

NATIONAL ASSEMBLY SECRETARIAT

REPORT OF THE STANDING COMMITTEE ON PETROLEUM AND NATURAL RESOURCES ON THE GAS INFRASTRUCTURE DEVELOPMENT CESS BILL, 2014, (ORDINANCE NO.VI OF 2014)

I, Chairman of the Standing Committee on Petroleum and Natural Resources, have the honour to present this Report on the Bill to levy and collection of the gas infrastructure development cess [The Gas Infrastructure Development Cess Bill, 2014] (Ordinance No.VI of 2014), referred to the Standing Committee on 29th October, 2014.

2. The Committee comprises the following members: -

01.	Ch. Bilal Ahmed Virk	Chairman
02.	Dr. Tariq Fazal Chaudhary	Member
03.	Malik Ihteban Khan	Member
04.	Mr. Muhammad Afzal Khokhar	Member
05.	Rana Afzaal Hussain	Member
06.	Justice (Retd.) Iftikhar Ahmad Cheema	Member
07.	Syed Muhammad Saqlain Bukhari	Member
08.	Mian Tariq Mehmood	Member
09.	Rana Muhammad Ishaq Khan	Member
10.	Mr. Rasheed Ahmad Khan	Member
11.	Chaudhry Khalid Javaid Warraich	Member
12.	Sardar Ali Gohar Khan Mahar	Member
13.	Mr. Nawab Ali Wassan	Member
14.	Mr. Roshan Din Junejo	Member
15.	Mr. Shehryar Afridi	Member
16.	Mr. Nasir Khan Khattak	Member
17.	Mr. Abdul Waseem	Member
18.	Mr. Sajid Ahmed	Member
19.	Mr. Akram Khan Durrani	Member
20.	Mr. Pir Bux Junejo	Member
21.	Mr. Shahid Khaqan Abbasi,	Ex-officio Member
	<i>Minister for Petroleum and Natural Resources</i>	

3. The Committee in its meeting held on 24th February, 2015, considered the above-mentioned Bill and recommended that the Bill (Annex-A) as introduced in the National Assembly may be passed.

Sd/-

(**CH. BILAL AHMED VIRK**)

Chairman

Standing Committee on Petroleum and
Natural Resources

Sd/-

(**MOHAMMAD RIAZ**)

Secretary

Islamabad, the 12th May, 2015

[AS REPORTED BY THE STANDING COMMITTEE]

A

BILL

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;

It is hereby enacted as follows:-

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

(2) It extends to the whole of Pakistan.

(3) It shall come into force at once.

2. **Definitions.**— In this Act, 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;

(e) “rules” means rules made under this Act;

(f) “sale price” means the price notified under section 8 of the Oil and Gas Regulatory Authority Ordinance, 2002 (XVII of 2002) at which a licensee for natural gas is authorized under said Ordinance and license 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; and

(g) “Schedule” means a Schedule to this Act.

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 the Second Schedule to this Act. 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:

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 Act.

(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 Act, for which provision is, in the opinion of the Federal Government, necessary for carrying out the purposes of this Act.

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 Act.

(2) Where any cess referred to in sub-section (1) has not been paid or realized before the coming into force of this Act 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 Act.

9. **Removal of difficulty.**— If any difficulty arises in giving effect to the provisions of this Act, the President may make an order, not inconsistent with the provision of this Act, 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.
7. Any other company engaged in sale of gas to any category of gas consumers as may be notified in the 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.	WAPDA /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 enact a law with the Name of “Gas Infrastructure Development Cess – 2015” 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.

SHAHID KHAQAN ABBASI
Minister for Petroleum
& Natural Resources
Member-in-charge