

### Exporters insist on zero-rated regime in talks with PM

A meeting between PM Imran Khan and leading businessmen and industrialists of the country ended without any decision on the status of zero-rating of export oriented sectors. The FBR was of the opinion that export of such products should not be taxed but their sale in the local market should be taxed but the businessmen have already been told that they will have to pay tax on all their products, including those that are to be exported. However, they will get a refund after they provide details of the products exported, in black and white. The businessmen said that major organizations got their refunds easily but it had become quite difficult for the SMEs to get their refunds in time. *Dawn-Mon.*

### Upping electricity, gas prices compulsion

PM Imran Khan's economic team has informed business community that there is no option but to increase the rates of gas and power, as the country is facing a severe economic crisis. Advisor Finance Dr. Hafeez Shaikh urged the business community to get ready for more sacrifices instead of seeking relief in taxes and duties, or reduction in gas and power in budget FY20, and wait for improvement in country's economic situation. The business community asked Dr Shaikh how exports could increase when the cost of production is increasing and new taxation measures along with end to zero-rating regime are on the cards. *The News-Sun.*

### Issue of refunds to be resolved soon, says Hafeez

Advisor to PM on Finance Dr Hafeez Shaikh told a delegation of leading industrialists that refunds were necessary to restore the trust in the tax collector and that income tax and sales tax refunds for industry, importers and exporters would be paid at the earliest. The govt. plans to introduce a scheme for the payments of refunds against the export proceeds through the SBP. Businessmen requested that refunds through promissory note should also be extended to all sectors including five zero rated sectors, both for sales tax and income tax. *Dawn-Sun.*

### Medium-sized businesses: Simplified tax regime to be unveiled in budget

In a major move to encourage investment in medium-sized businesses, the govt. has decided to introduce a simple documentation and tax payment procedure for these businesses and enterprises in coming budget FY20. It has been said that a separate Income Tax Ordinance for medium size businesses, but a separate schedule can be specified in the Ordinance 2001. *BR-Sun.*

### Abolishing zero rating regime: Rifts between FBR, textile sector persist

Differences persist among FBR and the textile sector over exact size of liquidity crunch and volume of refunds in case of abolishing zero rating regime for textile and other export oriented sectors in budget FY20. PM Imran Khan convened a special meeting in a bid to break persistent deadlock over abolishing the zero rating regime as Adviser Finance Dr Shaikh had plainly informed textile and business that zero rating would be done away with in next budget. Now the PM would take the final decision on it as he asked both sides to present their facts. *The News-Mon.*

### FBR mulls over abolishing sales tax special treatments

The FBR is mulling over different options to abolish sales tax special treatments for various important sectors in budget FY20. The special tax treatments applicable on commercial importers, jewelers and wholesalers-cum-retailers, oil marketing companies (OMCs), chains of wholesale-cum-retail outlets, sectors availing zero-rating facility, cotton ginning/expelling units and collection and payment of sales tax on natural gas including CNG, steel melting units, steel re-rolling units and ship breakers might be abolished. The FBR has proposed to govt. to shift sectors operating under Sales Tax Special Procedure Rules to relevant Schedules of the Sales Tax Act 1990. In other cases, the certain sectors would be made part of the schedules of the Sales Tax Act. *The News-Mon.*

### FBR bags only PKR 13.5Bn in nine months despite aggressive drive

The govt.'s ongoing campaign against non-compliant high-net-worth individuals has helped the tax department recover nearly PKR 13.5Bn in 9MFY19. The total tax demand created through all these initiatives is around PKR 31.2Bn and the remaining will be recovered after completion of the legal procedures besides bringing these individuals and entities into the tax net. The drive has also helped the FBR in receiving 540,000 additional tax returns in TY18 till 31st May'19 taking the total income tax return has reached 1.92Mn. *Dawn-Mon.*

### Inflation likely to rise over next few years

The govt. is expecting the inflation rate to remain on the higher trajectory over the next couple of years owing to second-round effect of currency depreciation, higher energy prices, rising commodity prices in international market and base money creation. As such, the average inflation is expected to be 8.5% in FY20 that may touch 10% by FY21. These figures and reasons were shared with PM Imran Khan and four Provincial CMs' at a meeting of the National Economic Council last week. *Dawn-Sun.*

### Hike in POL prices to make people's life miserable: KCCI chief

President KCCI, Junaid Esmail Makda, while rejecting the increase in POL prices just ahead of Eid-ul-Fitr said that it will not only intensify the hardships for the masses but also create a very difficult situation for the business and industrial community. He said that PM Imran Khan talks a lot about cost and ease of doing business in Naya Pakistan, but how it is possible amid hikes and fluctuating exchange rates? *BR-Sun.*

