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Warning to stop transaction of National

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The Inland Revenue Office has warned to stop transactions of National Hydropower Company Limited after the previous management did not submit Rs 40 million in tax deducted at source (TDS). The office writing a letter recently has warned the company about consequences if it fails to immediately clear the dues.

Chairman of the company Kumar Pandey said the office has corresponded after finding that the previous management deducted TDS from the fiscal year 2065/66 till 2067/68 but did not submit the amount. "1.5 percent has been deducted in TDS. But there is no account of where the money has gone," Pandey added. The company must pay TDS irrespective of what was done with the deducted money. He revealed that the office is putting pressure to make immediate payment even as the company has requested for an extension citing lack of adequate cash balance. He added that the company has also demanded reevaluation of tax.

The company has yet to repay the loan of Rs 200 million taken from Nabil Bank to construct 4.5 MW Lower Indrawati Hydropower Project. "Agreement has been signed with the bank to repay the loan within five years," he stated. The company has been earning Rs 180 million a year by selling electricity generated by 7.5 MW Upper Indrawati.

Pingjing Industries Group Company Limited of China had recently won a case in the court after claiming that it had yet to receive payment of Rs 6 million for the work done in Indrawati. Four court cases about financial transactions of National are still sub judice. The company has 13.80 million units of shares. There are no promoter shares.

Investment of Rs 650 million by National has been lost after the government revoked generation license for Lower Indrawati. The Energy Ministry, on instruction of the Commission for Investigation of Abuse of Authority (CIAA), had revoked the license in the name of Sunkoshi Hydropower Company, a subsidiary of National, in January, 2015 after it failed to complete the project even in a decade.

Nepal Bank and Rastriya Baniya Bank led by Nabil have made loan investment of Rs 300 million and National Rs 350 million in equity in the project. National has applied the ministry to revive the license.