

ORDINANCE NO. VI OF 2014

AN

ORDINANCE

*to levy and collection of the gas infrastructure development cess*

WHEREAS it is expedient to provide for the validation imposition, levy and collection of infrastructure development cess on natural gas and for matters connected therewith;

AND WHEREAS the National Assembly and the Senate are not in session and the President is satisfied that circumstances exist which render it necessary to take immediate action;

NOW, THEREFORE, in exercise of the powers conferred by clause (1) of Article 89 of the Constitution of the Islamic Republic of Pakistan, the President is pleased to make and promulgate the following Ordinance:—

1. **Short, extent title and commencement.**— (1) This Ordinance may be called the Gas Infrastructure Development Cess Ordinance, 2014.

(2) It extends to the whole of Pakistan.

(3) It shall come into force at once.

2. **Definitions.**— In this Ordinance, unless there is anything repugnant in the subject or context:—

(a) “cess” means the gas infrastructure development cess levied chargeable from gas consumers, other than the domestic sector consumers, of the company over and above the sale price and payable under section 3;

(b) “company” means a company specified in the First Schedule;

(c) “natural gas” means hydrocarbons or mixture of hydrocarbons and other gases which at sixty degrees Fahrenheit and atmospheric pressure are in the gaseous state (including gas from gas wells, gas produced with crude oil and residue gas and products resulting from the processing of gas) consisting primarily of methane, together with any other substance produced with such hydrocarbons;

(d) “prescribed” means prescribed by the rules; and

(e) “rules” means rules made under this Ordinance.

(f) "sale price" means the price notified under section 8 of Oil and Gas Regulatory Ordinance 2002 at which a licensee for natural gas is authorised under that Ordinance and licence to sell natural gas to any category of retail consumer for natural gas as well as the price charged by gas company under third party direct sale arrangement where price is not notified by Oil and Gas Regulatory Authority.

(g) "schedule" means a schedule in this Ordinance.

3. **Levy of cess.**— (1) The cess shall be levied and charged by the Federal Government from gas consumers, other than the domestic sector consumers, or the company at the rates as provided in Second Schedule to this Ordinance. The gas company shall be responsible for billing of cess to gas consumers, its collection from gas consumers and its onward payment to Federal Government in the manner as prescribed by the Federal Government.

(2) The company shall collect and pay cess at the rates specified in the Second Schedule and in such manner as the Federal Government may prescribe by notification in official Gazette:

Provided that the Federal Government may decide to levy any rate of cess on any category of gas consumers subject to maximum rate provided in the Second Schedule.

(3) A mark up at the rate of four percent above three months KIBOR prescribed by the Federal Government shall be payable by the gas consumer or the company on any amount due under sub-section (1), if the said amount is not paid by the said gas consumer or by the said company respectively within the prescribed time, mark up payable by the gas company or any mark up payable by gas consumer to the gas company shall be deposited in such manner as the Federal Government may prescribe.

4. **Utilization of cess.**— (1) The cess shall be utilized by the Federal Government for or in connection with infrastructure development of Iran Pakistan Pipeline Project, Turkmenistan Afghanistan Pakistan India (TAPI) Pipeline Project, LNG or other Projects or for price equalization of other imported alternative fuels including LPG or for such other purposes connected therewith as determined by the Federal Government.

(2) An annual report in respect of the utilization of the cess shall be laid before the both houses of Parliament after three months of the end of the each fiscal year.

5. **Allowance to be made for cess for purposes of income tax.**— The cess paid by a company shall be an expenditure for which allowance is to be made under the Income Tax Ordinance, 2001 (XLIX of 2001) in computing the profits or gains of that company.

6. **Power to make rules.**— (1) The Federal Government may, by notification in the official Gazette, make rules for carrying out the purposes of this Ordinance.



(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for,—

- (a) the manner and time of payment of cess;
- (b) the manner of collection and recovery of arrears of cess; and
- (c) any other matter, not inconsistent with the provisions of this Ordinance, for which provision is, in the opinion of the Federal Government, necessary for carrying out the purposes of this Ordinance.

7. **Power to amend the First Schedule.**— The Federal Government may, by notification in the official Gazette, make such amendments in the First Schedule as it deems fit.

8. **Validation of the cess collected.**— (1) Notwithstanding any omission or anything to the contrary contained in the Gas Infrastructure Development Cess Act, 2011 (XXI of 2011) or the rules made thereunder, or anything to the contrary contained in any decree, judgment or order of any Court, the cess levied, charged, collected or realized by the company from gas consumers under the aforesaid Act shall be deemed to have been validly levied, charged, collected or realized under the provisions of this Ordinance.

(2) Where any cess referred to in sub-section (1) has not been paid or realized before the coming into force of this Ordinance or if so paid or realized, has been refunded to or adjusted against other fees or taxes or charges payable by the gas consumers or the company, the same shall be recoverable in accordance with the provisions of this Ordinance.

9. **Removal of difficulties.**— If any difficulty arises in giving effect to the provision of this Ordinance, the President may make such order, not inconsistent with the provision of this Ordinance to remove the difficulty.

10. The Gas Infrastructure Development Cess Act, 2011 (XXI of 2011), is hereby repealed.

#### THE FIRST SCHEDULE

[See section 2(b)]

- 1. Sui Northern Gas Pipelines Limited.
- 2. Sui Southern Gas Company Limited.
- 3. Mari Petroleum Company Limited (formerly Mari Gas Company Limited);
- 4. Pakistan Petroleum Limited;
- 5. Tullow Pakistan Development Limited,
- 6. Oil and Gas Development Company Limited, and
- 7. Any other company engaged in Sale of gas to any category of gas consumers as notified in official gazette”.

## THE SECOND SCHEDULE

[See section 3]

S. No.	Sector	Maximum Rate of Cess (Rs/MMBTU)
(1)	(2)	(3)
1.	Fertilizer - Feed Stock	300
2.	Compressed Natural Gas (CNG)	300
3.	Industrial including Fertilizer Fuel Stock	150
4.	Captive Power	200
5.	WADPA / KESC / GENCOs	100
6.	Independent Power Plants (IPPs)	100
7.	Commercial including Ice Factories	—
8.	Cement	—
9.	Liberty Power Plant	—
10.	Domestic	—

### STATEMENT OF OBJECTS AND REASONS

WHEREAS it was expedient to promulgate an Ordinance with the Name of “Gas Infrastructure Development Cess – 2014” for imposition of Cess to meet the Gas demand – supply gap and generate funds for a number of Gas import projects and other outstanding amounts payable and sums due to Government of Pakistan and for matters ancillary related thereto.

2- President of Pakistan, in exercise of the powers conferred by clause (1) of Article 89 of the Constitution of Islamic Republic of Pakistan, has been pleased to make and promulgate the “Gas Infrastructure Development Cess – 2014”. The Ordinance has been published in the Gazette of Pakistan on 25<sup>th</sup> September, 2014 vide No.F.2(1)/2014-Pub.

3- Federal Government, in exercise of powers conferred by clause (2)(a)(ii) of Article 89 of the Constitution of Islamic Republic of Pakistan, has laid the said Ordinance titled “Gas Infrastructure Development Cess – 2014” to perform the functions assigned to it as provided in the Ordinance.

4- It is further certified that the bill is not a Money Bill.

**SHAHID KHAQAN ABBASI**

Minister for Petroleum

& Natural Resources.

*Member-in-charge*