

#### Teli asks govt. not to impose additional, new taxes on beverages, juices

Chairman Businessmen Group (BMG) and former President of KCCI Siraj Kassam Teli has requested the govt. not to impose any additional and new taxes or FED on beverages and juices in budget FY20, as it would result in closure of the industry, significantly dent govt.'s revenue and hamper PM's efforts to bring more foreign investment to Pakistan because of such anti-business measures. In a letter sent to PM Imran Khan, Chairman BMG, while referring to the ongoing buzz about additional and new taxes TO be imposed on beverage industry, stated that this industry is already paying PKR 100Bn to the national exchequer by way of output tax through FED and St while the net revenue collection by the govt. comes to around PKR 60Bn per annum which is apart from income tax, WHT, super tax and other provincial taxes. He pointed out that over the years, beverage industry and its products have become a necessity of life as many Pakistanis do not have access to pure drinking water while strictly following global hygienic standards. Siraj Teli stressed, adding that the beverage industry is already heavily taxed and if more burden is put on the industry, its growth, which is already declining, may suffer more. *The Nation-Sat.*

#### Coca-Cola threatens to withdraw \$ 200Mn planned investment

Coca-Cola Beverages Pakistan Limited has reportedly threatened to withdraw its new investment of \$ 200Mn planned in 3 years, saying that the business environment is beginning to look bleak and uncertain. The Coca-Cola team held a meeting with the Ministry of Finance wherein measures being introduced in the upcoming budget FY20 were unveiled. The measures include increase in the FED on CSDs to 12% and health levy of PKR 1 per 250 ml of sugar sweetened beverage and a new FED of 10% on juices. The company was assured that the health levy will not be imposed in the budget. Coca-Cola Beverages Pakistan Limited has requested the Prime Minister to reconsider the proposed taxes as fate of the beverage industry depends on his decision. The company says that these proposals are inconsistent with the messaging it received from senior members of the govt. *BR-Wed.*

#### Budget 2019-20: Commerce Division, MoF in row over proposed taxation measures

The Commerce Division and the Finance Ministry are reportedly engaged in a war on proposed taxation measures to be announced in the 'IMF-dictated' federal budget FY20 expected to badly hurt the local industry and exports. PM Imran Khan is lending his weight to Finance Ministry's team led by Abdul Hafeez Shaikh. However, it has been said that whatever concerns business tycoons raise in the meetings with the PM, he deflects them to Dr. Hafeez Shaikh, who merely states that it is not possible for now. *BR-Tue.*

#### FBR's massive sales tax revenue plan of PKR 739Bn seeks sweeping withdrawals of exemptions

The govt. is fine-tuning proposals to impose GST on several products and withdraw exemptions on many sectors as it moves to put in place one of the most ambitious revenue plans of recent times. The plan also proposes substantial increases in the revenue yield of the GST to be achieved by simplifying the tax rates. At present, there are 272 tax rates in the current law. The plan aims to bring this number down to 2. Under the plan, it has been proposed to impose 7% sales tax on several products in the budget for FY20 currently exempted from sales tax under SRO 1125. Moreover, the plan proposes another 7% sales tax on milk, cream butter, vegetable oil, coffee, tea, electrical energy, miscellaneous electrical machinery, meat poultry, cotton, cotton waste and miscellaneous chemicals in the upcoming budget. As a result, the effective tax rate for GST in FY19, is estimated to range from a low of 7.25% to 12.6%. The net potential of sales tax at 17% is estimated at PKR 1,900Bn. *Dawn-Wed.*

#### Textile exporters, govt. inching closer to breaking deadlock

Textile exporters and the govt. appear inching closer to breaking the deadlock over a key budget proposal withdrawing sales tax exemptions to 5 industries under the zero-rated export regime from FY20 as textile exporters now appear focused on clinching the best possible deal — including creation of an efficient mechanism for sales tax claims refund payment — from the govt. as a substitute for the facility. *Dawn-Sat.*

#### FBR authorised to get information from banks

The first batch of withholding data from all banks will be made available to FBR in 3<sup>rd</sup> week of Jun'19 that will be used into databank developed with help of Nadra to broaden the tax base. FBR machinery is likely to launch pilot project from 1<sup>st</sup> Jul'19. *The News-Sat.*

#### FBR to announce three schemes to bring millions of retailers into tax net

The FBR has decided to announce three schemes for bringing millions of retailers into the tax net whereby all those retailers possessing covered area of 1,000 sq. ft. will be bound to install cash machines linked with the tax department to ascertain the exact sale value and then deduction of tax on it. For small retailers, FBR will come with fixed rate of tax where shopkeepers having covered area of 240 sq. ft. will be asked to pay fixed amount of tax. The medium size retailers having covered area of more than 240 sq. ft. but less than 1,000 sq. ft. are likely to link their tax with electricity bills. *The News-Sat.*

