



Registrar

National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/TRF-125/SECL-2009/10248-10250
April 9, 2020

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 January 2020 to December 31, 2020 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

Secretary,
Ministry of Energy,
Government of Pakistan
'A' Block, Pak Secretariat
Islamabad.


(Syed Safeer Hussain)

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 November 23, 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
January 2020 to December 31, 2020	0.0243

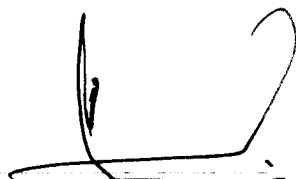
- The Authority has considered the request of SECL for reimbursement of withholding tax on dividends @15% for some of their shareholders being not in the active taxpayer list. In the opinion of the Authority, the higher tax rate could be avoided by becoming part of active tax payer list and the failure is on the part of shareholders of SECL. Therefore, there is no justification to allow WHT on dividends @15% instead of normal rate and accordingly, the same is being allowed @ 7.5%.
- 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.
- CPPA (G) to ensure that all payments are consistent with the tariff determination(s).


AUTHORITY

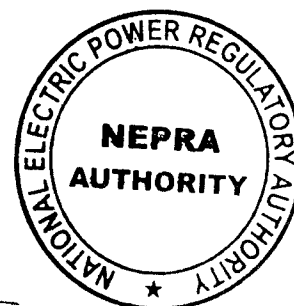

(Saif Ullah Chattha) 6.4.2020
Member


(Rehmatullah Baloch) 26/4/2020
Member


(Engr. Rafique Ahmed Shaikh)
Member


(Engr. Bahadur Shah)
Member


(Fauseef H. Farooqi)
Chairman



1
Fauseef H. Farooqi
09/04/20

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

Tax Challan #	Payment Date	Dividend Amount agst. which Tax is Being Withheld	WHT Tax Requested			WHT Tax Allowed		
			Tax Rate	Rs.	Equivalent USD*	Tax Rate	Rs.	Equivalent USD*
IT-20191219-0465-1323412	19-Dec-19	13,494,420	7.50%	1,012,092	6,515	7.50%	1,012,092	6,515
IT-20191219-0465-1323408	19-Dec-19	377,055,603	7.50%	28,279,170	182,035	7.50%	28,279,170	182,035
IT-20191219-0465-1323416	19-Dec-19	86,866,695	7.50%	6,515,002	41,938	7.50%	6,515,002	41,938
IT-20191219-0465-1323410	19-Dec-19	300	15.00%	46	0.30	7.50%	23	0.14
IT-20191220-0465-1347675	20-Dec-19	126,813,416	15.00%	19,022,012	122,446	7.50%	9,511,006	61,223
Total		604,230,434		54,828,322	352,934		45,317,293	291,711

*NBP TT & OD Selling Rate of USD as on 19th & 20th December 2019 was Rs. 155.35/-.

Calculation of Hourly Rate:

Withholding Tax on dividend	Rs.	45,317,293
Capacity	kW	212,107
Hours in a year (366 x 24)	No.	8,784
Tariff Component of withholding tax on dividend (January 1, 2020 to December 31, 2020)	Rs/kW/Hour	0.0243
Reimbursement Period of 12 Months		

Carry Forward of Unclaimed Dividend Tax:

Balance Brought Forward	USD	USD
		1,777,727

(NEPRA/REG-125/SEC.-2009/75-77 dated January 1, 2018)

Maximum Limit Available:

8th Agreement Year (Oct 5, 2017 to Oct 4, 2018)	840,060	
9th Agreement Year (Oct 5, 2018 to Oct 4, 2019)	840,060	1,680,121
15% x \$58,904,007 - \$2,365,206 x 7.5%		3,457,848

Less claimed:

9th Agreement Year (Oct 5, 2018 to Oct 4, 2019)		(291,711)
Less un-claimable due to exemption of withholding tax on dividends*		(15,353)
Balance Carried Forward		3,150,784

* 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.

