, the penal provisions including registration of FIR and arrest of any person on the above allegations is without jurisdiction and lawful authority."

21. Reference may also be made to the subsequent judgment of the Hon'ble Supreme Court of Pakistan rendered in **Criminal Petition No.120 of 2026** titled Arshad Aziz Abbasi and others v. The Special Judge, Customs, Taxation & Anti-Smuggling-I, Karachi and another, decided on **17.02.2026**, wherein the Hon'ble Apex Court again reiterated that criminal proceedings initiated without prior determination of tax liability, issuance of show cause notice and opportunity of hearing are violative of constitutional guarantees and principles of natural justice.

22. The Hon'ble Supreme Court in the said judgment further observed:
"Criminal proceedings have been initiated against the petitioners without determination of tax liability through process of adjudication and assessment of tax under the Act of 1990 and the Ordinance, which act, besides being violative of the Constitutional guarantee as per Article 10A of the Constitution and Principles of Natural Justice."

23. The prosecution, despite repeated opportunity granted by this Court, has failed to place before the Court lawful proof of service, complete adjudicatory compliance, legally sustainable assessment proceedings, independently incriminating material, or constitutionally safe prosecutorial foundation necessary for continuation of the present proceedings.

24. Consequently, the mismatch between FIR amounts and assessment amounts, post-FIR assessments, ex parte adjudications, absence of lawful service compliance, delayed orders, period inconsistencies, absence of credible information and failure to demonstrate statutory compliance collectively render continuation of the present proceedings unsafe in their existing form.

25. This Court is therefore of the considered view that continuation of such proceedings would amount to unnecessary prolongation of criminal trial upon legally uncertain, procedurally defective and constitutionally unverified foundations, thereby squarely attracting the ambit of **Section 265-K Cr.P.C.**

26. Consequently, all accused persons arrayed in the present matters, irrespective of whether formal applications under **Section 265-K Cr.P.C** have been filed or not, are hereby **acquitted under Section 265-K Cr.P.C** by extending benefit of the jurisdictional and legal defects apparent on the face of records. Their bail bonds, if any, stand cancelled and sureties **discharged**.



27. It is, however, clarified that this order shall not preclude the competent tax authorities from proceeding afresh strictly in accordance with law. The department shall remain at liberty to initiate, continue or complete proceedings under Section 11 of the Sales Tax Act, 1990; to pursue lawful recovery under Section 48 after lawful determination of liability; and where legally permissible and upon fulfillment of all statutory requirements, to initiate fresh criminal proceedings through competent authorized officer upon legally determined facts and independently sustainable material disclosing commission of cognizable offence.

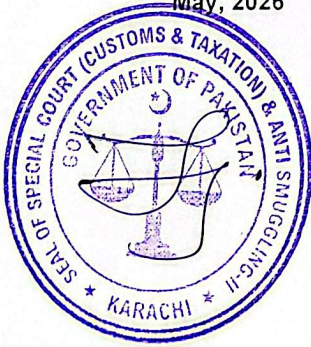
28. Any such future proceedings shall be undertaken independently, strictly in accordance with law, and without treating the present order as adjudication upon actual fiscal liability, which shall remain within jurisdiction of the competent tax forum.

29. Office is directed to place copy of this order in all connected matters, if any, involving identical legal controversy and to transmit copy of this order to the learned Special Prosecutor as well as the concerned departmental authorities for information and compliance.

Announced in open Court.

Given under my hand and seal of the court dated 19th day of

May, 2026



Sd/- 19-05-2026.
(DR. SHABANA WAHEED)
Special Judge
(Customs, Taxation & Anti-Smuggling-II)
Karachi

THE COURT OF SPECIAL JUDGE
(Customs, Taxation & Anti-Smuggling) Karachi
Copy Applied on 19/05/2026
Fee Estimated on 22/05/2026
Copy Ready / Certified on 22/05/2026
Copy Delivered on 22/05/2026
Urgent / Normal Fee Rs 10/-
Copying Fee Rs 60/-
Comparing Fee Rs 40/-
Total Rs. 100/-

Compared by [Signature] Certified to be True Copy

Read by
Special Judge
(Customs, Taxation & Anti-Smuggling-II)
Karachi