



National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/TRF-125/SECL-2009/501-503
January 11, 2017

Subject: **Decision of the Authority in the Matter of Reimbursement of 7.5% Withholding Tax on Dividends for Sapphire Electric Company Ltd. (Case No. NEPRA/TRF-125/SECL-2009)**

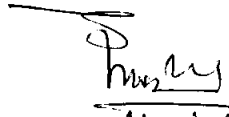
Dear Sir,

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 from 1st January 2017 to 31st December 2017 in respect of Sapphire Electric Company Ltd. in Case No. NEPRA/TRF-125/SECL-2009.

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 (4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997) and Rule 16(11) of the National Electric Power Regulatory Authority Tariff (Standards and Procedure) Rules, 1998.

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

Enclosure: As above


11.01.17
(Syed Safeer Hussain)

Secretary,
Ministry of Water & Power,
Government of Pakistan
Islamabad.

CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad.
2. Secretary, Ministry of Finance, Islamabad.



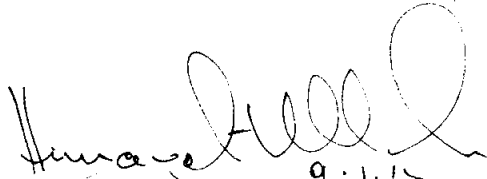
DECISION OF THE AUTHORITY IN THE MATTER OF REIMBURSEMENT OF 7.5% WITHHOLDING TAX ON DIVIDENDS FOR SAPPHIRE ELECTRIC COMPANY LIMITED

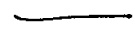
Pursuant to the order of the Authority dated 23rd November 2012 in the matter of Motion for Leave for Review filed against the decision of the Authority at Commercial Operation Date (COD) in the case of Sapphire Electric Company Limited (SECL), withholding tax on dividend is a pass through item and the 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:

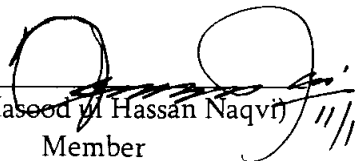
Period	7.5% Withholding tax on Dividend Rs./kW/Hour
1 st January 2017 to 31 st December 2017	0.0488

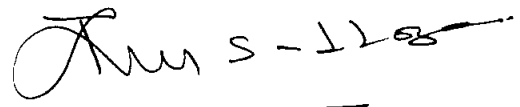
The schedule attached as Annex-I is to be notified in the official gazette in accordance with the provisions of Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.

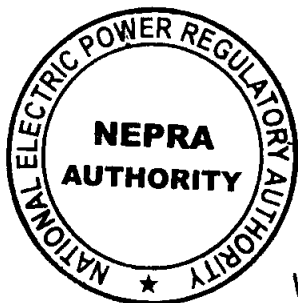
AUTHORITY

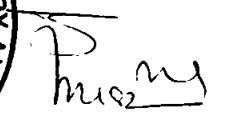

(Himayat Ullah Khan)
Vice Chairman


(Maj (R) Haroon Rashid)
Member


(Syed Masood ul Hassan Naqvi)
Member


(Brig (R) Tariq Saddozai)
Chairman




11.01.17

SAPPHIRE ELECTRIC COMPANY LIMITED
REIMBURSEMENT OF 7.5% WITHHODING TAX ON DIVIDENDS

Tax Challan #	Payment Date	Dividend Amount agst. which Tax is Being Withheld	Tax Amount	
			Rs.	Equivalent USD*
IT-20161216-0465-1145655	16th Dec 16	754,111,206	56,558,340	540,711
IT-20161216-0465-1145659	16th Dec 16	26,988,840	2,024,165	19,351
IT-20161214-0465-1101281	14th Dec 16	253,626,831	19,022,012	181,855
IT-20161222-0465-1191531	22nd Dec 16	173,733,390	13,030,005	124,570
Total		1,208,460,267	90,634,522	866,487

*NBP TT & OD Selling Rates of USD as on 16th, 14th and 22nd December 2016 were Rs. 104.6, Rs. 104.6 and Rs. 104.6

Calculation of Hourly Rate:

Withholding Tax on dividend	Rs.	90,634,522
Capacity	kW	212,107
Hours in a year (365 X 24)	No.	8,760
Tariff Component of withholding tax on dividend (1st January 2017 to 31st December 2017)	Rs/kW/Hour	0.0488

Reimbursement Period of 12 Months

Carry Forward of Unclaimed Dividend Tax:

Balance brought forward	USD
	1,908,324

NEPRA/TRF-125/SECL-2009/268-270 dated January 08, 2016

Maximum Limit Available:

6th Agreement Year (5-10-2015 to 4-10-2016)	840,060
[15% x \$58,904,007+\$2,365,206] x 7.5%	

Less claimed:

6th Agreement Year (5-10-2015 to 4-10-2016)	(866,487)
Less un-claimable due to exemption of withholding tax on dividends*	(45,604)
Balance Carried Forward	<u>1,836,293</u>

*Out of 424.021 million paid-up Shares, 21.201 million shares of Meezan Bank Limited are exempt from withholding tax on dividend. Accordingly the carry forward of unclaimed withholding tax on dividend has been reduced to the extent of dividends paid to Meezan Bank Limited.

