

Govt. will force the rich to pay taxes: Hafeez

Adviser to the PM on Finance Dr Hafeez Shaikh has said the govt. has opted to offend the rich to increase tax ratios for laying the foundation of a stable economy. Dr Shaikh said the govt. was not against the people making money and flourishing, but it was also not fair that they paid PKR 6Bn-8Bn tax on PKR 1,200Bn sales. He added that the govt. would ensure there was no difficulty in payment of refunds and would announce a complete game plan for smooth payments on the pattern of China and Bangladesh to minimize the period of refunds payment. Similarly he said a new system would be ensured to bring manufacturers of industries (like air-conditioners, edible oil and ghee, paints, tyres, refrigerators, etc.) under the normal tax system and make them print sales tax on end-products. *Dawn*.

FBR to go after evaders using offshore accounts, properties to avoid taxes

The govt. has proposed several amendments to the income tax law to tighten the noose around offshore tax evaders. Under the proposed amendments, tax evasion via offshore accounts will be deemed as a punishable crime and those found guilty will either have to pay hefty fines or face jail time of up to 7 years. The amendments are in line with the FATF recommendations and will be made part of the Finance Act'19 after approval from the parliament. Additionally, it has also been proposed that names of those individuals — who have evaded offshore tax equal to PKR 2.5Mn — will also be published in the country's print and electronic media. *Dawn*.

Real estate deals: purchase of property only through banking channel

To document buying and selling of immovable properties, the govt. has made it mandatory for persons to purchase assets through banking channel under the Finance Bill 2019. Persons purchasing immovable property of fair market value greater than PKR 5Mn and PKR 1Mn or more in the case of any other asset, will now be required to make payment through a crossed banking instrument so that transaction can be clearly identified from one bank account to another. In case of non-compliance, the deductions in respect of depreciation and amortization in respect of such assets shall not be allowed. A penalty at the rate of 5% of the FBR value of asset is being imposed for violation of this requirement. *BR*.

Illegal transfer of funds: Mis-declaration of value declared serious offence

Chairman FBR Shabbir Zaidi has said that mis-declaration of value for illegal transfer of funds abroad has been declared a serious offence under the Customs Act, 1969 and can be prosecuted under money laundering offences. The Finance Bill, 2019 has introduced a new section 32C (mis-declaration of value for illegal transfer of funds abroad) to the Customs Act under which, if a person overstates the value of imported goods or understates the value of exported goods or vice versa, he or she will be served with a notice within a period of two months from the seizure of goods to show cause as to why such goods may not be confiscated. The entire tax policy for Budget FY20 is based on the theme to change taxation procedures for sectors involved in institutional tax evasion. *BR*.

Budget 2019-20: Health tax on cigarettes ignored

The govt. has ignored the cabinet's decision on imposing a health tax on cigarettes in the Budget FY20 in a bid to generate funds for development of the health sector. The cabinet, in a meeting held on 28th May'19, had decided to impose health tax on tobacco at the rate of PKR 10/pack of 20 cigarettes. It was also agreed that the tax would be made part of the Finance Bill 2019. The FBR chairman pointed out that annual revenue collection from cigarette manufacturers was projected to stand at PKR 114Bn. However, after ending the 3rd tier of FED, the annual revenue will go up to PKR 150Bn. *Tribune*.

PM, aides discuss terms of reference for probe into rise in debt

PM Imran Khan presided over a meeting to finalize terms of reference of a high-powered commission to probe into a massive rise in foreign debts and misuse of loans, if any, during the last decade. The commission will investigate how the debt had increased by PKR 24Tn between 2008 and 2018, whereas no mega projects had been completed during this period. *Dawn*.

Local auto parts industry slams proposed electric vehicles policy

Local auto parts manufacturing industry has strongly criticized the proposed national electric vehicles policy as regional countries like India, Thailand and Indonesia are treating HEV, PHEV & BEV under one policy to curb fossil fuel utilization. Pakistan's EV introduction plans is to have 30% BEV vehicle by 2030 while the salient features of policy framework should be in line with ground realities. *BR*.

Concept of non-filer done away with: Hafeez Sh

Adviser to PM on Finance Dr Abdul Hafeez Shaikh has said that difference between filer and non-filer is being eliminated and those not becoming filer in 45 days will be given a summons regarding tax as concept of non-filers has been done away with. FBR is developing a system with the help of IT to do assessment within half an hour after the 45 days requirement if someone would make a transaction to buy a car or property having value of PKR 2Mn. The govt., he said, has also made the process of filing return automated and easy and a person can now become filer in just six minutes by registering on the prescribed website of the FBR. The govt. will not charge any customs duty on import of raw material that is not being produced inside the country, adding that duties have been enhanced by 4% on certain luxury items to curtail imports. *The News*.

