

Tax amnesty scheme announced

The govt. has announced the Assets Declaration Scheme-2019 to provide an opportunity to regularize both domestic and foreign assets/expenditures, including Benami assets/accounts. The scheme can be availed by all companies, associations of persons and individuals, applicable up to 30th Jun'19 with no extensions. Domestic and foreign assets will be legalized at 4%, foreign liquid assets repatriated into Pakistan at 4% and foreign liquid assets not repatriated into Pakistan at 6%. The new scheme has imposed a restriction that the declared cash amount will have to be deposited into a bank account prior to declaration. For declaration of real estate assets, the govt. has hiked the evaluation rate of property to the tune of 150% of the notified rate of FBR, but the effective rate of tax on property transaction would be standing at 2.25% under this amnesty scheme against the normal tax rate of 4%. Businessmen out of the sales tax net can legalize their undeclared sales tax on payment of 2% of the total calculated sales tax. *BR/ Dawn.*

Possession of Benami assets to result in seizure of bank accounts, assets and seven years jail term: Whiten black money by June 30

Adviser to PM on Finance Dr. Abdul Hafeez Shaikh has said that FBR is estimated to collect PKR 170Bn with the help of the latest tax amnesty scheme, and the govt. is expected to fetch PKR 300Bn into kitty with this scheme. Now possession of Benami income or assets entails seizure of bank accounts and assets and imprisonment of 7 years. *The News.*

Power to suspend sales tax registration centralized

FBR Chairman Shabbar Zaidi has asked tax officers to seek his prior approval before the suspension of sales tax registration of taxpayers. Once a sales tax registration is suspended, the taxpayer concerned is unable to claim credit of input tax. Currently, a tax officer can suspend sales tax registration of a tax defaulter with prior approval of an income tax commissioner as required under the sales tax act. However, the FBR did not consider making the chief commissioners accountable for any possible misuse of the power. Instead of making the chief commissioners responsible for any possible misuse of the power by a tax officer, Mr Zaidi has centralized the power of approval regarding suspension of sales tax registration of tax defaulters. The FBR chairman told a news conference that he took the decision to facilitate businessmen. He said more facilitation measures would be announced in the budget. He further directed the senior officers that there would be no raid on premises of any existing taxpayer without prior approval of IR (Operations) member and the FBR chairman himself. *Dawn.*

FBR struggles to net PKR 1.4Tn in May-June

FBR is facing a daunting challenge to net around PKR 1.4Tn in last two months of FY19 to attain annual revenue target, as the govt. relaxed recovery from defaulters, but new tax amnesty is likely to underpin the collection efforts. The FBR chairman has directed the field offices that there would be no raids on business premises without his prior approval. Most tax officers believe that revenue collection in such circumstances would not even reach the numbers achieved during last two months of FY18; FBR managed to collect PKR 919Bn during the period. *The News.*

Pakistan retains its place in MSCI EM Index

Morgan Stanley Capital International (MSCI) maintained Pakistan's status within the MSCI Emerging Market Index, (EM) dispelling the long held market concerns that the country could be downgraded to Frontier Market. All 3 constituents of Pakistan, namely HBL, OGDC and MCB Bank managed to retain their status. Although Pakistan has managed to stave off downgrade, its weight in the MSCI EM has diminished to just 0.03%, from 7-8 basis points since its inclusion in the EM in Jun'17. *Dawn.*

Tax professionals seek quarterly data for FBR to identify potential taxpayers

The govt. should make it mandatory for property and motor vehicle registration authorities to share data of transactions with FBR on quarterly basis to help it identify potential taxpayers. Tax experts have recommended that the condition should also be applied on housing societies, financial institutions, private and public clubs, CDC, National Clearing Company of Pakistan, private hospitals, hotels and schools. The data mining company should be allowed to collect the information and present potential taxpayers' profile to FBR's broadening of tax base (BTB) department to enable it to take appropriate action under the law. *The News.*

PKR 750-800Bn PSDP likely: Hafeez explains criticality of IMF bailout

Adviser to PM on Finance, Dr. Hafeez Shaikh, has said that the govt. is likely to allocate PKR 750-800Bn under PSDP in the upcoming budget for FY20 to be unveiled on 10th or 11th Jun'19. PSDP is currently PKR 550-600Bn. The govt. is almost doubling the budget of Benazir Income Support Program (BISP) and Ehsas program to PKR 180Bn. He said that the IMF program is in favor of Pakistan and the country has been going to the IMF again and again because it failed to increase exports, foreign investment and revenue mobilization. He said that if electricity prices go up, it would not affect users consuming less than 300 units/month as the govt. has allocated PKR 216Bn in the budget protecting 75% of consumers. *BR.*

10-day drive to clear KCR track of encroachments starts today

Commissioner Karqachi, Iftikhar Shallwani, has directed relevant authorities to carry out an anti-encroachment operation on both sides of the Karachi Circular Railways' (KCR) track within a 50-foot limit. Shallwani has also made the assurance to have it all cleared within 10 days and then submitting a report to Supreme Court. 4.5km out of 7.5km has already been cleared of all encroachments. *The News.*

