



Registrar

# National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/TRF-100/Laraib-2009/9134-9136  
June 28, 2016

Subject: **Decision of the Authority in the Matter of Reimbursement of Pass Through Withholding Tax on Dividends for Laraib Energy Limited (Case No. NEPRA/TRF-100/2009)**

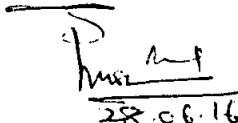
Dear Sir,

Please find enclosed herewith the decision of the Authority along with schedule of tariff (Annex-I) (02 pages) regarding reimbursement of 7.5% withholding tax on dividends in respect of Laraib Energy Limited in Case No. NEPRA/TRF-100/2009.

2. The decision is being intimated to the Federal Government for the purpose of notification of adjustment in the approved tariff through the official Gazette pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997) and Rule 16(11) of the National Electric Power Regulatory Authority Tariff (Standards and Procedure) Rules, 1998.

3. The schedule attached as Annex-I is to be notified in the official Gazette.

Enclosure: As above

  
28.06.16  
( Syed Safer Hussain )

Secretary,  
Ministry of Water & Power,  
Government of Pakistan  
Islamabad.

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.



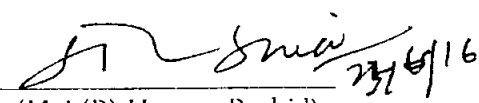
**DECISION OF THE AUTHORITY IN THE MATTER OF REIMBURSEMENT OF PASS THROUGH  
WITHHOLDING TAX ON DIVIDENDS FOR LARAIB ENERGY LIMITED (LEL)**

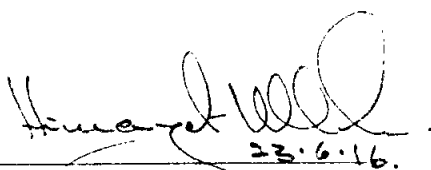
In accordance to the Decisions of the Authority dated 14<sup>th</sup> April 2016 in the matter of tariff adjustment at Commercial Operation Date (COD) and 26<sup>th</sup> May 2016 in the matter of Motion for Recalculation filed by LEL against the Decision of the Authority dated 14<sup>th</sup> April 2016, actual withholding tax on dividend paid by the power producer will be reimbursed subject to maximum of 7.5% of 17% return on equity (including return on equity during construction and special return on equity). The Authority hereby directs the Central Power Purchasing Agency to pay Rs. 149,608,328/- (Rupees One Forty Nine Million, Six Hundred Eight Thousand, Three Hundred and Twenty Eight only) to Laraib Energy Limited (LEL) as pass through withholding tax @7.5% on dividend.


The schedule attached as Annex-I is to be notified in the official gazette, in accordance with the provisions of Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.

**AUTHORITY**

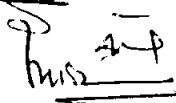
  
(Syed Masood-ul-Hassan) 24/6/16.  
Member

  
(Maj (R) Haroon Rashid) 23/6/16  
Member

  
(Himayat Ullah Khan) 23.6.16.  
Vice Chairman

  
(Brig (R) Tariq Saddozai)  
Chairman



  
28.06.16

**LARAIB ENERGY LIMITED**  
**REIMBURSEMENT OF 7.5% WITHHOLDING TAX ON DIVIDEND**

Sr No.	Tax Challan No	Payment Date	Dividend Amount agst. Which Tax is being Withheld	Withholding Tax @ 7.5%	Equivalent (USD)*
			Rs	Rs	USD
1	FT-20150615-2123-1144074	15-Jun-2015	474,851,726	35,613,879	350,185.64
2	FT-20150615-2123-1144073	15-Jun-2015	1,495,102,454	112,132,684	1,102,582.93
3	FT-20150710-2123-1059550	10-Jul-2015	24,823,526	1,861,764	18,306.44
<b>Grand Total</b>			<b>1,994,777,706</b>	<b>149,608,328</b>	<b>1,471,075</b>

\*NBP FI & OD Selling Rate of USD on 15th June 2015 was 101.4 and 10th July 2015 was 101.7

**WORKING FOR MAXIMUM PASS THROUGH TAX ON DIVIDEND PAYMENT**

**Withholding Tax Payable =  $[17\% * (E_{Ref} - E_{Red}) + ROEDC_{Ref} + SROE_{Red}] * 7.5\%$**

Where		Amount (USD \$)	
Reference Equity	Equity Ref	53,749,702	$(1.8689 * 470,000,000 / 96.13) * 17\%$
Equity Redemption	Equity Redemption	0	
	ROEDC Complier	5,858,254	$1.1982 * 470,000,000 / 96.13$
Reference SROE	SROE Complier	2,025,601	$0.4143 * 470,000,000 / 96.13$

**Withholding Tax** = 1,276,598 =  $[17\% * (53,749,702) + 5,858,254 + 2,025,601] * 7.5\%$   
=  $[17\% * (E_{Ref} - E_{Red}) + ROEDC_{Ref} + SROE_{Red}] * 7.5\%$

<u>Withholding Tax Entitled</u>		Amount (USD \$)
Withholding Tax Limit For 1st Agreement Year (23-Mar-2013 to 22-Mar-2014)	=	1,276,598
Withholding Tax Limit For 2nd Agreement Year (23-Mar-2014 to 22-Mar-2015)	=	1,276,598
<b>Total Withholding Tax Limit Entitled</b>	=	<b>2,553,196</b>

As per Clause 10.3 (a), Part IV of schedule 6 of the Power Purchase Agreement

		USD
Withholding tax entitled	=	2,553,196
less: Withholding tax claimed	=	(1,471,075)
<b>Balance Carried Forward</b>	=	<b>1,082,121</b>

