

Talks between textile exporters, govt. break down

The ongoing consultations between the govt. and the zero rated export industry over a key budget proposal of withdrawing sales tax exemption broke down primarily because of the tax authorities' failure to produce an efficient, credible seamless mechanism for quick reimbursement of export refund claims. Industry leaders plan to call a presser to announce their future course of action (if the sales tax exemption is withdrawn). The govt. offer to impose a reduced sales tax rate of 7.5% on the textile chain and the commitment to pay their export refund claims in 60 days after production of goods declaration by exporters failed to impress exporters, as they fear that the FBR would hold back their money for an indefinite period to overstate its performance. The IMF wants an end to concessional taxation rates from Jul'19 and that the textile sector should be charged at 7.5%. The govt. plans to collect minimum PKR 80Bn by bringing the domestic sales of five-export oriented sectors into the tax net from Jul'19. *Dawn-Sun.*

KCCI urges govt. to put 'Axle Load Regime' on hold

President KCCI, Junaid Esmail Makda, has urged the Ministry of Communications to put the recently implemented Axle Load Regime on hold, as it was not agreed upon by all the stakeholders, including the goods transporters and representatives of the business community. Referring to a meeting with Secretary Communications, Shoaib Siddiqui, during his visit to KCCI followed by another meeting in Islamabad, President KCCI stated that although assurances were given that Standard Operating Procedures (SOPs) will be mutually decided in consultation with all stakeholders for the Axle Load Regime, it was not done and the regime has been individually finalized and implemented. He said that during both meetings, all stakeholders including KCCI rejected the Axle Load Regime in which the consignment weight on trucks has been drastically reduced as it will surely raise the cost of doing business. He elaborated that the decision to reduce axle load means a business will now have to transit consignments in two trucks instead of one truck which is technically not possible. President KCCI added that it is really unfortunate that the govt. is following the same old strategy to further squeeze the existing taxpayers only and is not taking any steps to enhance country's revenue from new sources. President KCCI stated that the immature politicians who are totally unaware of the ground realities are widely being misguided by the bureaucracy in almost all the ministries. *BR-Sun.*

Tax officer may be punished if video proves bribery

FBR is considering certain measures through the Finance Bill 2019 to penalise officers found involved in taking bribes. Strict action, including imprisonment, may be introduced for tax officers as well as taxpayers involved in bribes. In case of video (supported by audio) evidencing any instance of bribery, the tax officer will be suspended instantly followed by an inquiry. Moreover, all bank accounts of taxpayers involved in bribery will be blocked followed by a penal action. *The News-Mon.*

Finance Bill to introduce key tax reforms

Finance Bill (FY20) will introduce key tax reforms for facilitation of taxpayers and promote transparency within the tax machinery of the FBR. These include: Strict action for tax officers as well as taxpayers involved in receiving or offering bribery, pre-populated income tax return would be introduced, assessment proceedings under section 122(5A) would be restricted to genuine cases only instead of routine exercise, performance of tax officers would be assessed on the basis of issues raised by them, tax officers would be barred from harassing taxpayers to pay advance sales tax/income tax liability just to meet their targets, income tax withholding at import stage would be abolished on import of plant and machinery, and rate of income tax withholding, both on import of raw materials and on supply stage, would be reduced down to 0.5%. *BR-Mon.*

'Health tax on cigarettes, fizzy drinks'

The federal govt. is set to slap a health tax on cigarettes and fizzy drinks to protect people from their harmful effects, increase revenues, and reduce relevant healthcare costs. Health tax of PKR 10 will be imposed on every pack of 20 cigarette sticks and PKR 1 each on all 250 ml carbonated drinks. The revenue generated in this way will be used for the health sector's development over and above its routine budgetary allocations. *The News-Mon.*

Govt. eyes 4% growth rate for next fiscal year

Amid tight fiscal and contractionary monetary policies, the govt. is targeting slight improvements in savings and investments, coupled with better performance by agriculture and industry to achieve an economic growth rate of 4% during FY20, compared to a dismal growth of 3.3% during FY19. The size of the national economy is estimated to go up by about 12.9% to PKR 43.5Tn from PKR 38.56Tn. Growth in important sectors is estimated at 3.5% in agriculture, 2.4% in industry and 4.8% in services. Trade deficit is projected at 9.2% of GDP as the govt. expects exports to get momentum owing to expected better investment environment and CPEC and better industrial production. As such, exports are targeted to increase by 6.2% and imports by 2.1%. *Dawn-Mon.*

