



Registrar

# National Electric Power Regulatory Authority Islamic Republic of Pakistan

NEPRA Tower, Attaturk Avenue (East), G-5/1, Islamabad

Ph: +92-51-9206500, Fax: +92-51-2600026

Web: www.nepa.org.pk, E-mail: registrar@nepa.org.pk

No. NEPRA/R/ADG(Trf)/TRF-71/NPL-2007/1934-1936

February 9, 2022

Subject: **Decision of the Authority in the matter of Reimbursement of 7.5% withholding Tax on Dividends for Nishat Power Ltd. (Case No. NEPRA/TRF-71/NPL-2007)**

Dear Sir,

Please find enclosed herewith the subject decision of the Authority along with schedule (Annex-I) (02 pages) in the matter of reimbursement of 7.5% withholding Tax on Dividends for the period December 1, 2021 to November 30, 2022 for Nishat Power Ltd. in Case No. NEPRA/TRF-71/NPL-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

( Iftikhar Ali Khan )

Secretary  
Ministry of Energy (Power Division)  
'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  
7.5% WITHHOLDING TAX ON DIVIDENDS FOR NISHAT POWER LIMITED**

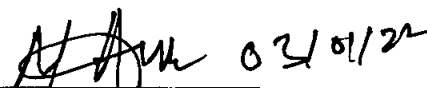
1. Pursuant to the decision of the Authority dated March 22, 2011 in the matter of motion for leave for review against the decision of the Authority dated October 15, 2010 at Commercial Operation Date in the case of Nishat Power Limited (NPL), withholding tax on dividend is a pass through item and the 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)
December 1, 2021 to November 30, 2022	0.0200

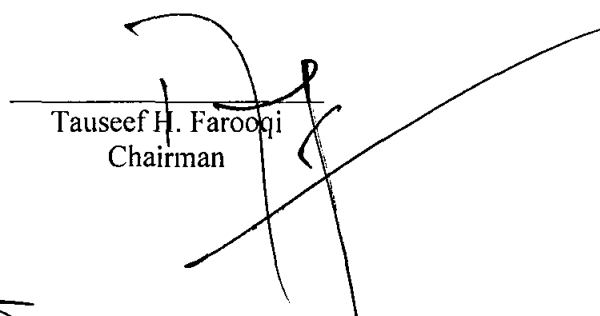
2. The Authority has considered the request of NPL, for reimbursement of withholding tax on dividends @15% for some of their shareholders being not in the active taxpayer list. In the opinion of the Authority, the higher tax rate could be avoided by becoming part of active tax payer list and the failure is on the part of shareholders of NPL. 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(s).

**AUTHORITY**

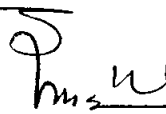
  
Rehmatullah Baloch  
Member

  
Engr. Maqsood Anwar Khan  
Member

  
Engr. Rafique Ahmed Shaikh  
Member

  
Tauseef H. Farooqi  
Chairman



  
Ms. H  
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**NISHAT POWER LIMITED**  
**REIMBURSEMENT OF 7.5% WITHHOLDING TAX ON DIVIDENDS**

Tax Challan #	Payment Date	Dividend Amount agst. which Tax is Being Withheld (Rs.)	Withholding Tax Amount Requested			Withholding Tax Amount Allowed		
			Tax Rate	(Rs)	Equivalent (USD)*	Tax Rate	(Rs)	Equivalent (USD)*
IT-20211117-0101-1281372	17-Nov-21	443,809,148	7.5%	33,285,877	189,771	7.5%	33,285,877	189,771
IT-20211117-0101-1281018	17-Nov-21	11,894,449	15%	1,784,448	10,174	7.5%	892,224	5,087
<b>Total</b>		<b>455,703,597</b>		<b>35,070,325</b>	<b>199,945</b>		<b>34,178,101</b>	<b>194,858</b>

\*NBP TT & OD Selling Rate of USD on November 17, 2021 was 175.40/-

**Calculation of Hourly Rate:**

Withholding tax on dividend	Rs.	34,178,101
Capacity	kW	195,305
Hours in a year (365 X 24)	No.	8,760
Tariff component of withholding tax on dividend (December 1, 2021 to November 30, 2022)	Rs./kW/Hour	0.0200

**Carry Forward of Unclaimed Dividend Tax:**

Balance brought forward from 11 <sup>th</sup> Agreement Year (No. NEPRA/R/ADG(Trf)/TRF-71/NPL-2007/1366-1368 dated January 12, 2021)	USD	1,055,118
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**Add:**

Maximum Pass Through on Dividend Tax for 12 <sup>th</sup> Agreement Year (June 9, 2021 to June 8, 2022) (15% × \$45,888,884 + \$1,198,011) × 7.5%	606,101
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**Less:**

Claimable during 12 <sup>th</sup> Agreement Year (Final Dividend June 30, 2021)	(194,858)
Unclaimable due to exemption of withholding tax on dividends**	(32,253)

**Balance Carried Forward**

**1,434,107**

\*\*Out of 354.088 million paid-up shares, 50.286 million shares of Individuals, Banking and Non Banking Financial Institutions are 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.

