

#### PM's hint at extending amnesty scheme deadline hailed

The PM has said that within next 48 hours, the govt. will come up with a program to accommodate those who have emerged in huge numbers at the last moment to avail tax amnesty. He said that a 3-month extension in the Asset Declaration Scheme 2019 will enhance the chances of its success as businessmen would get more time to understand. He said that this scheme will go a long way in achieving the desired results and will help broadening the tax net and would reduce the burden from the existing taxpayers. *BR.*

#### IMF opposes extension of amnesty scheme deadline

The IMF has voiced opposition to the idea of extending the deadline for the amnesty scheme, saying doing so could hurt the country's case at the Board meeting that is scheduled to take up Pakistan's request for a \$ 6Bn bailout package on 3<sup>rd</sup> Jul'19. Commenting on PM Imran Khan's indication to extend the scheme and come up with a plan within 48 hours, the IMF's country representative to Pakistan Teresa Daban Sanchez, said cross country experience shows that tax amnesties have usually huge costs, such as undermining taxpayers' morale and sense of fairness that more than offset potential short-term gains. Meanwhile, officials at FBR have reportedly said that they oppose any announcement of an extension at this stage, arguing that it would stall the momentum behind the declarations. *Dawn.*

#### Major amendments made in finance bill

The govt. has introduced some major amendments in the Finance Bill 2019 including changes in Assets Declaration Act 2019, applicability of condition of CNIC from un-registered buyers, enactment of the Public Finance Management Act 2019, and change in procedure for penalizing illegal transfer of funds from Pakistan through mis-declarations. The condition of the CNIC shall be effective from 1<sup>st</sup> Aug'19. It will exclude supplies made by a retailer where the transaction value inclusive of sales tax amount does not exceed PKR 50,000, if sale is being made to an ordinary consumer. If the CNIC number provided by the purchaser is not correct, liability of tax or penalty shall not arise against the seller, in case of sale made in good faith. *BR.*

#### GGST, FED cases in litigation: Scheme may be reintroduced to allow principal amount payment

The govt. is likely to reintroduce scheme sans penalty of payment of principal amounts of sales tax and FED, which are in litigations for years. The Finance Division has submitted the proposal to the federal cabinet which will approve the proposal next week. A hefty amount of PKR 1Tn approximately in sales tax and FED cases is stuck in litigations at various appellate fora. This includes substantial amount of default surcharge and penalties. In certain cases, default surcharge and penalties are almost equal or in excess of the principal amount due to time involved in litigation. *BR.*

#### COAS blames past decisions for fiscal mess

While endorsing tough economic measures of the govt. and seeking public support for them, COAS Gen Qamar Bajwa blamed financial indiscipline and timid decision-making in the past for the current fiscal mess in the country. He was speaking on the topic of 'Pakistan's Economy: Challenges and Way Forward' at the National Defense University. Bajwa is the first army chief of the country to have been included in a top economic consultative body. The National Development Council (NDC) has been set up to formulate policies and strategies for development activities aimed at accelerating economic growth, to approve long-term planning for national and regional connectivity, and to provide guidelines for regional cooperation. *Dawn.*

#### FBR issues notices to 40,000 non-filer companies

The FBR has issued notices to around 40,000 companies, which are registered with the SECP but are not filing income tax returns with the FBR. Tax authorities are of the view that all such dormant companies which are not filing their income tax returns may be proceeded against for de-registration from the SECP roll. Chairman FBR, Shabbir Zaidi has said that the SECP has around 80,000 to 100,000 registered companies and below 50,000 are actually filing their returns. Whether the company has income or not, whether company is in operation or not, it is mandatory for the company to file their returns said. *BR.*

#### Sindh govt's total budgetary allocation for Karachi is PKR 125Bn in new fiscal year, says Ghani

Sindh Local Govt. Minister Saeed Ghani has said that provincial govt.'s total allocation for Karachi in its budget for FY20 is PKR 125Bn. Ghani dismissed all claims of opposition legislators in the Sindh Assembly that the provincial govt. had allocated not beyond PKR 6.5Bn for Karachi in the new provincial budget. He said such assertions are contrary to the facts. *The News.*

#### PM urged to directly release funds to Karachi, Hyderabad LGs

A delegation of Karachi based politicians called on PM Imran Khan and demanded that Islamabad provide funds directly to the local govt.s of Karachi and Hyderabad so that they could carry out emergency basic infrastructure works in the 2 urban centers of Sindh. They had already sought PKR 25Bn for Karachi and PKR 5Bn for Hyderabad for improving the ruined civic infrastructure. They also demanded early completion of the K-IV water supply project. The PM assured them that the federal govt. would soon release its share in the funding for the project and ensure its timely completion. *Dawn.*

