



Registrar

National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/ADG(Trf)/TRF-71/NPL-2007/ 15264-68

October 02, 2024

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

Dear Sir,

Please find enclosed herewith the subject decision of the Authority along with **Annex-I** (total 02 pages) in the matter of reimbursement of 7.5% withholding Tax on Dividends **for the period from October 01, 2024 to September 30, 2025** for Nishat Power Limited 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 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.

Enclosure: As above


(Wasim Anwar Bhinder)

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

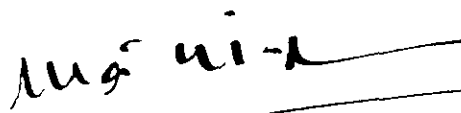
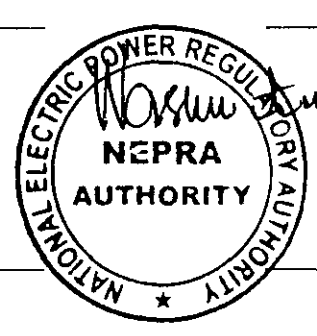
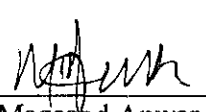

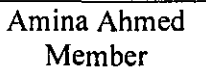

CC:

5. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
6. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad.
7. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad
8. Chief Executive Officer, Nishat Power Limited, 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.
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 withholding tax on dividends @ 15% instead of normal rate. Accordingly, the same is being allowed @ 7.5%.
3. The Authority in its collective and joint wisdom considering all aspects decided with consensus as under; which will be hereafter called as decision of the Authority in the matter:-
“Based on information and documentary evidence(s) provided by NPL, the Authority hereby allow NPL to claim Rs. 0.0673/kW/h from Central Power Purchasing Agency Limited (CPPA-G) i.e. Power Purchaser for the period from October 1, 2024 to September 30, 2025 as a pass-through on the basis of Rs. 115,109,577/- paid as 7.5% withholding tax on dividends.”
4. The above decision of the Authority along with revised schedule attached as **Annex-I** are 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.
5. 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 |
|  _____ Waseem Mukhtar 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-20240315-0101-1546671 | March 15, 2024 | 841,480,335 | 7.5% | 63,111,712 | 7.5% | 63,111,025 |
| IT-20240315-0101-1546669 | March 15, 2024 | 13,679,471 | 15% | 2,052,346 | 7.5% | 1,025,960 |
| IT-20240523-0101-1679568 | May 23, 2024 | 674,229,917 | 7.5% | 50,567,491 | 7.5% | 50,567,244 |
| IT-20240523-0101-1679544 | May 23, 2024 | 5,404,642 | 15% | 810,775 | 7.5% | 405,348 |
| Total | | 1,534,794,365 | | 116,542,324 | | 115,109,577 |

Calculation of Hourly Rate:

| | | |
|---|-------------|-------------|
| Withholding tax on dividend | Rs. | 115,109,577 |
| Capacity | kW | 195,305 |
| Hours in a year (365 x 24) | No. | 8,760 |
| Tariff component of withholding tax on dividend (October 1, 2024 to September 30, 2025) | Rs./kW/Hour | 0.0673 |

Rs**Carry Forward of Unclaimed Dividend Tax As per Applicable Tariff:**

| | |
|---|--------------------|
| Balance brought forward from 13 th Agreement Year | 55,475,086 |
| (No. NEPRA/R/ADG(Trf/TRF-71/NPL-2007/1885-89 dated February 12, 2024) | |
| Maximum pass through on dividend tax for 14 th Agreement Year (June 9, 2023 to June 8, 2024) | 101,138,186 |
| Total Available Limit | 156,613,272 |

Less:

| | |
|---|-------------------|
| Claim during 14 th Agreement Year (Interim Dividend @ 25% December 31, 2023) | (64,136,985) |
| Unclaimable due to exemption of withholding tax on dividends* | (2,254,626) |
| Claim during 14 th Agreement Year (Interim Dividend @ 20% March 31, 2024) | (50,972,592) |
| Unclaimable due to exemption of withholding tax on dividends* | (2,140,684) |
| Balance Carried Forward | 37,108,384 |

*Out of 354,088,000 million paid-up shares, 12,024,674 million shares for end-December 2023 and 14,271,224 million shares for end-March 2024 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.