Around \$ 10Mn spent over international litigation under PTI govt

Attorney General for Pakistan (AGP) Anwar Mansoor has advised the federal govt. to form a commission to fix responsibility for the Bns of PKR in penalties the country faces on account of various international arbitration cases it has lost, mainly due to verdicts by Pakistan's judiciary. He recommended that his office be consulted when investment treaties and contracts are negotiated so that any potential dispute or risk factors can be acted on in a timely manner. He informed the cabinet that Pakistan is nationally involved in 3 kinds of international disputes, namely contractual/commercial, treaty-based and disputes involving national security. He said that Pakistan has spent as much as \$ 100Mn on legal fees due to international litigation, around \$ 10Mn under the current govt. He added that Pakistan is already facing \$ 1.07Bn in financial liabilities: \$ 900Mn in the Karkey case, \$ 145Mn in 9 IPP cases and \$ 21Mn in the Broadsheet case. In the Reko Diq case, the Tethyan Copper Company is claiming \$ 11Bn in damages and it is expected that the award will be announced soon. *Tribune.*

Pakistan ranked 3rd best in hydel power growth

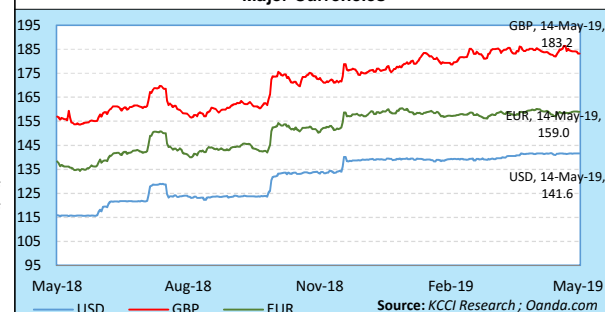
Pakistan has been ranked 3rd in the world among top 20 countries for newly installed hydropower capacity in 2018. The country was placed at 3rd position by the UK-based renowned organization — International Hydropower Association (IHA) — in its recently issued report titled "2019: Hydropower Status Report — Sector Trends and Insights". Pakistan registered an increase of 36% in its total hydel generation capacity in just one year, as prior to this, Wapda could only manage to take its hydel generation to 6,902 MW in 59 years of its inception. *Dawn.*

Economic Indicators

| List of Indicators | Date / Period | Unit | Value | Change Daily |
|---------------------|---------------|--------|---------|--------------|
| USD-Interbank | 14-May | PKR | 141.40 | 0.00% |
| USD-Open MKT | 14-May | PKR | 143.50 | -0.31% |
| KSE-100 index | 14-May | Pts. | 33,885 | -0.05% |
| FIPI | 14-May | \$ Mn | -2.17 | NM** |
| Crude (AP'19) | 14-May | \$/bbl | 61.35 | 0.82% |
| Gold (MA'19) | 14-May | \$/oz | 1,297.6 | -0.23% |
| Gold (10g) Local | 14-May | PKR | 60,614 | 2.17% |
| Silver (MA'19) | 14-May | \$/oz | 14.74 | 0.18% |
| Cotton(KHI)-40 kg | 14-May | PKR | 9,270 | -0.58% |
| Kibor-6M | 14-May | % | 11.76 | 0.23% |
| Forex Reserves | 3-May FY19 | \$ Bn | 15.97 | 1.46% YoY |
| Remittances | Jul-Apr 19 | \$ Bn | 17.88 | 8.46% |
| Exports* | Jul-Mar 19 | \$ Bn | 17.08 | 0.11% |
| Imports* | Jul-Mar 19 | \$ Bn | 40.76 | -7.96% |
| Trade Balance* | Jul-Mar 19 | \$ Bn | -23.67 | 13.03% |
| Current Account | Jul-Mar 19 | \$ Bn | -9.59 | 20.29% |
| Foreign Direct Inv. | Jul-Mar 19 | \$ Bn | 1.27 | -39.17% |
| LSM Growth* | Jul-Feb 19 | % | -1.72 | |
| Avg. CPI | Jul-Apr 19 | % | 7.00 | |
| Discount Rate | Apr-19 | % | 10.75 | |

Sources: KCCI Research, PMEX, NCCPL, KSE, SBP, PBS*
** Not Meaningful on week;

Major Currencies



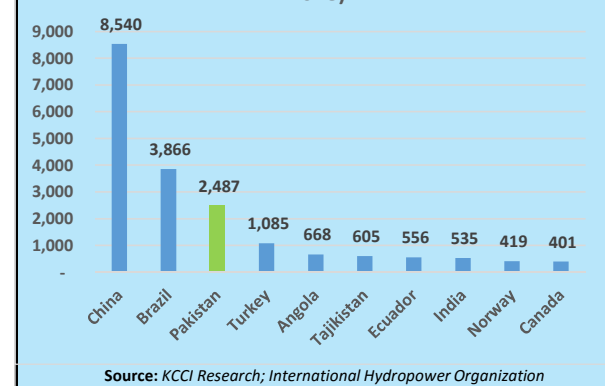
Quote of the Day

"Leadership is the capacity to translate vision into reality."

Warren Bennis

Chart of the Day

Newly installed Hydropower Capacities (MW) - 2018



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