

GOVERNMENT OF ASSAM  
OFFICE OF THE COMMISSIONER OF TAXES:: ASSAM::KAR BHAWAN  
GUWAHATI

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(Circular No. 1/2022)

Dated Dispur, the 11<sup>th</sup> Feb, 2022

**Sub: Calculation of Electricity Duty under Assam Electricity Duty (Amendment) Act, 2018.**

No.CV-1/2022/6: Various representations have been received seeking clarification as to how to arrive at the value of fixed charge for computing the aggregate value for determination of Electricity Duty under the Assam Electricity Duty Act (hereinafter called as AED Act), 1964 for captive power generated post notification No. LGL.64/2006/44 dtd 20<sup>th</sup> October 2018.

It is apposite to extract the relevant amended provisions as below (as amended *vide* Notification No.LGL.64/2006/44 dtd 20<sup>th</sup> October 2018):

*"Levy of electricity duty*

*3 (1) There shall be levied and paid to the State Government a duty, to be called "electricity duty", at five percentum of the aggregate value of energy charges and fixed charges, -*

*(a) xxxxxxxxx*

*(b) xxxxxxxxx*

*(c) xxxxxxxx....."*

The explanation added *vide* Notification No. LGL. 64/2006/54 dtd 4<sup>th</sup> Sept 2019 reads as under:

*"Explanation: - In case of electrical energy consumed by any person or any organization generating energy, the aggregate value of energy charges shall be determined at the rate per unit as may be notified by the Assam Power Distribution Company Limited (APDCL) or the Assam Electricity Regulatory Commission (AERC), as the case may be, from time to time, for similar category of consumers."*

The matter has been examined.

It is explicit from Section 3(1) (as amended) that electricity duty is payable @5% of the aggregate value, which has two components i.e. energy charge and fixed charge. Secondly it has also been made clear by the explanation that aggregate value of energy charges shall be based on the rate per unit as notified by APDCL or AERC for the purpose of computing the electricity duty.

So, from the above, it can be safely inferred that the cost of per unit of energy is to be calculated on the basis of the aggregate of the energy charges and fixed charges of APDCL during a particular month divided by the total units as consumed by the consumer from APDCL. The rate thus arrived at shall be the basis for computation of the rate per unit for calculation of electricity duty for own consumption.

The calculation methodology is being explained as under:

**For consumer using Generator for meeting part of their energy requirement**

Nearly all the consumers using generators also draw power from licensee like APDCL etc. The electricity bill issued by the licensee like APDCL consists of mainly two heads i.e.:

- a) **Energy Charge**: The total energy charge is the aggregate of energy charge at different unit rates for different time period like Normal, Peak, Nights etc.
- b) **Demand/Fixed Charge(KVA)**: The total fixed charge is the aggregate of all the charges under Demand/Fixed charge head.

**Steps for calculating the Electricity Duty:**

- 1) The consumer is required to add the above two amount to obtain the value of energy charges and fixed charges.
- 2) This value so derived is to be divided by the total units consumed (from the licensee) in the same period. This will give the applicable unit charge.



- 3) Now this applicable unit charge is to be multiplied by the number of units generated by a self-generating set to obtain the aggregate value of energy charges and fixed charges.
- 4) The applicable duty under the Assam Electricity Duty Act, 1964 will be 5 % of the value obtained in Step 3.
- 5) The duty for each distinct month needs to be calculated in this manner to obtain the applicable amount for that particular month.

The calculation is being further elucidated by the following example:

Energy Charge = x

Fixed Charge = y

Number of units consumed from the licensee = a

Number of units generated by the self-generating unit = b

**Step 1:** Value of energy charges and fixed charges

$$V = x + y$$

**Step 2:** Applicable Unit Charge,  $U = \frac{V}{a}$

**Step 3:** Aggregate value of energy charges and fixed charges

$$Z = U \times b$$

**Step 4:** Electricity Duty = 5% of Z

$$= \frac{5 \times Z}{100}$$

Taking an example from the bill issued by APDCL for the month of November, 2021:

**The bill is only to explain the method, some entry in the bill of tax payer may be different:**

SI No	Charge Breakup			
1	Details	Units	Rate	Amount
2	Energy Charge(Normal)	2500	6.5	16250
3	Energy Charge(Peak)	2000	8.5	17000
4	Energy Charge(Night)	1500	4.5	6750
5	Total Energy Charge			40000
6	Energy Charge Re-Estimated			0
7	Rooftop Solar Adjustment			0
8	Demand/Fixed Charge(KVA)	25	220	5500
9	Total= (5+8)			45500

Suppose the units generated by the generator in the month of November 2021, **b = 200 units.**

The electricity duty will be computed as under:

**Step 1:** Value of energy charges and fixed charges

$$V = 40000 + 5500$$

$$= 45500$$

**Step 2:** Applicable Unit Charge,  $U = \frac{V}{a}$

$$U = \frac{45500}{6000}$$

$$= \text{Rs } 7.58$$

**Step 3:** Aggregate value of energy charges and fixed charges

$$\begin{aligned} Z &= U \times b \\ &= 7.58 \times 200 \\ &= \text{Rs } 1516.67 \end{aligned}$$

**Step 4:** Electricity Duty = 5% of Z

$$\begin{aligned} &= \frac{5 \times 1516.67}{100} \\ &= \text{Rs } 75.83 \end{aligned}$$

Thus, in this example, the applicable electricity duty for the month of November, 2021 is Rs 76/- (rounded off).

This circular is clarificatory in nature and not meant for any interpretation of provisions of the Act and Rules.

Difficulties, if any, in implementation of the above may be brought to the notice of the Commissioner of Taxes at an early date.

*sd/-*


(Rakesh Agarwala, IAS)  
Commissioner of Taxes, Assam  
Dispur, Guwahati-6

Memo No.: No.CV-1/2022/6-A

Dated Dispur, the 11<sup>th</sup> Feb, 2022

Copy to:

- 1) The Under Secretary to the Government of Assam, Finance(Taxation) Department, Dispur, Guwahati-6 for favour of kind information.
- 2) Additional Commissioner of Taxes, Assam(All)/ Joint Commissioner of Taxes, Assam(All) for information.
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- 4) The Information Technology Officer, Office of the Commissioner of Taxes, Assam, Dispur, Guwahati-6 to upload in the website.
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Commissioner of Taxes, Assam  
Dispur, Guwahati-6