11th October 2019

Secretary,

Petroleum and Natural Gas Regulatory Board
First Floor, World Trade Centre,
Babar Road, New Delhi – 110001

Kind Attn: Ms. Vandana Sharma

Subject: Comments on Review of tariff under the provisions of the PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008, for Natural Gas Pipeline due to change in the Income Tax Rates.

We thank you for inviting stakeholder views and comments on the above-mentioned subject.

We support the PNGRB recommendation to change the nominal tax rate to 25.17%, for tariff workings consistent with the regulations and is clearly specified in Schedule A of Tariff notification. We request that such change be carried out on an urgent basis to ensure that the benefit of reduction in the Income Tax rate is transmitted to the end-consumers at the earliest.

We would also recommend that in the tariff review process, long distance pipelines and pipelines with high current/ potential volumes viz. HVJ-GREP-DVPL network, GSPL high pressure networks in Gujarat and East West pipeline may be considered on a priority by the Board to enable immediate benefit to a large section of consumers.

Yours sincerely,

[Signature]

Utpal Maru

Chief Commercial Officer
Ref. No PIL/PNGRB/PCD-Corporate Tax

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

Sub.: Open House regarding the Public Consultation Document (PCD) to review 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 PIL comments vide letter dated 7th October, 2019 and open house on 11th October, 2019 on the PCD pertaining to tariff review due to change in corporate tax. PIL would like to thank Board for giving us an opportunity to participate in the open house.

In this regard, as deliberated in the open house, PIL would like to submit that, Board may defer the tariff review exercise for 3-4 months in view of the following events of PIL which are likely to be completed shortly.

1. Exercising of option of Corporate Tax rate as proposed in recent amendment in Tax Laws.
2. Capacity determination and declaration by PNGRB for the years FY 2012-13 onwards.

PIL tariff review may be done along with the adjustments on account of above events pertaining to capacity determination.

Further, regarding the implication of tariff review under sub clause 9 of clause 9 of Schedule A of the tariff determination regulations, PIL would be grateful if the clarification as deliberated during the open house that, such tariff review would not impact the time lines of the normal tariff reviews, is also covered under the minutes of the meeting of subject open house.

Thanking you

Yours faithfully

For Pipeline Infrastructure Limited

[Signature]

Authorised Signatory

Date: 16th October, 2019
Dear Ma’am,

This has reference to the PNGRB Open House held on 11.10.2019 in respect of review of tariff under the PNGRB Natural Gas Pipeline Tariff Determination Regulations due to change in the Income Tax Rates notified by the Central Govt.

In respect of the above, GAIL would like to submit the following:

1. The new income tax rate of 22% (plus applicable surcharge, Cess etc.) has been provided by the Government under section 115BAA of the Income Tax Act 1961 as a special rate for domestic companies on meeting the prescribed conditions. Section 115BAA is covered under chapter XII of the Income Tax Act 1961 which is titled as ‘determination of tax in certain special cases’. The standard/general tax rate continues to be governed under section 4 of the Income Tax Act 1961 which is 30% (plus applicable surcharge, Cess etc.).

2. Availing the benefit of lower tax under section 115BAA of the Income Tax Act 1961 is optional for the domestic companies subject to the condition of foregoing certain benefits, incentives and exemptions as mentioned in the ordinance. GAIL is in the process of evaluating the effect of the proposed amendment and will conclude its position after getting clarity on the issues including availability of MAT Credit. In view of the above, consideration of the new income tax rate at this stage may be early and some more time would be required to conclude this matter.

Thanks & Regards,
Regulatory Affairs Group,
GAIL (India) Limited
Corporate Office, New Delhi

Disclaimer: This communication is confidential and privileged and is directed to and for the use of the addressee only. The recipient, if not the addressee, should not use or disseminate this message or any part of it or use this e-mail in any manner by anyone other than the addressee is unauthorized. The recipient acknowledges that GAIL (India) Limited may be unable to exercise control or ensure or guarantee the integrity of the text of this email message and the text is not warranted as to completeness and accuracy. Though GAIL (India) Limited has taken reasonable precautions to ensure no viruses are present in this e-mail, however, it cannot accept responsibility for any loss or damage arising from the use of this email or attachments.