

#### Govt announces major taxation concessions

The govt. has announced some major taxation concessions while conceding to demands of industrialists in a move that may undermine its drive to document the economy. Winding up the ongoing debate on budget in the National Assembly, the Minister of State for Revenue Hammad Azhar has announced to withdraw the Income Tax Commissioner's powers to raid premises of people on suspicion of hoarding foreign currency and gold. He announced to relax the definition of nonresident Pakistani for tax purposes. He also proposed to cut the dividend income tax for mutual funds from 25% to 15%. In a major concession, the govt. has partially relaxed the condition of seeking CNIC from the manufacturers on sales to unregistered persons. Hammad proposed that the manufacturers will not be required to get the CNIC on sales of up to PKR 50,000. He further said that no criminal action or tax related penalty will be imposed on industrialists, if they provide wrong CNIC details. He said the industrialists will be entitled to input tax even if the CNIC number turned out to be bogus. He also announced to reduce the sales tax rate on domestic sales of textile and leather goods by the registered sales tax persons to 14% from the proposed 15%. But it also slapped FED on all imported cars including ones used by middle income groups. He acknowledged having increased the tax on sugar from 11% to 17% and claimed the move would result in a mere increase of up to PKR 3.5 per kg. He said his govt. did not impose any tax on ghee, flour, fruits, vegetables and raw meat and tax had been imposed only on branded corn flour, imported fruits and vegetables and processed meat. About ghee, he said the govt. had revised a tax on per kg price of ghee but this would not result in any substantial increase in its rate. The NA will approve these measures on Friday along with approval of the Finance Bill 2019. Towards end of his speech, the revenue minister said the government is ready to discuss charter of economy with the Leader of Opposition Shehbaz Sharif, provided that he is serious about it. *BR.*

#### Zero-rating regime withdrawal commitment to IMF

The govt. has given the commitment of withdrawing zero-rating regime for the 5 exports-oriented sectors to the IMF. This was revealed by Adviser to PM on Commerce Abdul Razak Dawood while briefing the National Assembly Standing Committee on Commerce. However, representatives of the five zero-rated sectors claim that IMF Resident Representative in Pakistan, in a recent meeting, negated the govt.'s stance saying that no such commitment has been taken from the govt. Dawood further said that he has been against the withdrawal of zero-rating since the first day; however FBR has opposed the proposal. The committee strongly opposed the proposed imposition of GST on domestic sale of export sectors and recommended the govt. to go for a middle way to save the industry. *BR.*

#### Legal framework to be finalized for boosting Pak-UAE economic ties: envoy

A legal frame work will be finalized to strengthen economic relations between Pakistan and the UAE during next Joint Ministerial Commission (JMC) of Pakistan and the UAE to be held in Abu Dhabi. He said that the JMC meeting will finalize the legal framework to promote and protect foreign investment in addition to launching new projects in different areas. He said that UAE businessmen are keen to invest in Pakistan but they are waiting finalization of legal framework for foreign investment. *BR.*

#### Pak expats in UAE declared PKR 345Bn during last amnesty

Pakistani expatriates residing in UAE had whitened PKR 345Bn in last tax amnesty scheme introduced by the previous govt. while a total of PKR 1Tn were whitened through the scheme. DG International Taxes of FBR Dr Ashfaq has said that UAE authorities have been sharing the details about the properties of Pakistanis on the request of govt. of Pakistan while the information related to bank accounts of Pakistanis and their parked money in the UAE banks have been shared automatically. He urged the Pakistani community to get the advantage of the amnesty scheme and declare their assets before the conclusion of current scheme. Otherwise, he warned they should get ready for legal action even if one is an expatriate. He said that Pakistanis' favourite place to hide their money is the UAE, Singapore, England and Canada. *The News.*

#### LSM shrinks 7.76% in April, 3.51% in first 10 months

Pakistan's LSM sector shrunk by 7.76% in Apr'19, the 5<sup>th</sup> straight month fall from a year ago and 9.40% from Mar'19, offering further evidence of a sharp slowdown in economic growth. LSM in 10MFY19 posted a 3.51% decline over 10MFY18. Y-o-Y, manufacturing of fertilizers grew by 11.58%, electronics by 15.67%, wood products by 41.66% while food and beverages production declined by 26.05% followed by automobiles declining by 25.02%. *The News.*

#### Deferred payment basis: PSO to sign pact with ATC on POL products' supply

The ECC, which is scheduled to meet today (26<sup>th</sup> Jun'19) is expected to allow PSO to sign an agreement with Saudi Aramco's product Trading Company (ATC) worth \$ 270Mn/month on a 12 month deferred payment basis. The Govt. of Pakistan has entered into a financing agreement with the Saudi Fund for Development (SFD) for import of petroleum products/crude oil and LNG, signed on 15<sup>th</sup> Feb'19. The agreement may be extended to cover two more years upon the consent of the two parties. *BR.*

