



Registrar

National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/R/DG(Trf)/TRF-71/NPL-2007/ 16938-42

July 6, 2023

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) & (Annex-II) (total 03 pages) in the matter of reimbursement of 7.5% withholding Tax on Dividends for the period April 1, 2023 to March 31, 2024 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

(Engr. Mazhar Iqbal Ranjha)

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

CC:

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 Power Ltd., 1-B Aziz Avenue, Canal Bank, Gulberg-V, Lahore



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) 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 the signing of master agreement with 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)
April 1, 2023 to March 31, 2024	0.0297

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).

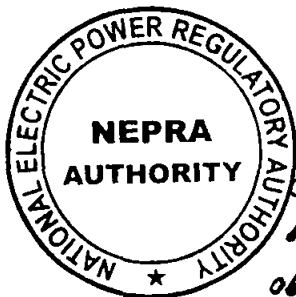
AUTHORITY

Mathar Niaz Rana (nsc)
Member

Engr. Maqsood Anwar Khan
Member

Engr. Rafique Ahmed Shaikh
Member

Amina Ahmed
Member



06/07/23

Tauseef H. Farooqi
Chairman

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)	Tax Rate	(Rs)
IT-20230317-0101-1917852	March 17, 2023	660,726,097	7.5%	49,554,684	7.5%	49,554,684
IT-20230317-0101-1910256	March 17, 2023	17,001,048	15%	2,550,225	7.5%	1,275,113
Total		677,727,145		52,104,909		50,829,797

Calculation of Hourly Rate:

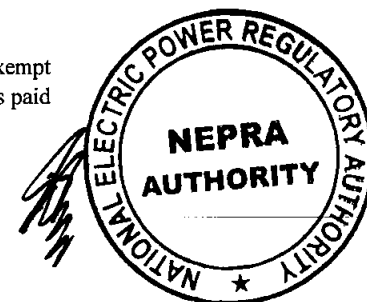
Withholding tax on dividend	Rs.	50,829,797
Capacity	kW	195,305
Hours in a year (365 x 24)	No.	8,760
Withholding tax on dividend (April 1, 2023 to March 31, 2024)	Rs./kW/Hour	0.0297

Carry Forward of Unclaimed Dividend Tax As per Applicable Tariff:

Balance brought forward from 12 th Agreement Year	Rs	140,136,742
(No. NEPRA/R/ADG(Trf/Trf-71/NPL-2007/23440-23442 dated December 12, 2022))*		
Maximum Pass Through on Dividend Tax for 13 th Agreement Year (June 9, 2022 to June 8, 2023)		101,735,257
Total Available Limit		241,871,999
Less:		
Claim during 13 th Agreement Year (1 st Interim Dividend @ 20% Sep 30, 2022) (Already Approved)		(48,768,948)
Unclaimable due to exemption of withholding tax on dividends (Already Approved)		(4,344,558)
Claim during 13 th Agreement Year (2 nd Interim Dividend @ 20% for half year ended Dec 31, 2022)		(50,829,797)
Unclaimable due to exemption of withholding tax on dividends**		(2,283,740)
Balance Carried Forward		135,644,956

* instead of USD, the limit has been calculated and fixed in PKR. The calculation is attached as Annex-II.

**Out of 354.088 million paid-up shares, 15.225 million shares for end-Dec 2022 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.



NISHAT POWER LIMITED
UNCLAIMED LIMIT CALCULATION

2020-21 Agreement Year 11						Maximum Limit	
	Jun 9, 2020	Jul-Sep	Oct-Dec	Jan-Mar 2021	April-Jun 8, 2021	Rs.	USD
ROE				0.6470	0.6180		
ROEDC				0.1126	0.1076		
KW				195,305	195,305		
Hrs in QTR				1,711	1,656	3,367	
	-	-	-	253,827,209	234,677,238	36,637,834	232,922
2021-22 Agreement Year 12						Maximum Limit	
	Jun 9, 2021	Jul-Sep	Oct-Dec	Jan-Mar 2022	April-Jun 8, 2022	Rs.	USD
ROE	0.6180	0.6369	0.6878	0.7160	0.7371		
ROEDC	0.1076	0.1108	0.1197	0.1246	0.1283		
KW	195,305	195,305	195,305	195,305	195,305		
Hrs in QTR	528	2,208	2,208	2,160	1,656	8,760	
	74,824,627	322,433,243	348,221,003	354,614,507	279,892,064	103,498,908	606,101
Total Remaining Limit						140,136,742	839,023

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