

**BALUCHISTAN SALES TAX ON SERVICES**  
**APPELLATE TRIBUNAL, QUETTA**

**MA (stay) 06/2025**

M/S Future Engineering Private Limited

Versus

The Commissioner (Operations) & another, Balochistan Revenue Authority, Quetta

**ORDER**

Date of hearing: 27.04.2026

Date of order: 04.05.2026

Appellant by:

Mr. Muhammad Muneeb  
FCMA & 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 15<sup>th</sup> October, 2025 passed by the Learned Commissioner-II (Operations) Balochistan Revenue Authority (BRA) whereby the Appellant's claim for refund was declined.

2. Facts in brief are that the Appellant is a Private Limited Company engaged in providing supply of services and is registered with Balochistan Revenue Authority (BRA). Statedly, during the tax periods 2018-2020 the Appellant paid Sales Tax on Services on the entire invoiced amount which according to the appellant included a substantial component representing the reimbursement of salaries and allowances paid to the supplied manpower; does not fall with the definition of a taxable service, hence is liable to be refunded.

3. In this context, the Appellant submitted an application for refund of RS: 54,032,984/- with the contention that the said amount had erroneously been deducted on the salary component which is not a taxable service. The Appellant relied upon a number of judgements passed by the higher courts of the country and The Hon'ble Supreme Court's judgment in civil petition No. 414 of 2021 wherein (as per the Appellant's stance) the sales tax on manpower services was held leviable only on the service component and not on reimbursed salaries. However, he added that the Respondent vide impugned order the Appellant's claim was declined on the ground of sales tax being borne by the China Energy (The Service Recipient); by further holding that the claim was barred U/S 16E of the Act on the point of limitation and the tax being passed on to the end consumer. He urged that the order impugned rendered by the Learned Commissioner-II is contrary to the law, facts and principles of natural justice, as such the same is not sustainable under the law and is liable to be set aside.

4. On the other hand, the Learned Respondent's counsel vehemently opposed the appeal with the plea that the order impugned passed by the Learned Commissioner is based on real facts, relevant law provisions and the principles of natural justice therefore is not liable to be reversed, he prayed for dismissal of the appeal.

5. We have heard the Learned Counsel for the parties and gone through the record with their assistance showing that the Appellant's claim was declined by the Learned Commissioner mainly on the ground of limitation and the amount claimed by the appellant had already passed on.

6. Section 16E of the Act read with Rule 29, 30 and 31 of the Balochistan Sales Tax on Services Rules 2018 provides a procedure and expressly disallows refund of the tax claimed beyond the period of limitation with pecuniary competence to sanction refund or otherwise plus a registered person should have provided essential particulars and maintaining complete record in this behalf; which lacks.

For further understanding and convenience, the above-mentioned Section/ Rules are Quoted herein below: -

**(i) Section 16E Refund:**

*"Refund.(1) --* .....

*(2) No such refund of tax not claimed within the relevant tax period shall be allowed, unless the claim is made within one year of the date of payment.*

*Provided that no refund shall be admissible under this section, if incidence of tax has been passed directly or indirectly to the consumer. "*

**(ii) Rule 29 of Balochistan Sales Tax on Services Rules, 2018: -**

*"Application. --Subject to the provisions of rule 30 of these rules, the provisions of this Chapter shall apply to processing and sanction of claims for refund filed by a registered person in following cases, where:--*

- (a) sales tax is paid on services used in export of a taxable service;*
- (b) sales tax is erroneously or inadvertently deposited/paid in excess of the amount due;*
- (c) refund becomes due as a result of an order of a court or an appellate forum; and*
- (d) sales tax is paid on goods and services required for rendering of advertisement services, subject to withholding by recipients of said services in Balochistan."*

**(iii) Rule 30: - "Refund not admissible. --The refund claims shall not be admissible if: --**

- (a) the claim is filed by a person other than the registered person;*
- (b) the claim is filed after a lapse of one year from the date of payment of sales tax, provided that where a claim is based on an order of a Court or an*

