

IN THE SUPREME COURT OF PAKISTAN

CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO. 1456 OF 2022

Between:

Mr. Ahsan Raza, Resident of F-6/3, Islamabad

Appellant:

The Federal Board of Revenue (FBR), through Chairman, Islamabad
The Ministry of Law and Justice, Government of Pakistan
The Commissioner Inland Revenue, Zone-IV, Karachi

Respondents:

JUDGMENT

Justice Syed Mansoor Ali Shah delivering the opinion of the Court:

The present appeal arises out of the impugned judgment dated 16th November 2021 passed by the Islamabad High Court in W.P. No. 3189/2020, whereby the petitioner's plea for tax exemption under Section 53(2)(c) of the Income Tax Ordinance, 2001 was dismissed.

The appellant, Mr. Ahsan Raza, a corporate consultant by profession, claims that the consultancy fee received by him from GlobalTech Solutions (Pvt.) Ltd. — a Singapore-based IT firm with regional operations in Pakistan — was wrongly taxed by the Inland Revenue Department under Section 21(b)(iv) of the Ordinance. He contends that the said fee qualifies as income from a foreign source and should be exempt under bilateral tax treaties signed between Pakistan and the Republic of Singapore.

The FBR, on the other hand, asserts that the consultancy was rendered within Pakistan's territorial jurisdiction and thus attracts domestic tax obligations. The Ministry of Law and Justice also submitted that no overriding clause in the treaty nullifies the domestic provisions in this context.

After hearing both parties and examining the nature of cross-border service agreements submitted into evidence — including the Memorandum of Understanding (MoU) signed on 12th February 2020 between Mr. Raza and GlobalTech — the Court is of the opinion that the payment was subject to tax under Pakistani law.

Accordingly, the appeal is dismissed. No order as to costs