



पी एन जी आर बी / 261
PNGRB/
दिनांक 7/10/19
Dt.

2665/2019/0/0/Secy.

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Ref. No PIL/PNGRB/PCD

Date: 7th October, 2019

To
Secretary,
Petroleum and Natural Gas Regulatory Board,
1st Floor, World Trade Centre,
Babar Road, New Delhi – 110001.

Sub.: Public Consultation Document (PCD) regarding review of tariff under the provisions of Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008 for the Natural Gas Pipeline due to change in the Income Tax Rates.

Respected Madam,

This is in reference to PNGRB PCD dated 26th September 2019 seeking comments of stakeholders on the review of natural gas pipeline tariff due to the change in the Income Tax rates. PIL Observations, Issues and suggestion on different points of PCD are detailed below:

1. **General Observations:** In the Taxation Law (Amendment) Ordinance, 2019, Government has given an option to Domestic Company to pay income – tax rate of 22%, subject to condition that they will not avail any exemption/incentive as described in the ordinance. So, with this amendment, for domestic companies there will be two nominal rate of income tax rate i.e. 22% or 30%. Rate applicable for respective entity will be decided based on the option exercised by the entity.
2. **Point 2 Provisions of Tariff Regulations for Tariff Review:**
 - a. **Observations:** Any tariff review now done in terms of provision of sub-clause (9) of clause 9 of Schedule A shall also fall under the term “tariff review”.
 - b. **Issue:** It is expected that tariff review due to change in corporate tax rate have an impact of less than 10% but will results in gap of five years for next tariff review. This will impact the pipelines where tariff review is due in next 1-2 years by further delaying the other adjustments.
 - c. **Suggestions:**
 - i. Board may combine the adjustments of other parameters which are already occurred or expected to be occurred in near future, which as per regulations required to be adjusted, along with the adjustment of nominal tax rates.
 - ii. It is requested that, deliberate this aspect in the open house to bring clarity on the timing of next tariff review in regulations.

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