

Power tariff to go up by another 24 per cent

By Khaleeq Kiani

ISLAMABAD, Jan 22: After completion of a three-phased hike this year, the electricity tariff is likely to go up by another 24 per cent during the next financial year, putting a cumulative additional burden of more than 75 per cent in average power costs over two years.

An official told *Dawn* on Friday that the Asian Development Bank (ADB) had estimated that the tariff would need to be increased by 24 per cent during 2010-11 even if the government did not implement any of the proposed rental power projects (RPPs).

The official, who had attended recent meetings in which the ADB made presentations on the impact of RPPs, said the bank estimates suggested that the power tariff could go up by another eight per cent if the government decided to implement eight cheaper RPPs.

The total tariff increase required for 2010-11 in that case will be about 32 per cent and

the figure will rise to 45 per cent if all the RPPs are allowed to start operations with full reliance on furnace oil.

The ADB's Country Director, Rune Stroem, submitted a third-party audit report on rental power projects to Finance Minister Shaukat Tarin on Friday.

Mr Tarin said he would present the report to the prime minister who had decided to request the audit. The minister declined to comment about the findings. The report was expected to be presented to the cabinet on Jan 27 for a final decision about the future of RPPs, an official said.

PETITIONS: The distribution companies of the Pakistan Electric Power Company (Pepco) have submitted petitions to the National Electric Power Regulatory Authority (Nepra) seeking tariff increases of five to 15 per cent for all consumer categories on the basis of their financial results for Oct-Dec 2009. Nepra will soon hold public hearings on the petitions.

The official said the government had made a commitment to the International Monetary Fund, ADB and the World Bank to increase power tariff by 24 per cent in three phases during the current financial year. The government had made about six per cent hike in the tariff on Oct 1 and 12 per cent on Jan 1, but the multiplier impact of the two phases had gone beyond 20 per cent, he said.

If the impact of general sales tax and 58 paise per unit tariff increase through automatic fuel adjustment formula was included, the total monthly electricity bills increase work out to about 50 per cent since October, he said.

The government announced another six per cent increase in base tariff from April 1.

The official said that lenders were urging the government to go for "shock therapy" to turn the power companies into viable commercial entities. It was possible only through tariff increases, forcing consumers to save energy.

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Tax refunds upto Rs50,000 to be credited to bank accounts

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KARACHI: In order to speed up tax refund process, the Federal Board of Revenue (FBR) has decided to credit tax

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Tax refunds upto Rs50,000

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refund amount up to Rs50,000 directly to the taxpayers' bank accounts without electronic refund claims.

Sources told Business Recorder on Friday that the decision was taken at a meeting convened by FBR Chairman Sohail Ahmad at Regional Tax Office (RTO), Karachi, recently.

They said the board has already issued some 33,000 refund cheques upto Rs50,000 directly to the accounts of the taxpayers and now the exercise is going to be extended to facilitate registered persons at maximum.

They said the FBR chief has agreed to amend the policy of filing refund applications, which was mandatory for tax refunds, to accommodate the refunds upto Rs50,000.

This was suggested by the representatives of Income Tax Bar Association (ITBA) at a meeting, to accelerate the process of issuing refund cheques upto Rs50,000 directly to the taxpayers, they added.

The sources said the refund amount will now be credited in respect of those taxpayers whose bank accounts were in those banks, which were on the panel of FBR, whereas rest of the taxpayers will receive refund vouchers through courier, mentioning their bank account numbers.

They said the board has also directed all tax offices to obtain minimum required documents for monitoring of taxpayers, as maximum data is available on e-port of the FBR.

Moreover, they said the provisions regarding the revival of time-barred were available in the law but it was not properly being exercised, hence sales tax refunds got time-barred mostly because of switching of old system of taxation to composite IR system and urged the authorities concerned to take a similar decision to overcome the problem.

They informed that RTO Karachi has already set up special counters to receive sales tax and federal excise refund claims of all registered persons for prompt processing.

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