

THE APPELLATE TRIBUNAL INLAND REVENUE OF PAKISTAN
DIVISION BENCH-III, ISLAMABAD

ITA No.93/IB/2026
MA (Stay) No.167/IB/2026
(Tax Year, 2024)

Raja Abdullah Mukhtar.
Paharay,
Kotla, Tehsil Kharian,
Gujrat.
CNIC:3420227926543

...Appellant

Versus

The Commissioner-IR,
RTO, Sialkot

...Respondent

Appellant by : Mr. Zahid Shafiq, Adv/AR
Respondent by : Mr. Muhammad Awais, Adv/ DR
Date of Hearing : 06-02-2026
Date of Order : 06-02-2026

ORDER

MUHAMMAD NAEEM ASHRAF (MEMBER):- The titled appeal is filed against an order passed by the learned Commissioner Inland Revenue (Appeals), Sialkot (**CIR-A**) vide bar Code No. 100000266986092 dated 31.12.2025 whereby penalty order



under section 182(1) of the Income Tax Ordinance 2001 (the Ordinance) passed by the Assessing Officer (AO) was confirmed.

2. Facts of the case as per appeal papers are that penal proceedings were initiated against the taxpayer u/s 182(1) of the Ordinance for non-filing of WHT statements u/s 165 of the Ordinance for the months of October to December 2023 (2nd Quarter) for TY 2024. The reply furnished was considered unsatisfactory. Consequently, proceedings were concluded and penalty was imposed for the 2nd Quarter under Serial no. 1A (Rs.690,000/-) and 15 (Rs.40,000/-) of the Table provided in section 182(1) of the Ordinance for Rs.730,000/-. The taxpayer filed appeal before the learned CIR-A who confirmed the order of the A.O., hence 2nd Appeal has been preferred before this Tribunal on grounds as per memo of appeal.

3. On the date of hearing, Mr. Zahid Shafiq, Advocate, appeared on behalf of the Appellant-Taxpayer as Authorized Representative (AR) whereas Mr.

Muhammad Awais, appeared on behalf of the Respondent-Department as Departmental Representative (DR). They argued the case from respective perspectives. Rival arguments heard. Impugned orders examined. The Appeal filed is decided as under.

4. During the course of proceedings, the AR submitted that an order u/s 161/205 of the Ordinance was passed for TY 2024 whereby WHT default of Rs. 13,315/- was determined which had been deposited (Copy of CPR produced). While admitting that WHT statements were filed late after receipt of notices, the AR argued that levy of penalty of RS. 730,000/- against a default of Rs. 13,315/- was not justified. The argument of AR carries weight. The AO had imposed penalties for each quarter of default through separate orders totaling Rs.2,467,500/-, which is disproportionate with the amount of default i.e. Rs.13,315/-. It is further noted that the AO confronted the taxpayer on the penalties under Serial no. 1A and 15 of Table provided u/s 182(1) of the Ordinance which prescribe penalties for different degrees of default Serial no.15 prescribe penalty where tax collected/deducted is not deposited. In case of taxpayer WHT default of Rs.13,315/- has been deposited. As such there was no cause for levy of penalty of Rs.40,000/- which is deleted.



5. The issue in hand is slightly different than the one envisaged in serial. No. 1A ibid. In the instant case, WHT statement was filed late but tax due deposited in light of order u/s 161/205 of the Ordinance. This situation is not covered in Serial no. 1A. Penalty is not a revenue nor penal provision could be used for revenue generation. In the instant case default for non-filing of WHT is established but tax due is deposited. Therefore, only minimum penalty could be imposed. Non filing of WHT statements was contested before the AO on the basis of jurisdiction, which was rejected. The authorities below have imposed penalties in a mechanical manner without application of judicious mind which is not justifiable. Thus, in peculiar circumstances of the case, where default is established and tax due deposited in compliance with order u/s

161/205 of the Ordinance, we consider it appropriate to reduce penalty to Rs. 5,000/- being the minimum penalty envisaged under serial.no. IA ibid.

6. The orders passed by the authorities below are modified accordingly. The appeal filed by the taxpayer is disposed of in the manner and to the extent discussed



above. 7. The appellant also filed application for grant of stay against order passed u/s 182 of the Ordinance. Since the main appeal is decided as above, the stay application has become infructuous and is accordingly disposed of.

8. This order consist of three (03) pages and each page bears my signature.

- sd-

(IMRAN LATIF MINHAS)
MEMBER

- sd-

(MUHAMMAD NAEEM ASHRAF)
MEMBER

TRUE COPY

Appeal No.	17A No 93/18/2026
Date of Order:	6/2/2026
TRUE COPY OF ORDER FORWARDED TO	
1. APPELLANT:	Raja Abdullah Makhtaf
2. RESPONDENT:	CIR, RTO, Sialkot
Z. Rookhi 19-2-26 ASSISTANT REGISTRAR APPELLATE TRIBUNAL INLAND REVENUE ISLAMABAD	