

**IN THE APPELLATE TRIBUNAL INLAND REVENUE,
LAHORE BENCH, LAHORE**

ITA No.2567/LB/2021

(Tax Year 2014)

M/s. Engineering Consultancy Services Punjab,
Lahore. NTN: 3943676-4

....Appellant

Versus

The CIR, Zone-VI, LTO, Lahore.

....Respondent

Appellant by : Mr. Tahir Nawaz, Advocate.

Respondent by : Ms. Maheen Ali, D.R.

Date of hearing : 28.04.2026

Date of order : 29.04.2026

ORDER



Rao Muhammad Nasir Jamil (Member): The instant appeal filed at the behest of the Taxpayer is directed against Order dated **19.04.2021** passed by the learned Commissioner Inland Revenue (Appeals-V), Lahore ["CIR(A)"], whereby he has **allowed partial relief** while adjudicating appeal preferred against order finalized **u/s 161/205** of the Income Tax Ordinance, 2001 (hereinafter 'the Ordinance') dated **12.10.2017** passed by the IRO, E&C, Unit-07, Zone-VI, CRTO, Lahore.

2. Facts of the case are that the Taxpayer is a **Public Limited Company** engaged in rendering **engineering services**. The Taxpayer being a prescribed person in terms of **Section 153(7)** of the Ordinance was required to deduct/deposit the tax while making payments under different heads and also to file statements **u/s 165(2)** of the Ordinance. After perusing available record the Assessing Officer has observed that the Taxpayer has **failed** to properly **deduct tax** on various payments, hence, notice **under Rule 44(4)** seeking reconciliation was issued. Since no compliance was made show cause notice **u/s 161(1A)** dated **17.05.2017** was issued in response to which **Mr. Waseem Ismail, AR** of the Taxpayer

attended proceedings and produced certain documents/ details/ CPR and certificates etc. The details/ documents furnished were examined and consequently order **u/s 161/205** dated **12.10.2017** was passed creating total tax liability of **Rs.522,821/-**.

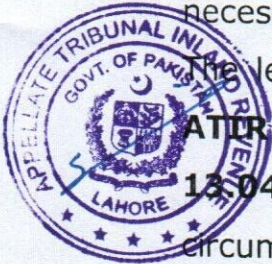
3. Being aggrieved with the treatment the **Taxpayer** filed **appeal** before the **CIR(A) challenging tax levied** under the heads **salary, freight, repair and maintenance, advertisement, plant and machinery, computer fittings** and other **indirect expenses** as **unjustified** and **illegal**. The **CIR(A)** after considering the submissions made before him has **allowed partial relief** by reducing the tax charged at **Rs.259,000/-** under the **head accrued salary like gratuity** and bonus, etc. to **Rs.110,000/-**. Whereas the tax charged under all other heads was also **reduced** up to **70%** of the total tax. The observations recorded by the **CIR(A)** while **allowing partial relief** are reproduced hereunder for ready reference:



"In view of the situation of the case, as engineering services require wagers for project sites therefore these wagers not necessarily be part of workforce for entire project/ or a complete year therefore are being paid in cash. The provisions of withholding must be applied on rationale basis. In the light of the discussion made hereinabove, it is evident that tax on all BTL payments is unwarranted and the tax charged on this account at Rs. 259,000 is reduced to Rs. 110,000 being reasonable. Similarly, the charge of tax on expenses under the all other heads is also reduced up to 70% of total tax charged. The impugned order finalized u/s 161 dated 12.10.2017 is modified accordingly."

4. The learned AR contended that tax under various heads was imposed in a **non-speaking manner without identifying** the payments and **names of the parties** which **remain untaxed**. He has further contended that observations of the Assessing Officer regarding non-production of record/documents are also contrary to the facts of the case. The AR has **invited our attention** to **Page 03** of the order of the Assessing Officer whereby he has admitted that **"Mr. Waseem Ismail** from **Pakistan Law Associates** and AR of the **Taxpayer** filed

various replies from time to time and produced various documents/details/CPRs/ certificates, etc. which were examined and POF. It was claimed that tax amounting to Rs.9,711,062/- was paid during the year, claim of payment of tax at Rs.9,711,062/- was verifiable from the internal payment system". Placing reliance on the observations recorded by the Assessing Officer it is contended that when the Assessing Officer himself admitted production of documents/CPRs there remains no justification for levying tax in the instant case. The learned AR also contended that in the light of these observations the partial relief allowed by the CIR(A) is also inadequate. Further submitted that record/evidences are available which can be produced, if necessary, in terms of Rule 25 of the ATIR's Rules, 2023. The learned AR also contended that in the tax year 2015, the ATIR vide its order bearing ITA No.2733/LB/2021 dated 13.04.2026 has already deleted the tax levied in identical circumstances. Copy of the said order is placed on record for our perusal.



5. The learned DR, on the other hand, contended that the details/documents furnished by the Taxpayer were already considered by the Assessing Officer and the tax has been levied only on the payments which remained untaxed. He has further submitted that before the CIR(A) the Taxpayer has failed to submit any plausible reconciliation/documents, therefore, he was justified in rejecting the Taxpayer's contention. According to him, no interference to the impugned order is warranted.

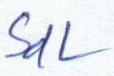
6. We have considered the rival contentions and also gone through the available record. From perusal of order passed by the Assessing Officer we have noted that through show cause notice dated 17.05.2017 details of the confronted issues are mentioned at Page-3 of the order u/s 161/205. We have further noted that the Assessing Officer has admitted in his order

that the "**AR of the Taxpayer filed various replies from time to time and produced various documents/ details /CPR's/ Certificates etc. which were examined and POF. It was claimed that tax amounting to Rs.9,711,062/- was paid during the year. Claim of payment of tax at Rs.9,711,062/- was verifiable from the internal payment system**".

7. Although the learned **AR undertook** that **details** are to be **provided till tomorrow yet** the observations recorded in the assessment order are **self-explanatory** to decide the instance case in **favour** of the Taxpayer. It is **manifestly evident** that details along with supporting **documents** were also **furnished** before the Assessing Officer **under each head**. It was also admitted by the Assessing Officer that the Taxpayer had **deducted and paid tax at Rs.9,711,062/-** in his order, thus, in the given circumstances we are of the **considered opinion** that the **tax levied under various heads detailed** above was **not sustainable** and the **CIR(A) has erred to uphold** the same **partially**.

8. Accordingly, the impugned order is **modified** and the tax levied under the heads **salary & wages, traveling and conveyance, repair and maintenance, advertisement and other indirect expenses** is **deleted** and the appeal filed by the Taxpayer is **allowed**.

This order consists of (04) pages and each page bears my signature.


(NASIR MAHMUD)
Member


(RAO MUHAMMAD NASIR JAMIL)
Member