

BALUCHISTAN SALES TAX ON SERVICES
APPELLATE TRIBUNAL, QUETTA

STA No. 76/2025

M/S Shehzad Rent a Car Services

Versus

The Commissioner (Appeals), Balochistan Revenue Authority, Quetta

ORDER

Date of hearing: 13.04.2026

Date of order: 28.04.2026

Appellant by:

Mr. Naseeb Ullah Khan, Adv
& Others

Respondent by:

Mr. Amin Ullah Khan, Adv
& Others

JUSTICE (R) NAZIR AHMED LANGOVE, CHAIRPERSON:

This is an appeal filed by the Appellant against the order in original dated 18th April, 2025 passed by the Learned Commissioner II (Operations) whereby the Appellant's claim for deducted amount was declined. Challenged in appeal vide Order No. 37/2025 dated 17-11-2025 Passed by the Learned Commissioner (Appeals) wherein the appeal filed by the Appellant was also dismissed.

2. Facts in brief are that the Appellant has been providing taxable services as a car rental service provider for a considerable period, but failed to obtain registration with the Respondent's Authority U/S 25 of the Act to file monthly returns U/S 35 of the Act and pay the Balochistan Sales Tax on Services within the prescribed time and manner; in this context a notice dated 01/08/2025 was issued U/S 48 (1) r/w Section 25 of the Act with the directions to the Appellant for registration, followed by various reminders, but not complied with. Hence the order dated 03/10/2025 passed by the Learned Assistant Commissioner BRA. Challenged in appeal but dismissed vide order dated 17/11/2025 passed by the Learned Commissioner (Appeals) Balochistan Revenue Authority, Quetta.
3. Hence this appeal with the contention that the Appellant is indulged in the business of transportation i.e. rent a car company which now has been registered with the Balochistan Revenue Authority (BRA), Quetta and fulfilling its obligations timely including payment of sales tax on services; He added that no proper notice was received to the Appellant, hence condemned unheard, therefore the impugned order in original passed by the Learned Assistant Commissioner and upheld by the Learned Commissioner (Appeals) are not sustainable under the law and liable to be reversed. Lastly, he prayed for setting aside the impugned orders by waving of the harsh and arbitrarily imposed penalty upon the Appellant, with any other relief deemed appropriate.
4. On the other hand, the Respondent's Learned Counsel strongly opposed the appeal and supported the impugned orders rendered by the Learned Assistant Commissioner and upheld by the Learned Commissioner (Appeals).

5. We have heard the Learned Counsel for the parties and gone through the record with their assistance which reflects that the Respondent imposed a penalty of RS 2 Lac upon the Appellant with the allegation of non-registration with the BRA despite having rendered services within its jurisdiction.

6. It is relevant to note that Section 48 of the Act deals with the matters of penalty with the following language:

“(1) If a person commits any offence described in column 2 of the Table below shall, in addition to and not in derogation of any punishment to which he may be liable under any other law, be liable to the penalty mentioned against that offence in column 3.

(2) The sections referred to in column 4 of the said Table shall be deemed to be meant for illustrative purposes only and the corresponding offence described in column 2 may fall and be prosecuted under other sections of this Act as well.

Where any person fails to furnish a return within the due date. Such person shall be liable to pay a penalty of ²[ten] thousand rupees provided if a return is not filed within fifteen days of the due date, a penalty of ³[two] hundred rupees for each day of default shall be levied. Section (35)”

7. It is observed that before this the Respondent did not pass a single order with respect to any directions to the Appellant for filing Returns. So, in the instant matter Penalty mentioned in Sub Section (column) S.No. 2 of the Section 48 r/w Section 35 of the Act applies, which reads as under:

Section 35 of the Act:--

“Every registered person shall furnish to the Authority, not later than the due date, a true, correct and properly filled-up return in the form notified by the Authority, indicating the tax due and paid during a tax period and such other information or particulars as may be notified by the Authority.”

8. It should be noted that Penalties are meant to deter non-compliance, they are not designed as a revenue raising tool and more importantly hardship for a tax payer for another reason also that the Provincial tax administration is legally bound to create a tax friendly atmosphere by encouraging Tax Payers to trust upon the system and its operators. Instead of wiping them out of the main screen of Tax net and last but not least there should be a clear line between a Bonafide mistake, error and deliberate non-compliance, but this critical aspect also went unattended which caused miscarriage of Justice warranting interference by this Tribunal.
9. In such circumstances we are of the firm opinion that the penalty imposed by the Learned Assistant Commissioner and maintained by the Commissioner (Appeals) is not only harsh but contrary to the relevant law provisions; thus, needs to be rectified accordingly.

10. In view of above the Appellant's appeal is partly allowed and the penalty amount i.e. RS 200,000/- is hereby reduced to RS 10,000 with the directions to the Appellant to deposit the aforementioned reduced amount immediately with the further directions to file his monthly returns regularly and without any fail irrespective of the fact that for said tax period any services were provided or not.

11. With the above modification, the appeal stands disposed-of.

12. Orders accordingly.

SD
CHAIRPERSON

SD
MEMBER

SD
MEMBER

Dated: 28 April, 2026