



Registrar

# National Electric Power Regulatory Authority

## Islamic Republic of Pakistan

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No. NEPRA/R/SA(Tariff)/TRF-125/SECL-2009/20117-20119

August 6, 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 July 2020 to June 30, 2021 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 (7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997.
3. The schedule attached as Annex-I is to be notified in the official Gazette.

Enclosure: As above

 6/8/20  
( Iftikhar Ali Khan )

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.

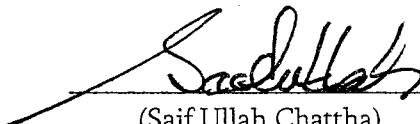
**DECISION OF THE AUTHORITY IN THE MATTER OF REIMBURSEMENT OF 7.5% WITHHOLDING  
TAX ON DIVIDENDS FOR SAPPHIRE ELECTRIC COMPANY LIMITED**


1. 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:

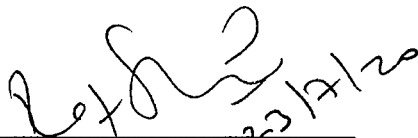
Period	7.5% Withholding tax on Dividend Rs./kW/Hour
July 2020 to June 30, 2021	0.0244

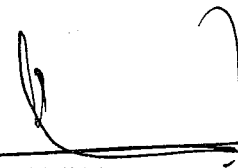
2. The Authority has considered the request of SECL for reimbursement of withholding tax on dividends @15% for some of their shareholders being not in the active taxpayer list. In the opinion of the Authority, the higher tax rate could be avoided by becoming part of active tax payer list and the failure 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%.
3. 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.
4. CPPA (G) to ensure that all payments are consistent with the tariff determination(s).

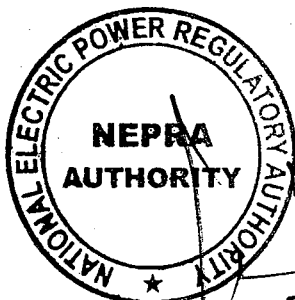
**AUTHORITY**

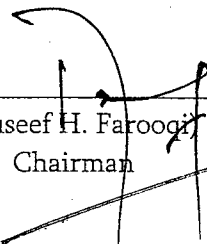
  
(Saif Ullah Chattha)  
Member 23.7.2020

  
(Rehmatullah Baloch)  
Member 3/24/7/2020

  
(Engr. Rafique Ahmed Shaikh)  
Member 23/7/20

  
(Engr. Bahadur Shah)  
Member



  
(Tauseef H. Farooqi)  
Chairman 6/8/20

**SAPPHIRE ELECTRIC COMPANY LIMITED**  
**REIMBURSEMENT OF 7.5% WITHHODING 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-20200330-0465-1378663	30-Mar-20	126,813,401	15.00%	19,022,012	114,246	7.50%	9,511,006	57,123
IT-20200402-0465-1008025	02-Apr-20	377,055,603	7.50%	28,279,170	169,336	7.50%	28,279,170	169,336.35
IT-20200402-0465-1008027	02-Apr-20	86,866,695	7.50%	6,515,002	39,011.99	7.50%	6,515,002	39,011.99
IT-20200402-0465-1008028	02-Apr-20	300	15.00%	46	0.28	7.50%	23	0.14
IT-20200402-0465-1008029	02-Apr-20	13,494,420	7.50%	1,012,092	6,060	7.50%	1,012,087	6,060
<b>Total</b>		<b>604,230,419</b>		<b>54,828,322</b>	<b>328,655</b>		<b>45,317,288</b>	<b>271,532</b>

\*NBP TT & OD Selling Rate of USD as on 30th March 2020 and 2nd April 2020 was Rs. 166.5/- & Rs. 167/-, respectively .

**Calculation of Hourly Rate:**

Withholding Tax on dividend	Rs.	45,317,288
Capacity	kW	212,107
Hours in a year (365 x 24)	No.	8,760
Tariff Component of withholding tax on dividend (July 1, 2020 to June 30, 2021)	Rs/kW/Hour	0.0244
Reimbursement Period of 12 Months		

**Carry Forward of Unclaimed Dividend Tax:**

Balance Brought Forward (NEPRA/TRF-125/SECL-2009/10248-10250 dated April 9, 2020)	USD	3,150,784
<b>Less claimed:</b>		
9th Agreement Year (Oct 5, 2018 to Oct 4, 2019) (Interim Dividend for Period Ended June 30, 2019)		(271,532)
Less un-claimable due to exemption of withholding tax on dividends*		(14,304)
<b>Balance Carried Forward</b>		<b>2,864,948</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.

