IN THE SUPREME COURT OF PAKISTAN
(Appellate Jurisdiction)

PRESENT:
MR. JUSTICE MUNIB AKHTAR
MR. JUSTICE JAMAL KHAN MANDOKHAIL
MR. JUSTICE IRFAN SAADAT KHAN

C.A.Nos.431 to 435/2026
(On appeal against order of Alternate Dispute Resolution Committee constituted vide letter No.C.No.4(2) S(IR-Litigation)/2024 ADRC(ZTBL)-1 dated 18.04.2025 of 2026.)

M/s Zarai Taraqiati Bank Ltd. ... **Appellant**

Vs

Federation of Pakistan thr. Secretary Revenue Division, Islamabad & others ... **Respondents**

For the Appellant : Mr. Shahid Jamil Khan, ASC
Mr. Syed Rifaqat Hussain Shah, AOR
Assisted by Mr. Waqas Ahmed, Advocate
(in all cases)

For the Respondents : Hafiz Ahsan Ahmad Khokhar, ASC
(in all cases)

Date of Hearing : 19.06.2026

ORDER

Munib Akhtar, J.: These matters arise out of the Income Tax Ordinance, 2001 by way of appeals under the proviso to subsection (13) of s. 134A thereof. The appeals have been filed against the decision of the Committee constituted under the section for alternate dispute resolution ("ADR Committee"). Subsections (12) and (13) of s. 134A are as follows:

> "(12) All petitions filed by the SOEs, directly or indirectly, wholly owned by the Federal Government, against the decision of the Committee made prior to commencement of the Income Tax (Amendment) Act, 2026 (Act No. IX of 2026) and pending before the Federal Constitutional Court, the Supreme Court or a High Court shall, upon commencement of the Income Tax (Amendment) Act, 2026 (Act No. IX of 2026), abate.

> (13) Notwithstanding anything contained in sub-section (12), petitions filed by SOEs, which are not wholly owned by the Federal Government, against the decision of the Committee made prior to commencement of the Income Tax (Amendment) Act, 2026 (Act No. IX of 2026) and pending before a High Court, shall upon commencement of the Income Tax (Amendment) Act, 2026 (Act No. IX of 2026) abate:
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> > Provided that such SOEs may prefer an appeal to the Federal Constitutional Court or the Supreme Court, as the case may be, against the decision of the Committee, within a period of sixty days from commencement of the Income Tax (Amendment) Act, 2026 (Act No. IX of 2026).”

2. It is common ground that the appellant is a state-owned enterprise (“SOE”) within the meaning of the State-Owned Enterprises (Governance and Operations) Act, 2023 (“SOE Act”). The appellant’s case is that it is not wholly owned, directly or indirectly, by the Federal Government and hence the appeals are maintainable. The respondents however contend that the appellant is wholly so owned and that therefore it is subsection (12) that applies. On such basis, it is contended that the appeals are not maintainable.

3. The foregoing point, being a preliminary objection, was heard on 19.06.2026. At the conclusion of the hearing it was announced that the preliminary point stood dismissed as the appellant was not an SOE wholly owned, directly or indirectly, by the Federal Government; the appeals were maintainable. The following are the reasons for that conclusion.

4. Learned counsel for the respondents took us through the background of the appellant and submitted that while earlier it had been a statutory body, it was now organized as a company registered under company law limited by shares. Learned counsel submitted that the total outstanding shares of the appellant were 5,267,843,241. Of these, as per the members’ register of the appellant 1,251,189,067 stood in the name of the Federal Government, while 4,015,599,174 stood in the name of the State Bank of Pakistan (“State Bank”). Furthermore, 527,500 shares stood in the name of the erstwhile Government of East Pakistan. It was submitted that for present purposes the latter two shareholdings should be added to the former. Thus, the shares,

directly or indirectly, owned by the Federal Government constituted 99.98% of the total share capital of the appellant. The balance miniscule number of shares was held by the Governments of the four Provinces (with each having its own shareholding). Learned counsel submitted that, given the objects and business of the appellant, which was in the all-important agricultural sector and all over Pakistan, in fact these shares had been transferred to the latter by the Federal Government in order to give the Provinces a sense of participation and stake in the appellant. They ought either to be counted towards the shareholding of the Federal Government, or at any rate not taken into account for purposes of the preliminary objection. On such basis it was submitted that the appellant came within the scope of subsection (12) of s. 134A and the appeals were not maintainable. Learned counsel for the appellant on the other hand submitted that the objection ought to be dismissed.

5. As is clear, the crux of the matter is as to what it is meant by the phrase “wholly owned” as used in subsections (12) and (13)? It is to be emphasized that the question arises here in a specific statutory context, which is enfolded in a fiscal statute. The context is limited and particular: whether there is a right of appeal to this Court against the decision of the ADR Committee. A determination of the issue must therefore move within a tight and narrow locus. Whatever meaning is to be attributed to the phrase here, it must be regarded as being of limited application and effect. In other statutory or factual contexts, catering to other purposes and effects that may be entirely distinct and separate (and indeed far removed) from subsections (12) and (13), the question may well be answered differently. Indeed, that answer may be at odds with, and even diametrically opposed to, the conclusion that is reached here. If so, that would simply be a consequence of the narrow and tight limits within which the question is raised in this matter. This aspect must be kept in mind at all times.