#### World Bank approves three projects for Karachi

The World Bank has approved 3 projects for Karachi. The Bank approved \$ 382Mn for the Karachi mobility project that will improve access to jobs, mobility, and safety through a Bus Rapid Transit system along the 21-km Yellow Corridor. The Competitive and Livable City of Karachi project will receive World Bank's \$ 230Mn funds to improve urban management, service delivery and the business environment. The 3<sup>rd</sup> Project is the Karachi Water and Sewerage Services Improvement Project (\$ 40Mn), part of larger and longer-term \$ 1.6Bn program. *Dawn.*

#### Clarification

This is apropos a news report titled "Dubai-based properties: Rental income not chargeable but declarable" carried by Business Recorder yesterday (28<sup>th</sup> Jun'19). The relevant article 6 of the said treaty has used the word "may be taxed in such other state" instead of "only or shall be taxed in contracting state." Therefore, rental income of Dubai properties is chargeable to tax in Pakistan because there is no tax in Dubai on the rental income. *BR.*

#### SBP intervenes with 'sizeable amount of dollars' to defend rupee

The PKR rebounded sharply, posting its biggest daily percentage gain against USD in years after SBP sold foreign currency in quite a sizeable amount to pull the exchange rate back from an all-time low. Domestic currency closed at 160.05/dollar, 2.43% stronger than 27<sup>th</sup> Jun'19 close of 164.05 in the interbank market. In the open market, it gained PKR 3.50 to close at 161 against USD from 164.50 in the previous session. *The News.*

#### Indus Motor jacks up prices

Indus Motor Company has increased prices of various vehicles by PKR 230,000-830,000 effective from 1<sup>st</sup> Jul'19 following the bouts of rupee devaluation and imposition of FED in the range of 2.5-7.5% in the budget 2019-20. *Dawn.*

#### Traders threaten strike, rallies against budgetary measures

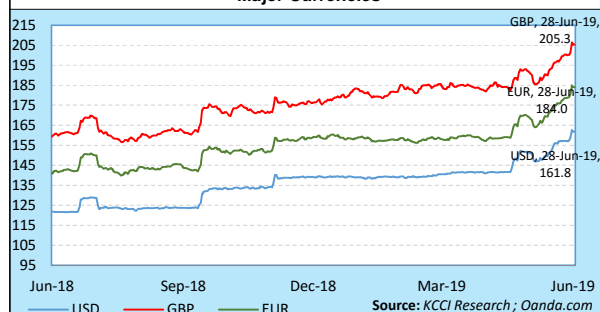
The uncertain rupee-dollar parity and harsh budgetary measures have forced the trading community across the country to unite and protest against the Budget FY20. The traders slammed govt.'s unfriendly business policies which they claimed were devised without taking any input from chambers of commerce including KCCI. Traders have expressed serious apprehensions over the amnesty scheme, action against non-filers, biometric verification of bank accounts and transfer of big bonds. *Dawn.*

#### Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	28-Jun	PKR	160.05	-2.44%
USD-Open MKT	28-Jun	PKR	160.25	-2.29%
KSE-100 index	28-Jun	Pts.	33,902	0.38%
FIPI	28-Jun	\$ Mn	-0.92	NM**
Crude (AP'19)	27-Jun	\$/bbl	59.34	0.19%
Gold (MA'19)	27-Jun	\$/oz	1,411.4	-0.10%
Gold (10g) Local	28-Jun	PKR	68,244	-2.33%
Silver (MA'19)	27-Jun	\$/oz	15.22	-0.98%
Cotton(KHI)-40 kg	28-Jun	PKR	9,002	0.00%
Kibor-6M	28-Jun	%	13.11	0.01%
Forex Reserves	21-Jun	\$ Bn	14.35	-1.97%
	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

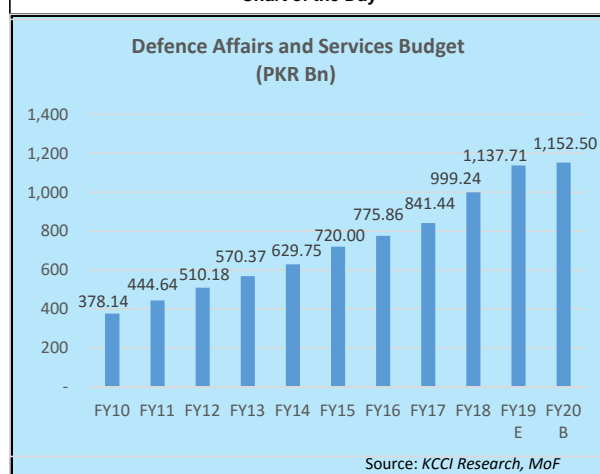


#### Quote of the Day

*"The only strategy that is guaranteed to fail is not taking risks."*

**Mark Zuckerberg**

#### Chart of the Day



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