



Registrar

National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/ADG(Trf)/TRF-125/SECL-2009/ 10520-24

July 10, 2024

Subject: **Decision of the Authority in the matter of Reimbursement of 7.5% withholding Tax on dividends for Sapphire Electric Company Limited**

Dear Sir,

Please find enclosed herewith the Decision of the Authority along with **Annex-I & II** (total 03 pages) regarding reimbursement of 7.5% withholding tax on dividends for the period from **July 01, 2024 to June 30, 2025** 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 in the official Gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 within 30 days from the intimation of this Decision. In the event the Federal Government fails to notify the subject tariff Decision within the time period specified in Section 31(7), then the Authority shall notify the same in the official Gazette pursuant to Section 31(7) of NEPRA Act.

Enclosure: **As above**

(Engr. Mazhar Iqbal Ranjha)

Secretary,
Ministry of Energy (Power Division),
'A' Block, Pak Secretariat,
Islamabad

Copy to:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad
3. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad
4. Chief Executive Officer, Sapphire Electric Company Ltd., 7-A/K, Main Boulevard, Gulberg-II, Lahore 042-111000100



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 Decision 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.
2. The Authority in its collective and joint wisdom considering all aspects decided with consensus as under; which will be hereafter called as decision of the Authority in the matter:

"Based on information and documentary evidence(s) provided by SECL, the Authority hereby allow SECL to claim Rs. 0.0488/kW/h from Central Power Purchasing Agency Limited i.e. Power Purchaser for the period from July 1, 2024 to June 30, 2025 as a pass-through on the basis of Rs. 90,638,007/- paid as 7.5% withholding tax on dividends."

3. The schedule attached as **Annex-I & Annex-II** 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 the tariff determination(s).

AUTHORITY

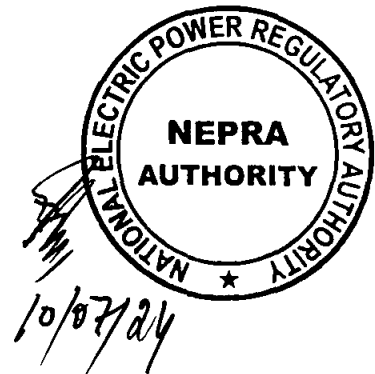
Mathar Niaz Rana (nsc)
Member

Engr. Maqsood Anwar Khan
Member

Engr. Rafique Ahmed Shaikh
Member

Amina Ahmed
Member

Waseem Mukhtar
Chairman



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

Tax Challan #	Payment Date	Dividend Amount against which Tax is being Withheld (PKR)	WhT Requested		WhT Allowed	
			Rate	Rs.	Rate	Rs.
IT-20221108-0101-1317963	November 8, 2022	954,879,036	7.50%	71,615,997	7.50%	71,615,997
IT-20230912-0101-1477262	September 12, 2023	253,626,801	7.50%	19,022,010	7.50%	19,022,010
Total		1,208,505,837		90,638,007		90,638,007

Calculation of Hourly Rate:

Withholding Tax on dividend	Rs.	90,638,007
Capacity	kW	212,107
Hours in a year (365 x 24)	Hours	8,760
Tariff Component of withholding tax on dividend (July 1, 2024 to June 30, 2025)	Rs./kW/Hours	0.0488

Carry Forward of Unclaimed Dividend Tax As Per Applicable Tariff:

Balance Brought Forward from 11 th Agreement Year (Oct 5, 2020 to Oct 4, 2021)* (As per decision No. NEPRA/R/ADG(Trf)/TRF-125/SECL-2009/3790-3792 dated March 10, 2022)	Rs.	551,059,504
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Add: Limit for the 12 th Agreement Year (Oct 5, 2021 to Oct 4, 2022)	Rs.	146,781,043
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Maximum Limit Available		697,840,548
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Less: Claimed during 12 th Agreement Year (Oct 5, 2021 to Oct 4, 2022)		(90,638,007)
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Less: Interim Cash Dividend @30% for the Period Ended June 30, 2022)		
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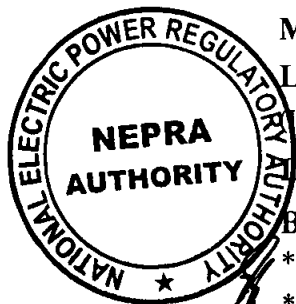
Less: Un-claimable due to exemption of withholding tax on dividends**		(4,766,865)
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Balance Carried Forward		602,435,676
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* Instead of USD, the limit has been calculated and fixed in PKR. The calculation is attached as Annex-II.

