



Registrar

National Electric Power Regulatory Authority

Islamic Republic of Pakistan

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No. NEPRA/R/DG(Trf)/TRF-70/NCPL-2007/ 16872-76

July 6, 2023

Subject: **Decision of the Authority in the Matter of Reimbursement of 7.5% Withholding Tax on Dividends for Nishat Chunian Power Ltd. (Case No. NEPRA/TRF-70/NCPL-2007)**

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 for the period 1st April 2023 to 31st March 2024 in respect of Nishat Chunian Power Ltd. in Case No. NEPRA/TRF-70/NCPL-2007.

2. The Decision is being intimated to the Federal Government for the purpose of notification in the official Gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 within 30 days from the intimation of this Decision. In the event the Federal Government fails to notify the subject tariff Decision or refer the matter to the Authority for reconsideration, within the time period specified in Section 31(7), then the Authority shall notify the same in the official Gazette pursuant to Section 31(7) of NEPRA Act.

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

Enclosure: As above

(Engr. Mazhar Iqbal Ranjha)

Secretary,
Ministry of Energy (Power Division),
Government of Pakistan
'A' Block, Pak Secretariat,
Islamabad.

Copy to: (alongwith copy of subject Decision):

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.
3. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad
4. Chief Executive Officer, Nishat Chunian Power Limited (NCPL), 31-Q, Gulberg-II, Lahore [Ph: 042 - 35761730]



DECISION OF THE AUTHORITY IN THE MATTER OF REIMBURSEMENT OF 7.5% WITHHOLDING TAX ON DIVIDENDS FOR NISHAT CHUNIAN POWER LIMITED

1. Pursuant to the decision of the Authority dated 31st December 2010 in the matter of adjustment at Commercial Operation Date in the case of Nishat Chunian Power Limited (NCPL) and decision of the Authority dated April 2, 2021 in the matter of application filed by CPPA-G for adjustment of ROE & ROEDC components pursuant to signing of the master agreement with NCPL, withholding tax on dividend is a pass through item and the power purchaser shall make payment on account of withholding tax at the time of actual payment of dividend as hourly payment spread over a period of 12 months. In accordance with the decision referred above, the Authority approved following component for withholding tax on dividend for immediate application:

Period	7.5% Withholding tax on Dividend Rs./kW/Hour
1 st April 2023 to 31 st March 2024	0.1383

2. The Authority has considered that request of NCPL, for reimbursement of withholding tax on dividend @15% for some of their shareholders being not in the active taxpayer list. In the opinion of the Authority, the higher tax rate could be avoidable by becoming part of active tax payer list and the failure is on the part of shareholders of NCPL. Therefore, there is no justification to allow WHT on dividends @15% instead of normal rate. Accordingly, the same is being allowed @7.5%.
3. The schedule attached as Annex-I is to be notified in the official gazette in accordance with the provisions of Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.
4. CPPA (G) to ensure that all payments are consistent with the tariff determination.

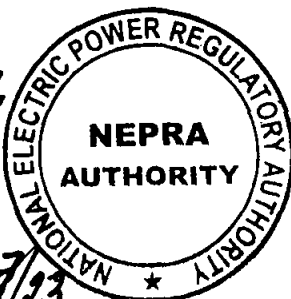
AUTHORITY

Mathar Niaz Rana (nsc)
Member

Engr. Maqsood Anwar Khan
Member

Engr. Rafique Ahmed Shaikh
Member

Amina Ahmed
Member



Tauseef H. Farooqi
Chairman

Annex-I

NISHAT CHUNIAN POWER LIMITED
REIMBURSEMENT OF 7.5% WITHHOLDING TAX ON DIVIDENDS

Tax Challan #	Payment Date	Dividend Amount agst. which Tax is Being Withheld	Withholding Tax Amount Requested		Withholding Tax Amount Allowed	
		(Rs)	Tax Rate	(Rs)	Tax Rate	(Rs)
IT-20220920-0101-1858289	20-Sep-22	670,878,640	7.50%	50,315,898	7.50%	50,315,898
IT-20220920-0101-1858280		2,411,891,611	7.50%	180,891,871	7.50%	180,891,871
		80,376,239	15.00%	12,056,436	7.50%	6,028,218
		3,163,146,490		243,264,207		237,235,987

Calculation of Hourly Rate:

Withholding tax on dividend	Rs.	237,235,987
Capacity	kW	195,722
Hours in a year	No.	8,760
Tariff component of withholding tax on dividend (1st April 2023 to 31st March, 2024)	Rs./kW/Hour	0.1383

Carry Forward of Unclaimed Dividend Tax As per Applicable Tariff:

Balance Carried Forward for 9 th Agreement Year*	Rs	48,554,189
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(As per decision No. NEPRA/TRF-70/NCPL-2007/26358-26360 dated 5 Dec 2019)

Maximum Limit for 10 th Agreement Year (21 st July 2019 to 20 th July 2020)	102,475,287
Maximum Limit for 11 th Agreement Year (21 st July 2020 to 20 th July 2021)	102,968,471
Maximum Limit for 12 th Agreement Year (21 st July 2021 to 20 th July 2022)	110,067,696
Balance Carried Forward	315,511,454

Less claimed during 12 th Agreement Year	(237,235,987)
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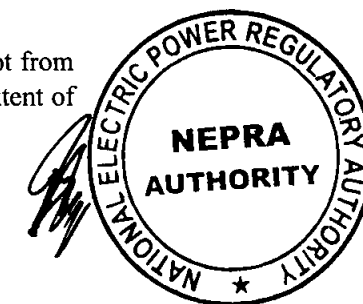
Less un-claimable due to exemption of withholding tax on dividend**	(38,274,218)
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Balance Carried Forward	40,001,250
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* instead of USD, the limit has been calculated and fixed in PKR. The calculation is attached as Annex-II.

**Out of 367,346,939 paid-up shares, 51,032,290 shares at the time of payment of final Dividend 2022 @Rs. 10/share were exempt from withholding tax on dividends. Accordingly the carry forward of unclaimed withholding tax on dividends has been reduced to the extent of dividends paid to them.

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**NISHAT CHUNIAN POWER LIMITED
CARRY FORWARD LIMIT CALCULATION**

2018-19 Agreement Year 9						Maximum Limit 7.5%	
	Jul 21-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	1-20 July, 2019	Rs.	USD
ROE			0.5779	0.5845	0.6834		
ROEDC			0.1103	0.1116	0.1305		
KW			195,722	195,722	195,722		
Hrs in QTR			2,030	2,184	480		
Total Remaining Limit			273,373,371	297,552,712	76,463,105	48,554,189	340,869



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