#### China recommends establishment of Special Economic District in Gwadar

China has recommended the establishment of Special Economic District (SED) in Gwadar with the application of laws and regulations totally different from the rest of Pakistan. Chinese company Fourth Harbor Design Institute, which has prepared the proposed integrated Gwadar Smart Port Master City Plan, has recommended the application of Chinese city of Shenzhen's model laws and regulations over the entire area of 1,201 square kms SED instead of Pakistani laws and regulations. *The Nation.*

#### UK envoy says enhanced export financing to help SMEs in Pakistan

Britain's move to increase export financing for Pakistani export firms by 150% bears witness to UK govt.'s confidence on its trustworthy trade partner. Simon Penny, Regional Trade Commissioner for MEAP (Middle East, Afghanistan, and Pakistan), has said that usually this sort financing is used to facilitate British companies; however, this financing will be used for promoting export of Pakistan to the UK through various projects and infrastructure development loan programs. *The News.*

#### Banks asked to withdraw PKR 40,000 prize bond

The SBP has directed banks to withdraw PKR 40,000 denomination national prize bonds from circulation with immediate effect. The national prize bonds of PKR 40,000 denomination will not be sold after 24<sup>th</sup> Jun'19 and will not be encashed/redeemed after 31<sup>st</sup> Mar'20. However, bond holder(s) will have the following options to replace/encash these bonds: (I) Conversion into Premium Prize Bonds (registered), (II) replacement with Special Savings Certificate (SSC)/Defence Savings Certificate (DSC) and (III) encashment at face value. *BR.*

#### Pakistan, EU ink new strategic engagement plan

Pakistan and the EU have signed the new Strategic Engagement Plan for cooperation in areas, including trade, migration, sustainable growth, energy, peace and security and anti-money laundering. Foreign Minister Shah Mehmood Qureshi and the EU's High Representative for Foreign Affairs and Security Policy Federica Mogherini inked the agreement at a ceremony held in Brussels, Belgium. *BR.*

#### MNCs repatriate \$ 1.673Bn in July-May

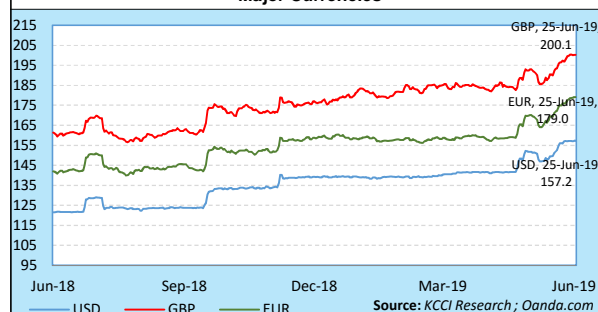
Repatriation of profits and dividends by foreign companies operating in Pakistan stood at \$ 1.673Bn in 11MFY19, down 25.21% from 11MFY18. The power sector repatriated \$ 129.7Mn worth of profits, those from telecom amounted to \$ 256.5Mn, while energy firms repatriated \$ 215.9Mn. *The News.*

#### Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	25-Jun	PKR	156.99	0.00%
USD-Open MKT	25-Jun	PKR	156.40	0.00%
KSE-100 index	25-Jun	Pts.	34,191	-0.82%
FIPI	25-Jun	\$ Mn	0.91	NM**
Crude (AP'19)	25-Jun	\$/bbl	58.60	1.38%
Gold (MA'19)	25-Jun	\$/oz	1,426.8	0.54%
Gold (10g) Local	25-Jun	PKR	69,016	1.64%
Silver (MA'19)	25-Jun	\$/oz	15.34	-0.55%
Cotton(KHI)-40 kg	25-Jun	PKR	9,109	-2.31%
Kibor-6M	25-Jun	%	13.09	0.01%
Forex Reserves	14-Jun	\$ Bn	14.64	-1.68%
	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-Apr 19	%	-3.51	
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

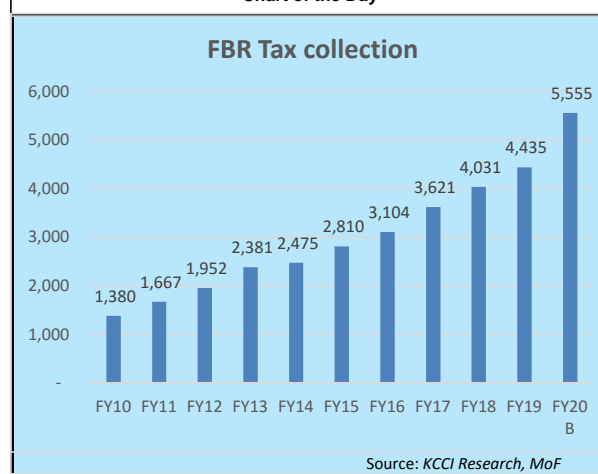


#### Quote of the Day

*"I never dreamed of success, I worked for it.."*

*Estee Lauder*

#### Chart of the Day



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