

Form HCJD/C-121  
**ORDER SHEET**  
**IN THE LAHORE HIGH COURT, MULTAN BENCH, MULTAN**  
**(JUDICIAL DEPARTMENT)**  
**STR No.64 of 2025**  
**Fatima Fertilizer Company**  
**Versus**  
**Commissioner Inland Revenue, Zone-3, Large Taxpayers Officer, Multan, etc.**

S.No.of order/ Proceeding	Date of order/ Proceeding	Order with signature of Judge, and that of parties or counsel, where necessary
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19.11.2025 Mr. Asad Zaman Tarar, Advocate for applicant.  
Mr. Iftikhar Majid, Advocate for respondent.

Following questions of law are proposed, statedly  
arisen out of order dated 28.07.2025, passed by the  
Appellate Tribunal Inland Revenue Multan Bench  
(Tribunal):

- i) *Whether on the facts and in the circumstances of the case, the Appellate Tribunal Inland Revenue erred in holding that the Certified Emission Reduction certificates fall within the meaning of ‘goods’ as defined in Section 2(12) of the Sales Tax Act, 1990 and are therefore subject to sales tax under the Sales Tax Act, 1990 ?*
- ii) *Whether, on the facts and in the circumstances of the case, the Appellate Tribunal Inland Revenue erred in law by failing to appreciate that the consideration received from outside Pakistan by the Applicant, arising from the sale of Certified Emission Reduction certificates in international emissions trading markets, was not subject to sales tax under the Sales Tax Act, 1990?”*

2. Heard. Undisputedly, no provision of Sales Tax Act 1990 (‘Act’) explicitly or specifically defines Certified Emission Reduction certificates (**Carbon credits**) as taxable supplies; and attempt to bring those within the ambit of definition of ‘goods’ [in terms of section 2(12) of the Act] tantamount to rewrite the scope of charging provision [section 3 of the Act]. Learned counsel for

respondent fails to explain that how trading or sale of Carbon credits, outside Pakistan, could be construed as taxable supply, made in furtherance of taxable activity – merely classifying Carbon credits as goods is not enough to otherwise bring transaction within the ambit of sales tax regime. Carbon credits are, at best, construable as entitlement accrued in lieu of efforts made for reducing carbon emissions. Commissioner (Appeals) annulled claim raised against Carbon credits – which erred to an extent by treating them as securities but ultimate order of annulment of liability is nevertheless correct and warrants no interference – and Tribunal erred by treating them as goods [though acknowledging them as intangible(s)].

3. Questions proposed are answered in affirmative and reference application is decided in favour of applicant and decision of the Tribunal and order in original are annulled.

4. Office to send copy of this order to the Appellate Tribunal under the seal of the Court for information.

**(Abid Hussain Chattha)**  
**Judge.**

**(Asim Hafeez)**  
**Judge.**

Approved for reporting

Judge.

Judge.