



**Registrar**

# **National Electric Power Regulatory Authority**

## **Islamic Republic of Pakistan**

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No. NEPRA/TRF-125/SECL-2009/75-77

January 1, 2018

**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)**

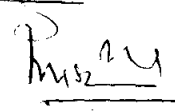
Dear Sir,

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 1<sup>st</sup> January 2018 to 31<sup>st</sup> December 2018 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

  
21 01 18  
( Syed Safer Hussain )

Secretary,  
Ministry of Energy,  
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.



**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 23<sup>rd</sup> 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 <sup>st</sup> January 2018 to 31 <sup>st</sup> December 2018	0.0488

The schedule attached as Annex-1 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  
Member

Syed Masood-ul-Hassan Naqvi  
Member

  
Saif Ullah Chattha  
Vice Chairman  
29.12.2017  
Brig (R) Tariq Saddozai  
Chairman

Mus 24  
21/01/18

**SAPPHIRE ELECTRIC COMPANY LIMITED**  
**REIMBURSEMENT OF 7.5% WITHHOLDING TAX ON DIVIDENDS**

Tax Challan #	Payment Date	Dividend Amount agst. which Tax is Being Withheld	Tax Amount	
			Rs.	Equivalent USD*
IT-20171130-0465-1293712	30th Nov 17	26,988,840	2,024,163	19,168
IT-20171130-0465-1293711	30th Nov 17	754,111,206	56,558,340	535,590
IT-20171124-1569-1242077	24th Nov 17	253,626,831	19,022,012	180,133
IT-20171213-0465-1097106	13th Dec 17	173,733,390	13,030,005	118,562
IT-20171213-0465-1097166	13th Dec 17	600	46	0.4186
<b>Total</b>		<b>1,208,460,867</b>	<b>90,634,567</b>	<b>853,454</b>

\*NBP TT & OD Selling Rates of USD as on 24th and 30th November 2017 and 13th December 2017 were Rs. 105.6 and Rs. 109.9

**Calculation of Hourly Rate:**

Withholding Tax on dividend	Rs.	90,634,567
Capacity	kW	212,107
Hours in a year (365 X 24)	No.	8,760
Tariff Component of withholding tax on dividend (1st January 2018 to 31st December 2018)	Rs/kW/Hour	0.0488

Reimbursement Period of 12 Months

**Carry Forward of Unclaimed Dividend Tax:**

Balance brought forward	USD	1,836,293
NEPRA/TRF-125/SECL-2009/501-503 dated January 11, 2017		

**Maximum Limit Available:**

7th Agreement Year (5-10-2016 to 4-10-2017)	840,060
(15% x \$58,904,007 + \$2,369,206) x 7.5%	<u>2,676,353</u>

**Less claimed:**

7th Agreement Year (5-10-2016 to 4-10-2017)	(853,454)
Less un-claimable due to exemption of withholding tax on dividends*	<u>(45,173)</u>
<b>Balance Carried Forward</b>	<b><u>1,777,727</u></b>

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