6. In our view, in the context in which the issue arises here, the phrase “wholly owned” has to be given a strict and literal meaning. “Wholly” means precisely that: in its entirety, completely, to the fullest extent, leaving nothing behind or outside its scope, no

matter how minor it may be. Thus, e.g., the maxim *de minimis non curat lex* would have no application here. The reason is that it is on the contextual scope and effect of the phrase that the question, whether the appellant can, or cannot, continue to have recourse to a judicial remedy, turns. It is also to be noted that the right granted in terms of the proviso, in effect, simply continues a legal challenge already being pursued, by allowing for an appeal on the abatement of the petition in the High Court. In other words, the question is whether by mere change in law an existing and availed judicial remedy can be extinguished or allowed to be pursued, though in a different form. It is well settled that whenever and wherever possible the better interpretation is to allow for the preservation of recourse to Courts and for judicial remedies to continue. Hence, the strict and literal meaning that has to be given to "wholly owned". The same approach ought also to be taken to the words "directly or indirectly", which give further shape and contour to the phrase. More precisely, the word "indirectly", which seeks to enlarge the scope of "wholly" beyond what is "directly" owned, cannot be given too expansive or broad an effect. It must be contained to what would be the natural limits of its meaning.

7. With the foregoing in mind we turn to look at the legal nature of the appellant. As noted, it is a company incorporated (in 2002) under the Companies Ordinance, 1984 ("1984 Ordinance"), and is of course now governed and regulated by the Companies Act, 2017 ("2017 Act"). It is in form a company limited by shares. As is well known, the vast majority of companies created under company law are of this nature. In respect of such entities, the question of determining as to who would "wholly own" it for purposes of the proviso to subsection (13) is relatively easy: it would have to be shown that the Federal Government, directly or indirectly, owned the whole of the shareholding. Since shares are property, the Federal Government would own the whole of the share capital and thus wholly "own" the company. Now, companies limited by shares are themselves divided into various categories which range from single member companies, to private companies, to public companies to listed companies. The number of members that such companies can have therefore range from at least one member to many thousands. Likewise, the number of shares held

by any particular member of any such company may range from one share to 100% of the shareholding. The shares are usually of one class having uniform rights and the appellant falls in this class. Therefore, for present purposes one need only look at the share capital and make a determination accordingly as to whether it is, or is not, wholly owned (directly or indirectly) by the Federal Government.

8. As already noted, the Federal Government itself holds 1,251,189,067 shares in the appellant. To these must be added the 527,500 shares that stand in the name of the erstwhile Government of East Pakistan. Thus, the Federal Government directly holds 23.76% of the shareholding. The bulk of the shares are held by the State Bank, constituting 76.22% of the share capital. How is this shareholding to be counted for present purposes? The State Bank is a statutory body created by the eponymously titled Act of 1956 ("1956 Act"). It is a body that performs (crucial and sensitive) functions as set out in law and is normally regarding as acting independently of the Federal Government. However, for present purposes we need to consider s. 4 of the 1956 Act. This provides for the share capital of the State Bank and was substituted in its entirety in 2022. Subsection (3) thereof provides as follows: "The capital shall be fully paid-up and held exclusively by the Federal Government and shall not be transferable to any other person or entity". In view of this categorical statutory statement, for present purposes the shares held in the appellant by the State Bank can, indirectly, be regarded as being owned by the Federal Government. Accordingly, we conclude that learned counsel for the respondents is correct in asserting that 99.98% of the shares in the appellant are held, directly or indirectly, by the Federal Government.

9. The question therefore becomes what of the balance shares, (miniscule though those shareholdings may be) which are held by the Provincial Governments. Having considered the point we are, with respect, unable to agree with learned counsel that this shareholding is irrelevant and ought not to be taken into account for present purposes. The correct approach to take towards interpreting the phrase "wholly owned" has been set out above. No

rule in the nature of *de minimis* applies. The shares are admittedly held in the names of the Provincial Governments. Constitutionally, and as a matter of law, the Federal and Provincial Governments are distinct, and separate each from the other. The fact that the shares held by them may have been transferred to them by the Federal Government is of no moment. In this regard, reference may also be made to s. 121 of the 2017 Act which provides (as did s. 148 of the 1984 Ordinance before it) as follows: "No notice of any trust, expressed, implied or constructive, shall be entered on the register of members of a company, or be receivable by the registrar". If, as appears to be the case, the members' register shows the shares in the names of the Provincial Governments, that suffices for present purposes to mean that those shares cannot, directly or indirectly, be regarded as owned by the Federal Government. For present purposes, the shareholdings of the Provincial Governments, vanishingly small though they may otherwise be, are decisive. The appellant cannot be regarded as a company 100% of whose shareholding is, directly or indirectly, owned by the Federal Government.

10. From the foregoing analysis it follows that the preliminary objection fails and must be dismissed. It was accordingly so held, at the conclusion of the hearing on 19.06.2026.

Judge

Judge

Judge

Islamabad

Naveed/ Approved for reporting