



**The Institute of
Chartered Accountants
of Pakistan**

**CA
PAKISTAN**

HEAD OFFICE

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ALL MEMBERS OF THE INSTITUTE

Dear Member

**Publication of Financial Reporting Guidance -
*Accounting of Gas Infrastructure Development Cess (GIDC)***

The Institute's Technical Services team has prepared guidance on the 'Accounting of Gas Infrastructure Development Cess (GIDC)' with the objective to facilitate members and preparers of financial statements in setting the accounting policy for the recognition and measurement of GIDC, in accordance with the International Financial Reporting Standards (IFRSs).

In terms of IFRS, GIDC is a 'legal obligation'. The recent events and developments (including the order/judgment of the Honorable Supreme Court of Pakistan) may have significant financial reporting implications on the recognition (or non-recognition), measurement and presentation of obligation for GIDC by 'Gas consumers' (companies/entities which are required to pay GIDC, under the GIDC Act, 2015). This accounting guidance in view of the latest developments, discusses key accounting considerations for gas consumer companies that mainly involve accounting of a 'liability' or a 'provision' (i.e. liability of uncertain timing or amount) for GIDC, in accordance with the IFRSs.

The guidance also separately discusses key accounting aspect of timing of recognition of liability by the 'Gas companies' (companies which under the GIDC Act, 2015 have been obligated to bill and collect GIDC from gas consumers, and pay it to the Federal Government).

The publication for ease of reference also provides extracts of relevant paragraphs of IFRSs that have been discussed in the guidance with regards to the accounting and financial reporting of GIDC. The publication in a separate section also outlines key significant timelines relating to enactment of GIDC law(s) and the judgments of the Supreme Court and High Courts.

You can also access the publication at <https://www.icap.net.pk/accounting-guidancetools>

We hope you find the publication helpful.

Yours truly

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Encls: As above

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