

#### Anomaly committee reconstituted

FBR Chairman Shabbar Zaidi reconstituted the Anomaly Committee to identify and remove technical and legal deficiencies in the Finance Bill '19. The committee will be chaired by Muhammad Ali Tabba and will have two groups: the 1<sup>st</sup> one (industrial) will include president FPCCI; CEO Pakistan Business Council; secretary general OICCI; chairman APTMA; president Pakistan Textile Exporters Association; Anjum Nisar; Ziad Bashir and Ali Habib. The second group (commercial) will include Presidents' of KCCI, LCCI, KP and Quetta chambers of commerce and industries, respectively. The technical and legal anomalies can be submitted on or before close of office hours on 21<sup>st</sup> Jun '19. *Dawn*.

#### CNIC details of unregistered buyers: KCCI chief urges govt to withdraw condition

President KCCI, Junaid Makda, has urged the Advisor to PM Dr. Hafeez Shaikh and Chairman FBR Shabbar Zaidi to withdraw the condition of providing CNIC details of unregistered buyers in Sales Tax Invoices as it is not possible to comply with the condition with immediate effect. He urged the authorities to defer the proposed measure for at least one year so as to facilitate a gradual transition and to help release the working capital of the entire supply chain which is currently blocked. KCCI and other trade bodies are overwhelmed with complaints from traders, importers, manufacturers and dealers to take up this serious issue with Finance Ministry and FBR to find a workable solution immediately to pre-empt a crisis within the trade and industry. *BR*.

#### FBR refuses to withdraw CNICs' proposal for input adjustment

The FBR has refused to withdraw its proposal for making CNICs of buyers as mandatory for manufacturers for getting input adjustments in order to achieve fixed target of PKR 5550Bn. Additional collection cannot be done without provision of CNIC details of buyers otherwise the existing taxpayers will continue to remain into tax net and FBR will not be able to achieve its desired annual target, FBR's Member Inland Revenues Dr Hamid Ateeq Sarwar made it clear before the Senate Standing Committee on Finance. *The News*.

#### Retailers unauthorised to set prices of imported products

Tax experts have said that consumers would be able to buy imported items on printed retail prices rather than prices fixed by the retailers under Finance Bill 2019. This will also help tax authorities in improving sales tax collection. The govt. has made it mandatory for the importers to supply some specific consumer products to the retailers with printed prices. Under the budget proposal, importers would pay sales tax on import values assessed by the customs authorities at the time of clearance. Subsequently, importers would collect sales tax of 17% on printed prices from retailers. *The News*.

#### Charter of Economy proposal wins support in NA

The opposition in the national assembly has showed willingness to work with the govt. to get the country out of the economic quagmire and reiterated its offer of signing a Charter of Economy. The opposition leader said members from both sides of the aisle in the Parliament should play their positive role to make the national economy stronger, saying a collective strategy was required. *The Nation*.

#### Five export-oriented sectors: Abolishing zero-rated regime to decline exports by 30%: Bilwani

The 5 zero-rated sectors are stuck to their demand of continuation of sales tax zero-rating regime under SRO No 1125 on the apprehension of refund blockage and increased cost of production, which will make them uncompetitive in the regional market. FBR has proposed 17% sales tax on local supplies of these sectors and the govt. will take a final decision in this regard. The industry's refunds have been stuck with FBR for years and the GST will destroy the industry. A representative of the sector, Javed Bilwani, has said that this condition will create hardships for exporters, eliminate SMEs and exports will decline to approximately 30% in FY20. *BR*.

#### FBR announces steps to remove trust deficit with taxpayers

The FBR has announced measures to remove trust deficit between taxpayers and the tax department. According to FBR, from 1<sup>st</sup> Jul '19, the primary theme of these actions is automation of business process, lack of personal interaction and minimal possibility of abuse of powers and discretion by the tax authority. *BR*.

#### Ease of doing business: Govt to review all federal, provincial business regulations

The govt. has decided to review all federal and provincial business regulations with a view to rationalize, modernize and automate them. In this connection, a letter with the subject of Ease of Doing Business (EoDB) reforms survey of all registrations, licenses, permits, fees, taxes, NOCs etc., has been sent to several departments by the Prime Minister's Office (BoI). *The News*.

#### ECC takes no decision on wheat export, power rates for industry

The Economic Coordination Committee (ECC) of the Cabinet could not decide whether or not to continue industrial support package of PKR 3 per unit cheaper electricity in future to industrial units owing to an annual burden of about PKR 80Bn. The committee deliberated upon the proposal of the ministry to impose a ban on export of wheat and referred the matter to the Constituted Committee of the ECC to make its recommendations in this regard. *Dawn*.

#### Govt to offload wheat stocks in open market to stabilize prices

The govt. is likely to offload wheat stocks in the open market to stabilize the commodity's price and discourage hoarding and profiteering. Currently, provinces are holding 24.27Mn tons of wheat stocks along with additional leftover of 3.72Mn tons. This takes the total availability of wheat to 28Mn tons, well above the national and domestic requirement of about 25.84Mn tons. *Dawn*.