*appellate forum, the period of one year shall be reckoned from the date of issuance of such order;*

*(c) the incidence of sales tax claimed for refund has been passed on to the service recipient, the burden of proof that incidence has not been so passed shall be on the refund claimant;*

*(d) the claimant does not submit evidence of payment of the withheld amount of sales tax by the service recipient under the Balochistan Sales Tax Special Procedure (Withholding) Rules, 2018;*

*(e) the claimant does not submit evidence of payment of the input tax, adjusted or deducted, against the sales tax on services provided or rendered in respect of which the refund is claimed; and*

*(f) the claimant does not submit the supportive documents, as required by the rules or by the authorized officer of the Authority, within a reasonable time as prescribed by the rules or the officer of the Authority, as the case may be.”*

**(iv) Rule 31: - “Pecuniary competence to sanction refund. --The cases of claims for refund of sales tax shall be decided by the following officers of the Authority, as authorized by name or designation by the Commissioner concerned, according to the pecuniary limit mentioned against each, namely: --**

<i>S.No.</i>	<i>Designation</i>	<i>Limit in each claim</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>
<i>1</i>	<i>Assistant Commissioner</i>	<i>Not exceeding one hundred thousand rupees</i>
<i>2</i>	<i>Deputy Commissioner</i>	<i>Not exceeding five hundred thousand rupees</i>
<i>3</i>	<i>Additional Commissioner</i>	<i>Unlimited"</i>

7. Another important aspect of the matter which has come on record shows that the service recipient, China Energy Karachi (Party A) did not come forward with any claim who actually had paid the (claimed) amount which as per the Law had already been passed on to the end user.

8. For the sake of arguments, at the best the China Energy Karachi (Party A) could have approached the Respondent, that too subject to all just and legal exceptions including the barrier of limitation and the principle that amount paid was passed on to the end consumer; however the said company (rightly) did not come forward; in such circumstances the Appellant is not an aggrieved person; thus, from no stretch of imagination can claim refund of the deducted amount already passed on and especially with no loss of a single penny to him, as mentioned above.

9. When the Appellant's learned counsel was appraised and confronted of this legal and factual aspect of the matter, he felt difficulty to answer the same, however urged with vehemence that it was not a normal contract rather a contractual service therefore, the Principle and method of "Tax passed on to the end consumer" does not apply, additionally, in this context the Appellant will contact and negotiate the issue with the service recipient (China Energy Karachi Party A); such an approach and stance in our opinion does not appeal to logic and reason nor at this belated stage is acceptable to a man of prudent mind; hence is discarded.
  
10. The Learned Counsel relied upon a number of judgments passed by The Hon'ble High Courts of the country, mostly pertain to the matters of income tax. So far as the judgment passed by the Hon'ble Supreme Court of Pakistan in a case titled SINDH REVENUE BOARD V. M/S QUICK FOOD INDUSTRIES (2022 SCMR 1776) is concerned it was mainly against the amendments by the Sindh Revenue Board (SRB) on the issue of rates, so the referred Judgments are distinguishable from the matter under consideration.
  
11. As mentioned above the Appellant did not bear a single penny nor suffered any loss or injury in terms of money nor there is any abuse of fiscal justice system nor any cause of action accrued to the Appellant against the Respondent therefore the Appellant's very claim is without any substance because each and every point raised, claimed or rebutted by the parties should be backed by logic, reason and above all relevant law provisions, so in the attending circumstances purpose and object of the law and wisdom behind it should be seen and considered with a fair, unbiased and transparent manner by applying Judicial mind with the key approach that no additional burden should be imposed upon a tax payer and equally

no undue loss to the exchequer; in such view of the facts and the principle referred, the Appellant's claim for refund is not sustainable and is liable to be rejected.

12. As a result, the Appellant's appeal being devoid of any substance, and valid grounds stands dismissed.

13. Orders accordingly.

SD  
CHAIRPERSON

SD  
MEMBER

SD  
MEMBER

Dated: 04<sup>th</sup> May, 2026