

PKR 7Tn 'tough' budget

The govt. has presented its first annual budget with a record outlay of PKR 7,036Bn for FY20, which is 30% higher than budget FY19. The proposed budget carries the highest-ever deficit of PKR 3,150Bn (7.2% of GDP) despite introducing massive additional revenue generation measures (worth PKR 512Bn) and reduction in expenditure. Among major expenditures, the govt. has allocated PKR 2,890Bn for interest payment, PKR 421Bn for pensions, PKR 1,150Bn for defense, PKR 271.58Bn for paying subsidies and PKR 431.2Bn on running civil govt. The federal PSDP would consume PKR 701Bn. In revenues, the tax collection target for FBR is PKR 5,555Bn while non-tax collection target is PKR 894.5Bn. Privatization proceeds would generate PKR 150Bn. *The Nation*.

Businessmen term new budget bad omen for industrialisation, people

Business leaders have dubbed federal budget FY20 as unfriendly for businesses and masses both, and said it would adversely impact industrialization in the country and trigger mass protests. Former President KCCI and Chairman BMG Siraj Kassem Teli said that the PKR 5.55Tn tax collection target for FBR is over-ambitious. On one hand the PM claimed the budget would not affect the common man, while on the other hand taxes have been imposed on sugar, cement, edible oil, steel, CNG etc. All these things are consumed by the common man, Teli said. With these increases in taxes, rise in inflation would go beyond control. Teli feared that the massive increase in prices would compel masses, including public and industry to come out against the govt. KCCI President Junaid Makda termed the budget IMF dictation. He said the budget speech is not a true reflection of actual measures taken by the govt. It would appear gradually and people would realise its intensity and harshness. *The News*.

PM urged to correct 'suicidal' budget taking input from KCCI

Leaders of KCCI have termed the Federal Budget FY20 as suicidal and have urged PM Imran Khan to hold meetings with KCCI to discuss the impact and rectify it prior to passing the budget from the assembly. Leader BMG and former President KCCI, Siraj Kasim Teli, said that it is incorrect that businesses will absorb the impact of all the taxes and it seems that taxes have been imposed without taking paying capacity into consideration. He criticized the imposition of 17% tax on five zero rated sectors, the biggest sources of foreign exchange earnings for the country. President KCCI, Junaid Esmail Makda, said that there is nothing in the budget that could reduce the cost of doing business, increase exports, attract foreign and local investment and boost industrialization in the country. Former President KCCI Zubair Motiwala called it a very harsh budget that must be reconsidered. He stressed the need to increase export and decrease imports. Former President KCCI, Anjum Nisar, urged the govt. to hold meetings with the business community and discuss the impact of taxation on businesses and general public. *BR*.

New taxes, duties, exemptions withdrawal to fetch PKR 600Bn

The govt. has announced additional tax rises worth PKR 600Bn, including levies on salaried persons and consumable goods, withdrawn exemptions, and increased duties on imports to plug a revenue shortfall in FY20 caused by flagging economic growth. The govt. has abolished zero-rating regime for five export-oriented sector, imposing 17% GST on manufacturers that would fetch PKR 85-90Bn. It has, however slapped GST at reduced rate of 15% at retail stage. *The News*.

Federal Budget 2019-20: Massive revenue plan aims for PKR 568Bn fresh tax measures

The govt. has decided to withdraw discriminatory concessions and exemptions worth PKR 300Bn. The govt. has introduced additional revenue measures worth PKR 568Bn inclusive of the tax exemptions amount. The breakdown of new tax measures reveals that the govt. expects additional funds worth PKR 258Bn from income taxes, PKR 250Bn from sales tax and FED and PKR 60Bn from custom duties. On the other hand, the govt. has announced relief measures worth PKR 27.29Bn including PKR 23.59Bn in customs, PKR 3.2Bn in sales tax and FED and only PKR 500Mn in income tax. *Dawn*.

Budget freezes PSDP spending, CPEC allocations slashed by 44%

The govt. has halted growth of development spending in FY20 and cut allocations for flagship CPEC projects by almost 44% despite foreseeing a slowdown in economy. The govt. has allocated PKR 110Bn for CPEC projects in FY20, as compared to PKR 198Bn in FY19. PKR 912Bn have been allocated as provincial ADP. *The News*.

Foreign, domestic debt repayments to slice more than half of budget outlay

Foreign and domestic debt repayments will eat up more than half of the budget outlay during FY20 (PKR 3.99Tn). The country will spend PKR 359.764Bn on foreign debt servicing (interest payments), staggering PKR 1.095Tn on repayments of principal amounts of foreign loans, and PKR 2.532Tn on domestic debt servicing. Debt repayments will come up as the top category in budgeted expenditures, accounting for 56.65% of the federal budget FY20 outlay of PKR 7.036Tn. *The News*.