#### Above PKR 500,000 threshold accountholders: PM asks SBP, FBR to examine data

PM Imran Khan has expressed serious concerns over narrow tax base, low tax-to-GDP ratio and systematic aberrations in the taxation system and has directed FBR and SBP to examine data of bank accountholders above the threshold of PKR 500,000. The FBR shall obtain the data of all industrial and commercial power connections from DISCOs. It will also obtain information about all owners/tenets living in houses of two kanals or more. *BR-Wed.*

#### PM Imran Khan lauds Pakistan Military for voluntarily cutting defence budget

PM Imran Khan has lauded unprecedented voluntary initiative of stringent cuts by Pakistan armed forces, in view of country's critical financial situation. Pakistan's armed forces have decided to not to receive an increased share under defence budget. *The News-Wed.*

#### No leniency after expiry of amnesty scheme: PM

The govt. has decided to go after people having lavish lifestyles if they do not get their assets registered under the recently announced tax amnesty scheme. PM Imran Khan expressed this resolve in a meeting of his core finance team. *Dawn-Wed.*

#### Exporters begin opening CDC accounts to get refund bonds

Only around a third of 600 exporters have so far opened their accounts with the Central Depository Company (CDC) for getting refunds of their long-standing sales tax claims in the form of Refund Bonds. The claimant only need to go to the bank and give their CDC account number and the bank will retrieve all the information on real time basis from the CDC system. *Dawn-Tues.*

#### CPI inflation rises to 9.11% in May

The CPI inflation for May'19 has soared to 9.11% in May'19 (YoY) while average inflation during the 11MFY19 has jumped up by 7.19%. On year-on-year (YoY) basis, items that witnessed increase in price include gas 85.31%, CNG 28.23% and petrol 23.63%. *BR-Tue.*

#### Income tax statement filing date extended

FBR has extended the date of filing of income tax statements for TY'18 till 30<sup>th</sup>Jun'19. The decision was taken to extend the last date for facilitating those people who will avail the tax amnesty scheme until 30<sup>th</sup>Jun'19. *Dawn-Tues.*

#### Registered persons allowed to e-deposit Sindh ST by June 18

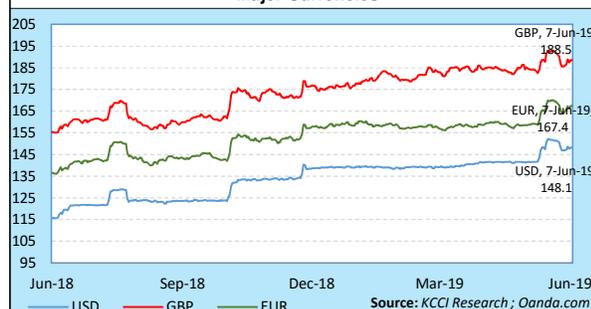
Sindh Board of Revenue (SRB) has permitted registered persons to e-deposit the Sindh sales tax for the tax period May'19, on or before 18<sup>th</sup> Jun'19. *BR-Tue.*

#### Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	3-Jun	PKR	148.60	0.26%
USD-Open MKT	4-Jun	PKR	148.50	-0.37%
KSE-100 index	3-Jun	Pts.	35,505	-1.31%
FIPI	3-Jun	\$ Mn	-2.29	NM**
Crude (AP'19)	4-Jun	\$/bbl	53.16	0.59%
Gold (MA'19)	4-Jun	\$/oz	1,336.4	0.72%
Gold (10g) Local	4-Jun	PKR	59,842	0.00%
Silver (MA'19)	4-Jun	\$/oz	14.87	0.61%
Cotton(KHI)-40 kg	3-Jun	PKR	9,431	0.00%
Kibor-6M	3-Jun	%	13.03	13.03%
Forex Reserves	24-May FY19	\$ Bn	15.09	WoY -0.24%
Remittances	Jul-Apr 19	\$ Bn	17.88	YoY 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

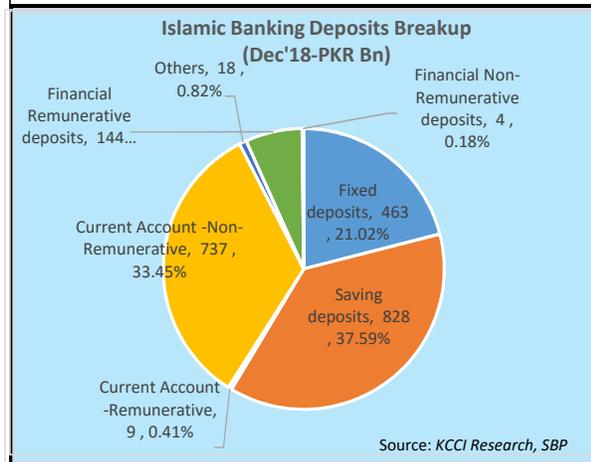


#### Quote of the Day

*"Once you free yourself from the need for perfect acceptance, it's a lot easier to launch work that matters."*

**Seth Godin**

#### Chart of the Day



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