

THE BALOCHISTAN SALES TAX ON SERVICES
APPELLATE TRIBUNAL QUETTA.

Sales Tax Appeals No.59 of 2025
Additional Grounds No. 16
Security Organization System Pakistan (Private) Limited
Versus
Commissioner-II Balochistan Revenue Authority, Quetta.

Appellants by: Mr. Amjid Ali Siddiqui, ITP.

Respondents by: Mr. Amin Ullah Khan, Adv.

Date of hearing: 22/12/2025

Date of Order 23/12/2025

ORDER

SAIF ULLAH KHAN MEMBER. The above titled Sales Tax Appeal has been filed by the appellant/registered person on the grounds set-forth in the memo of appeal calling in question, the order in original No.112/2024 dated 23-06-2025, passed by the learned Commissioner-II ('Commissioner') of the Balochistan Revenue Authority ('BRA'), Quetta for tax periods July 2017 to June 2018.

2. The relevant facts for disposal of instant appeal are that the appellant M/s Security Organization System Pakistan (Private) Limited (hereinafter referred to as the registered person) having BNTN: 2679920-7 is registered with the BRA under tariff heading 9818.1000 with principal activity as "security agency". The registered person was selected for audit under section 33 of the Balochistan Sales Tax on Services Act, 2015 by the Commissioner for the period July 2017 to June 2018. Audit proceedings were initiated with issuance of notice dated 31-8-2023 requesting for various record/documents. In view of no compliance a couple of reminders were issued. In response the appellant furnished audited financial

statements and certain other documents/details vide letter No. Nil dated 22 Jan 2024. The Commissioner examined the same and issued a notice under section 33(4) of the Act communicating audit observations and contraventions of the Act. These observations related to discrepancy of Rs.273,852,305/- between services declared in the income tax returns under the Income Tax Ordinance, 2001 less services shown to Punjab Revenue Authority and Islamabad Capital Territory Revenue Authority resulting in Balochistan Sales Tax on Services (BSTS) of Rs.41,077,846/-. The late filing of returns and leviable penalty of Rs.10,500/- was also communicated. Finally, the short payment of BSTS at Rs.6,794,412/- due to amount withheld by service recipients at 20% and failure of the appellant to pay the balance 80% remaining amount. In response the appellant failed to provide any explanation. The Commissioner accordingly issued notice under section 24(2) of the Act on 22-3-2025. In response the appellant filed further documents on 4-4-2025. After examining the same the commissioner observed certain other discrepancies hence issued a revised notice under section 24(2) of the Act on 22-5-2025 wherein discrepancy of between services declared in the income tax returns under the Income Tax Ordinance, 2001 less services shown to other provincial authorities and Islamabad Capital Territory Revenue Authority was reduced from Rs.273,852,305/- to Rs.25,684,616/- and resulting liability of BSTS was reduced from Rs.41,077,846/- to Rs.3,852,692/-. Penalty for late filing was enhanced from Rs.10,500/- to Rs.61,100/-. In response the appellant filed letter dated 2-6-2025 where the revised show-cause notice was challenged as illegal and contended that the difference of Rs.25,684,616/- pertained to AJK, Gilgit-Baltistan and Tribal

Areas. However, no supporting documents were filed. The commissioner rejected the plea taken by the appellant and proceeded to pass impugned order.

3. The appellant, being aggrieved with the impugned order passed by the learned Commissioner has come up before this forum in terms of section 60 sub-section (2) of the Act on grounds set forth in memo of appeal.

4. The applied also fined additional ground mainly contended that the impugned order is barred by limitation of time because proceedings for tax periods July 2017 to June 2018 cannot be initiated beyond five years which was increase to eight years through BSTS (Amendment) Act, 2019. In support the appellant replied on the decision of the Honorable Balochistan High Court reported as 2024 PTd 196 and decisions of the Honorable Supreme Court of Pakistan decisions reported as 1992 SCMR 1905, PLD 1969 SC 187 and 2024 SCMR 700. The issue of time limitation will be decided on merits.

5. On behalf of the appellant, arguments were given by Mr. Amjid Ali Siddiqui, ITP who contended that the impugned order has been passed without properly appreciating the facts. The leaned counsel also contended that the learned Commissioner has passed impugned order after expiry of limitation period in terms of section 24(2) of the Act. The learned counsel also stated that the replies/ documents submitted by the appellant during the course of proceedings were not considered. The learned counsel further contended that during the proceedings the Commissioner has issued two show-cause notices i.e. original and revised ones which is against the rulings of higher appellate forums.