#### Sindh component of Food Fortification Program launched

Sindh Health Minister Dr Azra Fazal Pechuho has said that the govt. is going to get food fortification law passed by provincial assembly to ensure that flour mills and oil and ghee manufacturers fortified their products with micronutrients to tackle vitamin and mineral deficiencies in diets of the people of Sindh, especially women and children. Funded by the British govt. through UKaid, the Food Fortification Program has been launched by the DFID in Sindh to combat malnutrition and nutritional deficiencies, including iron, zinc, vitamins and minerals, in the diets of people. *The News*.

#### Export of services up 8%

Export of services jumped by 8.08% to \$ 446.05Mn in Apr '19, from \$ 412.69Mn in Apr '18. In 11MFY19, the export proceeds posted a paltry growth of 1.70% to \$ 4.45Bn. On the other hand, the import of services clocked in at \$ 7.66Bn in 11MFY19, down 18.58%, from \$ 9.42Bn over 11MFY18. Meanwhile, trade deficit in services dipped 36.2% to \$ 3.21Bn. *Dawn*.

#### CPEC projects: PC asked to ensure employment of local professionals, manpower

The Federal Cabinet has directed the Planning Commission to ensure employment of local professionals and manpower on CPEC projects instead of over reliance on Chinese professionals. Chinese nationals working on CPEC/non-CPEC projects enter Pakistan initially on visit visas and then get extensions instead of going back on the expiry of their visas. The Chinese embassy in Islamabad through the Ministry of Foreign Affairs has revealed that there are 2,511 Chinese technical and managerial personnel holding passports for public affairs in Pakistan. *BR*.

#### July-May CA deficit down 29% YoY

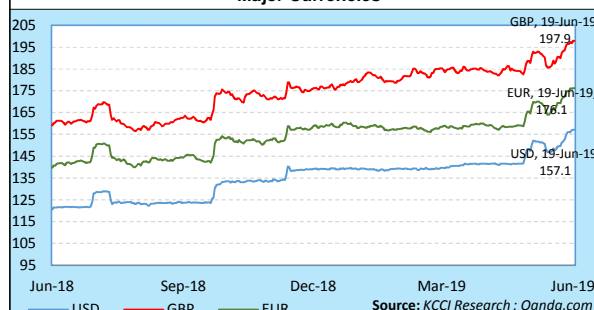
The country's Current Account Deficit (CAD) has sharply declined by 29% during 11MFY19, supported by higher remittance inflows and lower goods import bill. CAD stands at \$ 12.68Bn in 11MFY19 as compared to \$ 17.93Bn in 11MFY18, a decline of \$ 5.248Bn. The cumulative deficit of goods, services and income sector also reported 10% or \$ 4Bn decline at \$ 35.29Bn in 11MFY19 from \$ 39.23Bn in 11MFY18. *BR*.

#### Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	19-Jun	PKR	156.97	0.10%
USD-Open MKT	19-Jun	PKR	156.50	0.13%
KSE-100 index	19-Jun	Pts.	34,656	-0.07%
FIPI	19-Jun	\$ Mn	0.13	NM**
Crude (AP'19)	19-Jun	\$/bbl	54.44	0.54%
Gold (MA'19)	19-Jun	\$/oz	1,361.6	1.08%
Gold (10g) Local	19-Jun	PKR	64,730	0.00%
Silver (MA'19)	19-Jun	\$/oz	15.15	1.07%
Cotton(KHI)-40 kg	19-Jun	PKR	9,431	0.00%
Kibor-6M	19-Jun	%	13.05	0.00%
Forex Reserves	3-Jun	\$ Bn	14.89	0.42%
	FY19			YoY
Remittances	Jul-May 19	\$ Bn	20.19	10.42%
Exports*	Jul-May 19	\$ Bn	21.27	-0.30%
Imports*	Jul-May 19	\$ Bn	50.47	-8.47%
Trade Balance*	Jul-May 19	\$ Bn	-29.21	13.62%
Current Account	Jul-May 19	\$ Bn	-12.68	29.28%
Foreign Direct Inv.	Jul-May 19	\$ Bn	1.61	-49.18%
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

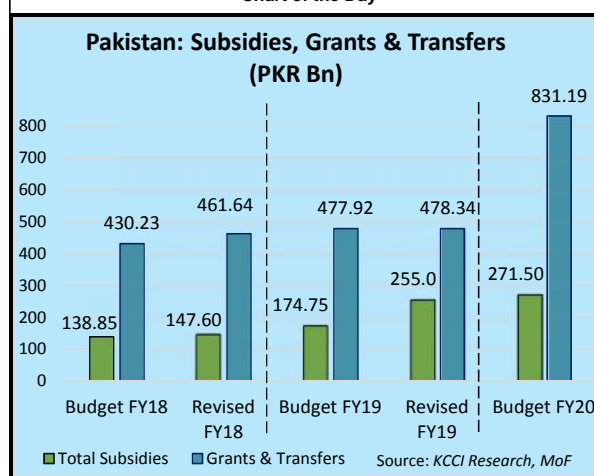


#### Quote of the Day

*"A Debt Problem Is, At Its Core, a Budgeting Problem."*

*Natalie Pace*

#### Chart of the Day



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