Base broadening measures in next fiscal year's tax plan

The govt. is mulling to launch easy schemes in the upcoming budget for bringing in new taxpayers. As part of the proposed schemes, it has been decided to register all those people who do not exist on the tax rolls from Jul'19. Under the proposed scheme, these individuals will have to approach Nadra e-Sahulat centres for registration as taxpayers with the FBR. After filling up one-page registration form with basic information, the e-Sahulat centres will help a person to get his taxpayer number. Currently, people approach selected FBR offices for getting National Tax Numbers involving cumbersome procedures. As per the 2nd proposed scheme, it has been decided in principle to introduce a scheme for small taxpayers in Islamabad as a pilot project and later extend it across the country. Under the scheme, a fixed tax regime will be introduced for small shopkeepers. FBR plans to enhance the total tax returns filers to 5Mn by FY23. *Dawn-Sun.*

Next budget won't affect poor: Hafeez

Adviser to PM on Finance Hafeez Shaikh has said that upcoming national budget will not affect the poor strata of the country as the main focus of his team is to improve the economy of Pakistan. He alluded to increase in allocations of programs for vulnerable segments of society and measures to protect poor and less privileged citizens. He further said that budget draft emphasizes on austerity, fiscal discipline, external sector management and protection of the poor. He said it focuses on ensuring economic stabilization, undertaking such projects as would create jobs and provision of economic stimulus for sustainable growth. *The Nation-Sun.*

Finance Bill 2019: Host of incentives to be unveiled for domestic industries

The Finance Bill FY20 is expected to announce a number of incentives for the promotion and development of domestic industries, including withdrawal of exemption from anti-dumping duties on the imports made under the Duties and Tax Remission for Export (DTRE) Scheme and other export schemes. At present, imports made by the manufacturers-cum-exporters are exempt from the imposition of anti-dumping duties under the DTRE Scheme. *BR-Sun.*

Property valuation rates to go up

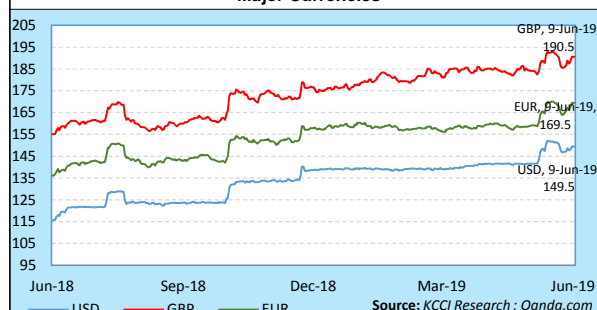
The FBR has decided to raise valuation rates of immovable properties across the country in the budget FY20. The values of immovable properties have been proposed to be brought at par with the actual market rates for which the FBR has chalked out a strategy to increase the rates of FBR valuation tables and reduce tax rates. *BR-Sun.*

Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	3-Jun	PKR	148.60	0.26%
USD-Open MKT	30-May	PKR	149.05	-0.30%
KSE-100 index	3-Jun	Pts.	35,505	-1.31%
FIPI	3-Jun	\$ Mn	-2.29	NM**
Crude (AP'19)	7-Jun	\$/bbl	54.06	1.69%
Gold (MA'19)	7-Jun	\$/oz	1,341.7	0.40%
Gold (10g) Local	30-May	PKR	59,842	0.00%
Silver (MA'19)	7-Jun	\$/oz	15.00	0.91%
Cotton(KHI)-40 kg	3-Jun	PKR	9,431	0.58%
Kibor-6M	3-Jun	%	13.03	0.04%
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

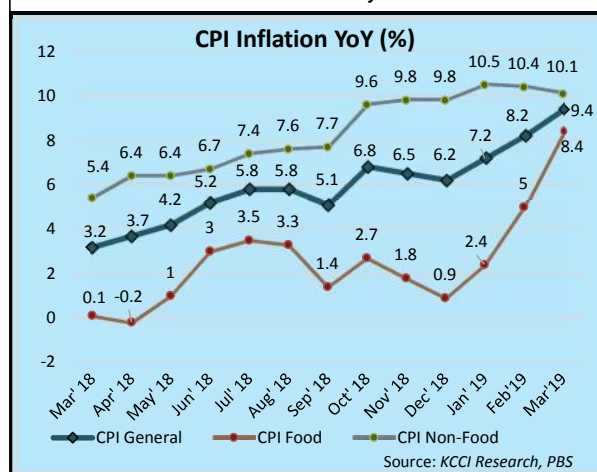


Quote of the Day

"The truth is rarely pure and never simple."

Oscar Wilde

Chart of the Day



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