



Registrar

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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No. NEPRA/R/TRF-100/2009/10139-10141
July 15, 2016

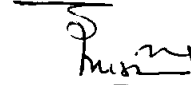
Subject: **Decision of the Authority in the matter of Reimbursement of Pass Through Withholding Tax on Dividends for Laraib Energy Limited (LEL) [Case No. NEPRA/TRF-100/2009]**

Dear Sir,

Please find enclosed herewith the decision of the Authority along with schedule (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


15.07.16

(Syed Safer Hussain)

Secretary
Ministry of Water & Power
'A' Block, Pak Secretariat
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)**

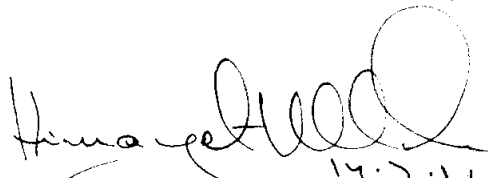
In accordance to the Decisions of the Authority dated 14th April 2016 in the matter of tariff adjustment at Commercial Operation Date (COD) and 26th May 2016 in the matter of Motion for Recalculation filed by LEL against the Decision of the Authority dated 14th April 2016, actual withholding tax on dividend 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 Guarantee Limited to pay Rs. **90,460,849/-** (Rupees Ninety Million, Four Hundred Sixty Thousand, Eight Hundred and Forty Nine only) to Laraib Energy Limited (LEL) as pass through withholding tax @7.5% on dividend.

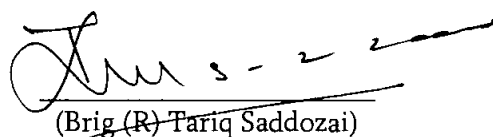
The schedule attached as Annex-I is to be notified in the official gazette, in accordance with the provisions of Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.

AUTHORITY

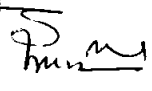

(Syed Masood Ali Hassani)
Member


(Maj (R) Haroon Rashid)
Member


(Himayat Ullah Khan)
Vice Chairman


(Brig (R) Tariq Sadozai)
Chairman




15.07.16

LARAIB ENERGY LIMITED
REIMBURSEMENT OF 7.5% WITHHOLDING TAX ON DIVIDEND

Sr No.	CPR No	Payment Date	Dividend Amount agst. Which Tax is being Withheld	Withholding Tax @ 7.5%	Equivalent (USD)*
			<i>Rs</i>	<i>Rs</i>	<i>USD</i>
1	IT-20160226-2123-1215082/1	26-Feb-2016	287,119,648	21,533,974	206,264
2	IT-20160226-2123-1215081/1	26-Feb-2016	904,015,437	67,801,158	649,436
3	IT-20160226-2123-1215080/1	26-Feb-2016	15,009,574	1,125,718	10,783
Grand Total			1,206,144,659	90,460,849	866,483

*NBP TT & OD Selling Rate of USD on 26th February 2016 was 104.4

WORKING FOR MAXIMUM PASS THROUGH TAX ON DIVIDEND PAYMNET

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

Where

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

Withholding Tax

$$1,276,598 = [17\% * (53,749,702) + 5,858,254 + 2,025,601] * 7.5\%$$

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

Withholding Tax Entitled

	<i>Amount (USD \$)</i>
Withholding Tax Brought Forward	= 1,082,121
Withholding Tax Limit For 3rd Agreeemnt Year (23-Mar-2015 to 22-Mar-2016)	= 1,276,598
Total Withholding Tax Limit Entitled	= 2,358,719

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

	<i>USD</i>
Withholding tax entitled	= 2,358,719
less: Withholding tax claimed	= (866,483)
Balance Carried Forward	= 1,492,236

