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GSPL/COMM/2019
10th October, 2019

Ravindra Agrawal
Executive Director (Gas Business)

Ms. Vandana Sharma
Secretary,
Petroleum and Natural Gas Regulatory Board (PNGRB)
1st Floor, World Trade Centre
Babar Road
New Delhi- 110001

**Sub: Views on Public Consultation Document for the Tariff Review due to change in the
Income Tax rates**

Ref.: PNGRB's Public Consultation Document No. PNGRB/COM/2-NGPL Tariff (4)/2019
P-596 dated 26.09.2019

Respected Madam,

With reference to above, please find attached herewith GSPL's views at **Annexure-I** for your
kind perusal.

Thanking You,

Yours Sincerely

Ravindra Agrawal
Group ED (Gas Business)

Annexure-I

Views on Public Consultation Document for the Tariff Review due to change in the Income Tax rates

- Government of India (GoI) has amended Income-tax Act 1961 and the Finance (No. 2) Act 2019 by way of Taxation Laws (Amendment) Ordinance 2019 to promote growth and investment in the country. On account of reduction in Corporate tax rates, it is expected that the companies would be saving on tax outflow which would result in higher investments.
- Subsequent to promulgation of said Ordinance dated 20th September, 2019, GoI, had issued clarifications dated 02nd October, 2019 regarding applicability of the lower tax rates.
 - Accordingly, we believe that tax amendments are still evolving and there may be possibility of further clarifications as there are still some ambiguities regarding the exemptions available.
 - Hence, GSPL is of the view that tariff review on account of said amendment is too premature at this stage.
 - The Company is seeking / awaiting clarifications to get realistic idea about the actual implications on tax outflows.
- Further as per the Ordinance, option is available to an entity for opting lower income tax rate without exemptions. It may be noted that due to non-availability of various exemptions like 35AD, 80IA/IB, carry forward MAT credit etc., entities may not opt for lower income tax rate.
- Therefore, an effective tax rate of 25.17% or lower may not be applicable to all the entities.
- Hence, tariff review by the Hon'ble Board may not be done by universally applying income tax rate of 25.17% as proposed in PCD and the Hon'ble Board may consider to wait till the end of this Financial Year for further clarities in this regard.