Budget 2019-20: Eminent economists give mixed reactions

Dr Ashfaq Hasan Khan, Dean at NUST, has said that this budget has been prepared by IMF. He said that IMF has rejected the growth number of 4% and inflation at 8.5% for FY20 as approved by NEC. Rather it emphasized on GDP growth of 2.4% and inflation at 11-13% for FY20. Dr. Pasha is of the view that unrealistic target of PKR 5.5Tn will expose to every house to PKR 65,000 per annum; lower-middle class having salary in the range of PKR 30,000-50,000 per month will lose two salaries in one year to the taxation measures. *The News*.

Budget proposes punitive actions against non-filers

The govt. has proposed punitive actions against people who are not included in the active taxpayers list (ATL) and might slap 100% tax on income or assets to prompt filing of returns. The Finance bill 2019 changed the terminology of non-filers of income tax returns to people not appearing on ATL. *The News*.

Global FDI down due to govt interventions, Trump, Brexit: UN

According to the UNCTAD, Global FDI fell by 13% in 2018 because of govt. intervention, Brexit uncertainty and US President Donald Trump's tax and trade policies. UNCTAD forecasts a modest recovery of 10% in 2019. *BR*.

PSX appoints acting CEO

The board of directors of the PSX have appointed Mr Muhammad Rafique Umer as the acting CEO of the PSX following acceptance of Morin's resignation. Mr. Rafique Umer already holds the positions of Company Secretary and Head of Legal Affairs of the PSX. *Dawn*.

PM leaves for Bishkek today

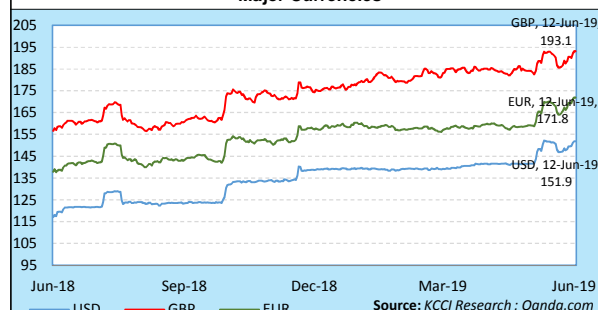
PM Imran Khan will leave for Bishkek, Kyrgyzstan, today (13th Jun'19) to attend the 19th meeting of the Council of heads of state (CHS) scheduled for 13th-14th Jun'19 of the Shanghai Cooperation Organization (SCO). *BR*.

Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	12-Jun	PKR	151.57	0.06%
USD-Open MKT	12-Jun	PKR	151.75	0.17%
KSE-100 index	12-Jun	Pts.	34,938	0.80%
FIPI	12-Jun	\$ Mn	-0.24	NM**
Crude (AP'19)	12-Jun	\$/bbl	51.05	-3.82%
Gold (MA'19)	12-Jun	\$/oz	1,333.8	0.46%
Gold (10g) Local	12-Jun	PKR	62,243	0.55%
Silver (MA'19)	12-Jun	\$/oz	14.75	0.17%
Cotton(KHI)-40 kg	12-Jun	PKR	9,431	0.00%
Kibor-6M	12-Jun	%	13.04	0.01%
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

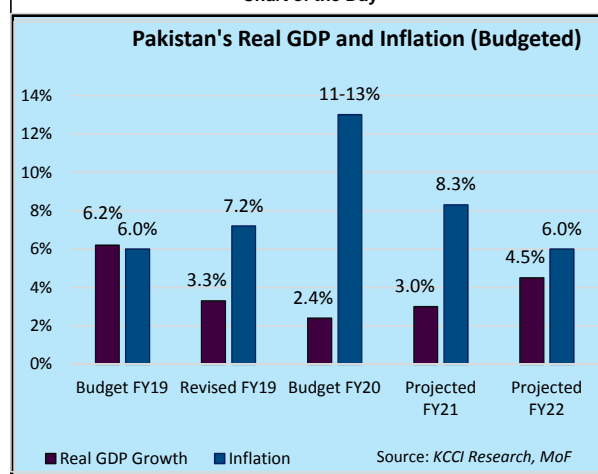


Quote of the Day

'When you know the impact of little expenses, you will realize that there is nothing little in this world.'

Manoj Arora

Chart of the Day



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