In this regard the learned AR relied upon cases reported as 1970 Law Notes 28(Pak), (2005) 13 SCC 477, 2019 PTD 1242 and 2007 PTD 1226. The learned counsel also contended that the commissioner has unlawfully treated difference between the services declared in income tax return and services declared before the provincial tax authorities and ICT as undeclared services because such services pertained to AJK, GB and Tribal Areas. In support during the course of proceedings before the commissioner and before this Tribunal the learned counsel furnished invoices pertaining to AJK, GB and Tribal Areas. The learned Commissioner did not accept the same for various reasons therefore the learned counsel pleaded that the same may be considered by this Tribunal. The learned counsel also denied the difference between services declared and the tax withheld by the services recipients. The learned counsel also agitated against imposition of penalty. While concluding his arguments the learned counsel requested for setting-aside the impugned order.

5. Mr. Mr. Amin Ullah Khan, Adv., learned counsel appearing on behalf of respondent supported the order of the learned Commissioner and stated that the appellant was not justified to agitate against the impugned order as it was passed after giving proper opportunity of being heard. During the course of proceedings every chance was given to the appellant to establish that his declarations in return were duly supported by corroborative evidences but the appellant failed to do so. The learned counsel did not agree to the contention of the appellant that action of the learned commissioner was barred by limitation in terms of section 24(2) and stated that at the time of initiation of proceedings the returns of the appellant did not attain the status of past and closed transaction and the increase

of time from five years to eight years through BSTS (Amendment) Act, 2019 was a procedural law amendment which applies retrospectively. The learned counsel in this regard relied on the honorable Supreme Court of Pakistan decision reported as 2018 SCMR 1131. The learned counsel referred to relevant findings of the Honorable Apex Court in para 5 wherein it is held that:

"It is now well settled that procedural amendments apply to all cases which have not become past and closed transactions therefore the provisions of section 221 of the ITO 2001 have rightly been invoked in the present case."

6. We have gone through the impugned order of the commissioner, examined the relevant provisions of law and considered arguments of both the counsels.

7. Perusal of the impugned order shows that the learned Commissioner has on the basis of available data from service recipients, declaration of the appellant before other provincial authorities & ICT as well as services declared in the income tax record detected certain discrepancies which were confronted to the appellant. The appellant has responded with snail pace and provided explanations/ evidences in piece meal. Therefore, the learned commissioner had to revise his original show-cause in view of more evidences provided. The revised show-cause notice substantially reduced that liability of appellant as confronted to the appellant in the original show-cause notice. The appellant has provided no explanation for difference between withholding by the service recipients and declarations by the appellant. Regarding difference between services declared in income tax return and sales tax returns the appellant has

continued to change his stance. During the proceedings before this Tribunal the appellant furnished invoices statedly related to AJK and GB. Scrutiny of said invoices revealed that only invoices of AJK have been furnished which reflected a total amount of Rs.25,684,916/-. However, upon detailed examination and verification of the invoices issued it has been observed that the actual value reflected therein is Rs.21,741,741/-, which materially differs from the amount claimed during the hearing. Further it was observed that eleven (11) invoices were duplicate ones with value calculated at Rs.1,165,464, which indicates overstatement of the documented amount and create serious doubts about the authenticity of invoices furnished. No invoices of GB or Tribal Areas were furnished. The amount withheld by the service recipients and declared by the appellant also show substantial difference which is evident from the following tabulated data:

summary report of 4/5 reconciliation					
Bank Name	rate	Total Gross purchases	Total tax	1/5 withheld	4/5 remaining
UNITED BANK LIMITED	15%	28,027,576	4,204,077	840,828	3,363,249
ALBARAKA BANK (PAKISTAN) LIMITED	15%	37,125	5,569	1,114	4,455
ALLIED BANK OF PAKISTAN LTD.	15%	3,796,200	569,430	113,886	455,544
APNA MICROFINANCE BANK LIMITED	15%	523,500	78,525	3,600	74,925
BANK ALFALAH LIMITED	15%	17,353,421	2,603,013	235,387	2,367,626
SUMMIT BANK LIMITED	15%	306,000	30600	6120	24,480
PAKISTAN TELECOMMUNICATION AUTHORITY	15%	-	107,465	21,497	94,806
Total		50,043,821	7,598,679	1,222,432	6,385,084

8. In view of the above stated position we find no merit in the contention of the learned counsel of the appellant. During the proceedings the learned counsel

requested for time to reconcile data but despite provision of multiple chances the learned counsel failed to get reconciled his stance with the BRA record. We are inclined to agree with the learned counsel of the respondent that since at the time of initiation of proceedings by the learned commissioner the declarations for the tax periods involved were not past and closed transactions therefore the learned commissioner has rightly invoked section 24(2) of the Act. Since the appellant has failed both before the commissioner and before this Tribunal to substantiate his explanation with corroborative evidences hence appeal devoid of merits is dismissed.

9. The appeal stands disposed of.

Announced
Dated, the 23/12/2025.

____SD____
Chairperson

____SD____
Member

____SD____
Member