500 items: Additional duty increased to 4%

The FBR has increased the additional customs duty from 2 to 4% on 500 items covered under 16% customs tariff slab and raised additional customs duty from 2 to 7% on 2,400 tariff lines covered under 20% and above customs tariff slab. The increase of additional CD will generate revenue to the tune of PKR 25-30Bn. Around 1,600 customs tariff lines have been shifted to the new CD slab of 0%. The facility will be available on the import of raw materials (not manufactured locally). The govt. has proposed duty reduction in items including writing & printing papers, exemption of CD on items including Machinery Parts / Accessories for Textile Sector and rationalization of CD on items including Aluminum Beverage Cans & Inputs thereof. *BR*.

PKR 24,000Bn borrowed by previous govt.s: PM says commission to investigate

Hours after the govt. presented its 1st Federal Budget, PM Imran Khan announced to form a high-powered commission tasked with a one-point agenda to investigate loans of PKR 24,000Bn borrowed by previous govt.s in the last 10 years. The high-powered commission will include personnel from ISI, FIA, IB, FBR and SECP. *BR*.

Business Registration Scheme introduced

To promote documentation and curb tax evasion, the Finance Bill 2019 has introduced major measures including introduction of concept of Business Registration Scheme. Now, every person deriving business income, even if below the tax threshold shall be required to register with the FBR through NADRA's e-Sahulat Centres. Business registration per se will not make the registrant liable to file return. However, it would create a database which would be a source of detecting new taxpayers in the future. *BR*.

Pakistan introduces FED slabs for auto sector

The govt. has imposed multiple FED slabs on the auto sector, ranging from 2.5% on cars having engine capacity below 1,000cc, 5% on 1,001-2,000cc cars and 10% on cars above 2,000cc. *Tribune*.

Finance bill to be applicable from July 1

The taxation and relief measures of income tax, sales tax, FED and customs duty under the Finance Bill 2019 will be applicable from 1st Jul'19 after the passage of the Bill by the Parliament. *BR*.

Sindh budget to be presented on 14th

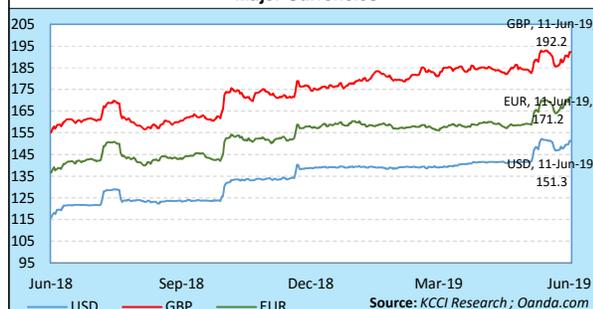
Sindh govt. has announced that it will present its budget for FY20 on 14th Jun'19. *Dawn*.

Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	11-Jun	PKR	151.47	0.91%
USD-Open MKT	11-Jun	PKR	151.50	1.00%
KSE-100 index	11-Jun	Pts.	34,660	0.27%
FIPI	11-Jun	\$ Mn	-0.32	NM**
Crude (AP'19)	11-Jun	\$/bbl	53.08	-0.51%
Gold (MA'19)	11-Jun	\$/oz	1,327.7	-0.08%
Gold (10g) Local	11-Jun	PKR	61,900	-0.28%
Silver (MA'19)	11-Jun	\$/oz	14.73	0.31%
Cotton(KHI)-40 kg	11-Jun	PKR	9,431	0.00%
Kibor-6M	11-Jun	%	13.03	0.00%
Forex Reserves	31-May FY19	\$ Bn	14.89	-1.32% YoY
Remittances	Jul-Apr 19	\$ Bn	17.88	8.46%
Exports*	Jul-Apr 19	\$ Bn	19.17	-0.11%
Imports*	Jul-Apr 19	\$ Bn	45.47	-7.88%
Trade Balance*	Jul-Apr 19	\$ Bn	-26.30	12.82%
Current Account	Jul-Apr 19	\$ Bn	-11.59	26.97%
Foreign Direct Inv.	Jul-Apr 19	\$ Bn	1.38	-51.70%
LSM Growth*	Jul-Mar 19	%	-2.93	
Avg. CPI	Jul-Apr 19	%	7.00	
Discount Rate	May-19	%	12.25	

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

Major Currencies

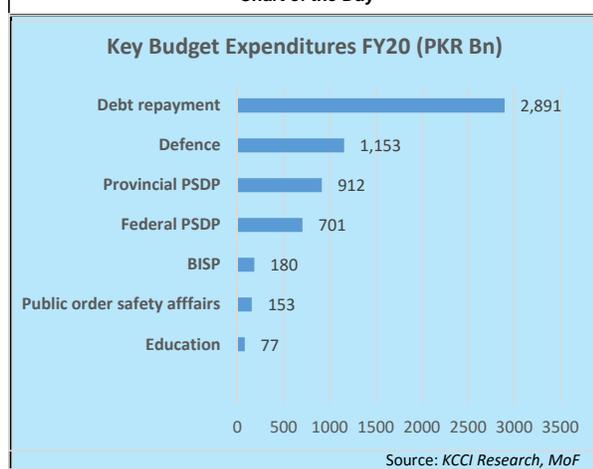


Quote of the Day

"Due to budget cuts the light at the end of the tunnel has been turned off."

Aaron paul

Chart of the Day



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