



Registrar

National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/R/SA(Tariff)/TRF-124 /OPCL-2009/10688-10690

April 15, 2020

Subject: **Decision of the Authority in the Matter of Reimbursement of 7.5% Withholding Tax on Dividends for Orient Power Company (Pvt.) Ltd. (Case No. NEPRA/TRF-124/OPCL-2009(2))**

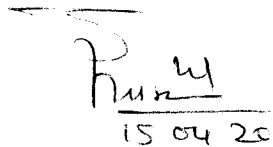
Dear Sir,

Please find enclosed herewith the decision of the Authority along with Annex-I (02 pages) regarding reimbursement of 7.5% withholding tax on dividends for the period 1st April 2020 to 31st March 2021 in respect of Orient Power Company (Pvt.) Ltd. in Case No. NEPRA/TRF-124/OPCL-2009(2).

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 (7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.

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

Enclosure: As above


15 04 20

(Syed Safeer Hussain)

Secretary,
Ministry of Energy (Power Division),
Government of Pakistan
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 ORIENT POWER COMPANY (PRIVATE) LIMITED.


1. Pursuant to the decision of the Authority dated 12th January 2012 notified vide S.R.O No 295(I)/2012 dated 19th March 2012 in the matter of Motion for Leave for Review against the decision of the Authority at Commercial Operation Date (COD) in the case of Orient Power Company Private Limited (OPCL), 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:

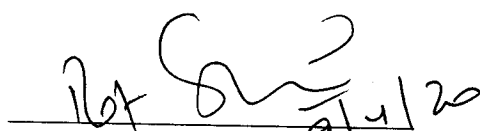
Period	7.5% Withholding tax on Dividend Rs./kW/Hour
1 st April 2020 to 31 st March 2021	0.0335


2. The Authority has considered the request of OPCL for reimbursement of withholding tax on dividends @10% for one of its shareholder 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 shareholder of OPCL. Therefore, there is no justification to allow WHT on dividends @10% instead of normal rate and 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 tariff determination.

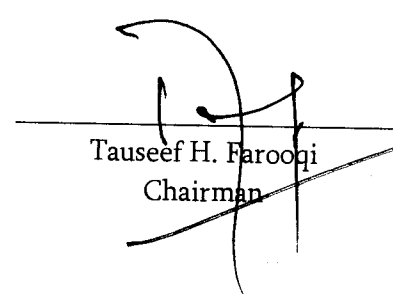
AUTHORITY

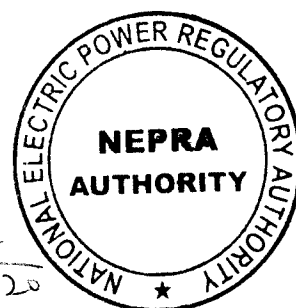

Saif Ullah Chattha
Member 8.4.2020


Rehmatullah Baloch
Member 28/4/2020


Rafique Ahmed Shaikh
Member 9/4/20


Engr. Bahadur Shah
Vice Chairman


Tauseef H. Farooqi
Chairman



ORIENT POWER PRIVATE 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		
			Tax Rate	Rs.	Equivalent USD*	Tax Rate	Rs.	Equivalent USD*
IT-20191220-0101-1351780	20-Dec-19	174,671,940	7.50%	13,100,396	84,328	7.50%	13,100,396	84,328
IT-20191220-0101-1351753	20-Dec-19	45,200,000	7.50%	3,390,000	21,822	7.50%	3,390,000	21,822
IT-20191220-0101-1351752	20-Dec-19	190,008,002	7.50%	14,250,600	91,732	7.50%	14,250,600	91,732
IT-20191226-0101-140744	26-Dec-19	356,551,588	10.00%	35,655,159	229,515	7.50%	26,741,369	172,136
IT-20200224-0101-1340399	24-Feb-20	66,646,142	7.50%	4,998,461	32,311	7.50%	4,998,461	32,311
Total		833,077,672		71,394,615	459,708		62,480,825	402,329

*NBP TT & OD Selling Rate of USD as on 20th & 26th December 2019 and 24th Feb 2020 was Rs. 155.35/USD and Rs. 154.7/USD

Calculation of Hourly Rate:

Withholding tax on dividend	Rs.	62,480,825
Capacity	kW	212,700
Hours in a year	No.	8,760
Tariff component of withholding tax on dividend (1st April 2020 to 31st March, 2021)	Rs./kW/Hour	0.0335

Carry Forward of Unclaimed Dividend Tax:

Balance brought forward from 9th Agreement year	USD	
As per decision No NEPRA/TRF-124 /OPCL-2009/17845-17847 dated Sep 27, 2019		4,842,156
Add: Limit for the 10th Agreement Year (24th May, 2019 to 23rd May, 2020)		826,031
[15% x \$61,165,000 + \$1,839,000] x 7.5%		

Maximum Limit Available:

Maximum Limit Available:	5,668,187
Less: Claimed during 10th Agreement Year	(402,329)
Balance Carried Forward	5,265,858