### Pakistan's online visa service for European tourists begins

Tourists coming from European countries can now easily access the online visa service of Pakistan. In Mar'19, PM Imran Khan had launched the online visa facility, which is similar to the systems running in the US and UK. The comprehensive online mechanism for e-visa facility is dedicated for the residents hailing from 175 countries. *BR-Sun.*

### Barter trade to be promoted to boost exports: Hafeez

Advisor to Prime Minister on Finance, Dr. Hafeez Sheikh, has stressed the need for promoting barter trade with an exclusive focus on boosting export of Pakistani products in the global market instead of depending on one way heavy import devouring hard earned foreign exchange. He said that barter system is being practiced successfully by several countries worldwide. *BR-Sun.*

### IMF wanted 600bps interest rate hike: Asad Umar

Former Finance Minister, Asad Umar, claims that the current IMF deal is far less stringent than what was being offered back in Oct'18. He agreed that the conditions are extremely harsh, but they were tougher back then. To give an idea, Asad Umar revealed that the IMF had demanded prior action of 600 basis points increase in interest rate with the discount rate supposed to go to 21 to 22%. He added that he did not even want to say what the IMF thought should happen to the PKR. *Tribune-Mon.*

### China raises tariffs on US goods amid escalating tensions

China increased tariffs on Billions worth of US goods as it prepares to unveil a blacklist of unreliable foreign companies which aims to punish US and foreign firms cutting off supplies to telecoms giant Huawei. Beijing's move hits \$ 60Bn worth of US goods with new punitive tariffs ranging between 5-25%, and comes in retaliation for Washington raising duty on \$ 200Bn in Chinese goods to 25%. The countries have exchanged tariffs on \$360Bn in two-way trade so far. *Dawn-Sun.*

### US cuts off India preferential trade access

The US will end preferential trade treatment for India from 5<sup>th</sup> May'19, US President Trump announced, in a fresh economic headwind for New Delhi alongside slowing growth and record unemployment. India has been the single biggest beneficiary of the decades-old US GSP programme, allowing the country to export \$ 5.7Bn worth of duty-free goods in 2017. *The News-Sun.*

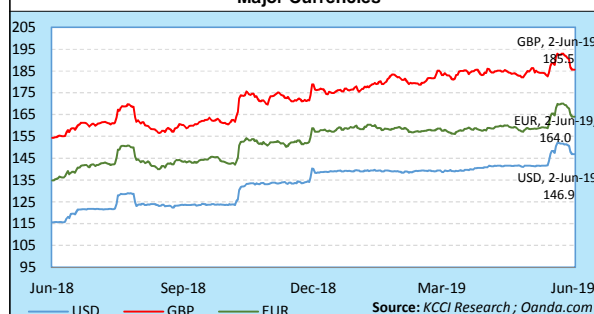
### Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	30-May	PKR	148.21	-0.95%
USD-Open MKT	31-May	PKR	148.50	-0.37%
KSE-100 index	30-May	Pts.	35,975	0.04%
FIPI	30-May	\$ Mn	1.27	NM**
Crude (AP'19)	31-May	\$/bbl	53.36	-5.59%
Gold (MA'19)	31-May	\$/oz	1,307.1	1.29%
Gold (10g) Local	31-May	PKR	59,842	0.00%
Silver (MA'19)	31-May	\$/oz	14.56	0.45%
Cotton(KHI) -40 kg	31-May	PKR	9,431	0.58%
Kibor-6M	30-May	%	12.99	0.00%
Forex Reserves	24-May	\$ Bn	15.09	-0.24%
	FY19			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-Feb 19	%	-1.72	
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

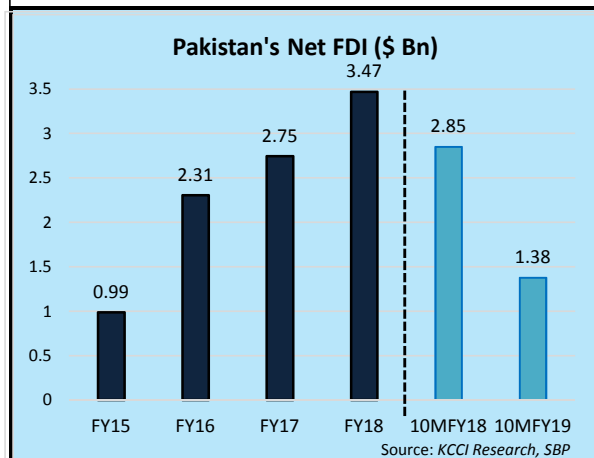


### Quote of the Day

"And let there be [arising] from you a nation inviting to [all that is] good, enjoining what is right and forbidding what is wrong, and those will be the successful."

(Qur'an 3:104)

### Chart of the Day



Source: KCCI Research, SBP

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