

Government of Pakistan  
Finance Division  
(Budget Wing)

\*\*\*\*\*

No.F.2(53)NTR-2020-1154

Islamabad, August 27, 2020

OFFICE MEMORANDUM

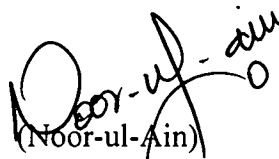
Subject: **M/S KHURSHID SOAP AND CHEMICAL INDUSTRIES (PVT) VS  
FEDERATION OF PAKISTAN THROUGH MINISTRY OF  
PETROLEUM AND NATURAL RESOURCES AND OTHERS**

The undersigned is directed to refer to the above mentioned subject and to state that the Honourable Supreme Court of Pakistan vide judgment dated 13-08-2020 in the subject has issued directions at para 42. In compliance thereof, necessary action may be taken as under:

<b>Para of Judgment</b>	<b>Text</b>	<b>Further Action to be taken by</b>
Para 42(i)	From the date of this judgment, we restrain the Federal Government from charging Cess which power of the Federal Government shall remain suspended until the Cess revenue collected and that which is accrued so far but not yet collected is expended on the projects listed in Section 4 of the GIDC Act.	Petroleum Division is required to formulate a spending plan with regard to each project separately so that availability of funds on part of Finance Division can be ensured. Especially, work on North South Pipeline has to be started within 6 months, estimated requirement of funds during the CFY 2020-21 needs to be shared with Finance Division.
Para 42(ii)	In the remaining period of the financial year 2020-21 while considering fixation of sale price of CNG, OGRA shall not take into consideration the element of Cess under GIDC Act, 2015 as one of the cost of sale of CNG.	OGRA/Petroleum Division.
Para 42(iii)	As all Industrial and Commercial Entities which consume gas for their business activities pass on the burden to their customer/client therefore all arrears of "Cess" that have become due upto 31-07-2020 and have not been recovered so far shall be recovered by the Companies responsible under the GIDC Act 2015 to recover from their consumers. Moreover,	As of 30.06.2019, an amount of Rs. 456 had accrued but not deposited. Now, the SC has directed to deposit the accrued amounts due upto 31.07.2020 in 24 equal installments. For current financial year 2020-21, the revenue impact will

	as a concession, the same be recovered in 24 equal monthly installments starting from 01-08-2020 without the component of late payment surcharge. The late payment surcharge shall only become payable for the delays that may occur in the payment of any of 24 installments.	be Rs. 206 billion. Collection of accrued amount is required to be ensured by Petroleum Division through companies mentioned in schedule 1 of GIDC Act, 2015. In the event of default or non-compliance of orders of the Honourable Supreme Court, the provisions of PFM Act, 2019 i.e. Chapter VIIIA can be invoked for recovery of accrued amounts.
Para 42(iv)	The Federal Government shall take all steps to commence work on the laying of the North-South Pipeline within six months and on TAPI pipeline as soon as its laying in Afghanistan reaches the stage where work of laying pipeline on Pakistani soil can conveniently start and on IP pipeline as soon as the sanctions on Iran are no more an impediments in its laying. In case no work is carried out on North-South pipeline within the prescribed time and for laying any of the two other major pipelines (IP & TAPI) though the political conditions become conducive, the purpose of levying Cess shall be deemed to have been frustrated and the GIDC Act 2015 would become permanently in operational and considered dead for all intents and purposes.	Spending plan and requirement of funds in respect of these projects to be shared by Petroleum Division in consultation with C.F Wing, Finance Division.

2. In view of the above, it is requested that a progress report on monthly basis be sent to this Division.

  
(Noor-ul-Ain)  
Section Officer (NTR)  
Phone: 9209243

The Secretary,  
Petroleum Division,  
ISLAMABAD.

Copy for information to:

1. Additional Finance Secretary (CF), Finance Division, Islamabad.
2. Webmaster, Finance Division, Islamabad.