** 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.

*** Based on data declared by Sapphire Electric Company Limited.



**SAPPHIRE ELECTRIC COMPANY LIMITED
UNCLAIMED LIMIT CALCULATION**

7 th Agreement Year (2016-17)						Maximum Limit	
Description	5 Oct-Dec 2016	Jan-Mar 2017	Apr-Jun 2017	Jul-Sep 2017	1-4 Oct 2017	PKR	USD
ROE	0.4982	0.4984	0.4987	0.4994	0.5015	65,249,267	622,046
ROEDC	0.1333	0.1334	0.1335	0.1337	0.1342		
KW	212,107	212,107	212,107	212,107	212,107		
Hrs in QTR	-	1,998	2,184	2,208	96		
Ex Rate	104.75	104.80	104.85	105.00	105.45		
Revenue PKR	-	267,683,382	292,861,395	296,501,151	12,944,296		
Revenue USD	-	2,554,231	2,793,146	2,823,820	122,753		
8 th Agreement Year (2017-18)						Maximum Limit	
Description	5 Oct-Dec 2017	Jan-Mar 2018	Apr-Jun 2018	Jul-Sep 2018	1-4 Oct 2018	PKR	USD
ROE	0.5015	0.5255	0.5488	0.5783	0.5912	95,314,943	840,060
ROEDC	0.1342	0.1407	0.1469	0.1548	0.1582		
KW	212,107	212,107	212,107	212,107	212,107		
Hrs in QTR	2,112	2,160	2,184	2,208	96		
Ex Rate	105.45	110.50	115.40	121.60	124.30		
Revenue PKR	284,774,519	305,220,276	322,277,242	343,334,377	15,259,487		
Revenue USD	2,700,564	2,762,174	2,792,697	2,823,473	122,763		
9 th Agreement Year (2018-19)						Maximum Limit	
Description	5 Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	Jul-Sep 2019	1-4 Oct 2019	PKR	USD
ROE	0.5912	0.6615	0.6691	0.7823	0.7452	119,738,788	840,060
ROEDC	0.1582	0.1771	0.1791	0.2094	0.1995		
KW	212,107	212,107	212,107	212,107	212,107		
Hrs in QTR	2,112	2,160	2,184	2,208	96		
Ex Rate	124.30	139.10	140.70	164.50	156.70		
Revenue PKR	335,708,706	384,205,529	392,921,600	464,445,098	19,236,238		
Revenue USD	2,700,794	2,762,081	2,792,620	2,823,374	122,758		
10 th Agreement Year (2019-20)						Maximum Limit	
Description	5 Oct-Dec 2019	Jan-Mar 2020	Apr-Jun 2020	Jul-Sep 2020	1-4 Oct 2020	PKR	USD
ROE	0.7452	0.7388	0.7930	0.8025	0.7914	136,472,108	840,060
ROEDC	0.1995	0.1978	0.2123	0.2148	0.2118		
KW	212,107	212,107	212,107	212,107	212,107		
Hrs in QTR	2,112	2,184	2,184	2,208	96		
Ex Rate	156.70	155.35	166.75	168.75	166.40		
Revenue PKR	423,197,244	433,872,165	465,696,869	476,434,404	20,427,431		
Revenue USD	2,700,684	2,792,869	2,792,785	2,823,315	122,761		
11 th Agreement Year (2020-21)						Maximum Limit	
Description	5 Oct-Dec 2020	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	1-4 Oct 2021	PKR	USD
ROE	0.7914	0.7647	0.7305	0.7529	0.8130	134,284,399	840,060
ROEDC	0.2118	0.2047	0.1955	0.2015	0.2176		
KW	212,107	212,107	212,107	212,107	212,107		
Hrs in QTR	2,112	2,160	2,184	2,208	96		
Ex Rate	166.40	160.80	153.60	158.30	170.95		
Revenue PKR	449,403,488	444,131,696	428,961,803	446,976,305	20,985,358		
Revenue USD	2,700,742	2,762,013	2,792,720	2,823,603	122,757		
Total Remaining Limit						551,059,504	3,982,284

