

#### President Alvi signs Finance Bill 2019-20

President Dr Arif Alvi has signed the Finance Bill FY20, which was sent to the Presidency after it was approved by the National Assembly last week. With the President's signature, the Finance Bill 2019-20 has come to force. *The Nation*.

#### Taxation measures made effective from July 1

The FBR has implemented income tax, customs duty and sales tax/excise duty budgetary measures introduced through the Finance Act 2019 from 1<sup>st</sup> Jul'19. The FBR has enforced changes in tax rates, tax relief measures, rationalization of customs duty, enhanced rates of taxes, implementation of documentation measures, revision in tax laws and legal/procedural changes in tax laws. However, the condition for seeking CNICs of un-registered buyers would be implemented from 1<sup>st</sup> Aug'19. The FBR has also issued SROs for the revised property values of each city. *BR*.

#### Processing mills on strike against 17% sales tax

All 600 textile processing units in 4 major cities of the country including around 225 in Karachi have been closed in protest against the imposition of a 17% sales tax on 5 zero-rated sectors. Though the processing units' owners are yet to lay off hundreds of thousands of workers, they say they may take this decision within the next 10 days if the govt. continues ignoring their genuine demands. They added that the current budget gave an impression that the govt. was going to kill the industrial sector and convert Pakistan into a trading country. They demanded that the govt. restore SRO 1125. *Dawn*.

#### Protest against unjustifiable taxes: Cement dealers go on strike

Pakistan's cement dealers have announced to suspend sale-purchase of cement from today (2<sup>nd</sup> Jul'19) as a mark of protest against unjustifiable taxes and the FBR. They claim that they know their step will cause loss of millions of rupees to the mills as well as the govt. in shape of lower taxes contribution to the kitty. They claim that they will be on strike till their demands are met. *BR*.

#### Businessmen plan protest against govt policies

Businessmen and traders – who are believed to have played a crucial role in getting the current govt. elected are all set to take to streets in protest against what they say are govt.'s anti-business policies and hard-hitting budget for FY20, apparently prepared on the advice of the IMF. Thousands of businessmen and traders are expected to participate in a rally to be held in Karachi today (2<sup>nd</sup> Jul'19). Big markets of the city are expected to participate in the rally including Jodia Bazaar, Saddar electronics market, Tariq Road markets, main cloth market at Tower and Shershah scrap market. *Tribune*.

#### CNG dealers mull nationwide strike

Pakistan's CNG pumps may opt for a countrywide strike against the unprecedented hike in tariff of natural gas. The representatives of the sector claim that the extraordinary hike of 31% in the tariff of natural gas will leave the CNG sector bankrupt and thousands jobless. The transporters alliance in Karachi decided to go on a strike over likely hike in price of CNG by PKR 18 in Sindh. *BR*.

#### Misuse of Pak-Afghan transit trade: high-level committee Constituted

The govt. has constituted a high-level committee headed by the minister for interior to propose recommendations within a month after reviewing all aspects of smuggling, especially effective monitoring of borders and how to prevent misuse of Afghan-Pak Transit Trade Agreement. The PM has said that development of agriculture as well as revival of industrial sector is important to steer the country out of the debt trap which can be possible only by completely stopping the sale and purchase of smuggled items. *BR*.

#### SBP clarification

The SBP has clarified that it has not issued directives for blocking of bank accounts, if not biometric. SBP has said that banks had been asked for biometric verification of accounts by 30<sup>th</sup> Jun'19 and the process will continue after the deadline. SBP has also clarified that bank account will be restored on biometric verification, if blocked by the bank. *BR*.

#### PKR 3/unit during off peak hours: Industrial support package runs out

The federal govt. has discontinued the Industrial Support Package (ISP) of PKR 3/unit during off peak hours (20 hours in total) effective from 1<sup>st</sup> Jul'19. The govt. has also increased the power tariff for domestic consumers using above 700 units/month, commercial consumers of higher slabs and industrial consumers by PKR 180/unit from 1<sup>st</sup> Jul'19. The ECC has approved the proposal with some modifications including: the period of adjustment of ISP claims will be up to 30<sup>th</sup> Jun'19 instead of 31<sup>st</sup> May'19 and that the ISP claims of K-Electric will be treated separately. *BR*.

#### Tax-to-GDP ratio sinks to lowest in five years at 9.9%

The center has sought the help of provinces for bringing immovable property owners into the tax net as the FBR tax-to-GDP ratio has sunk to just 9.9% – the lowest in 5 years. FBR Chairman, Syed Shabbar Zaidi has written a letter to all provincial chief secretaries, requesting them to appoint focal persons for coordinating with the FBR in order to bring immovable property owners into the tax net from FY20. *Tribune*.

#### PKR 1Mn per declaration difference between two amnesty schemes

Under Asset Declaration Scheme 2019, the FBR has so far received 94,206 declarations with deposited tax amount of PKR 42Bn that indicates on average per declaration paid up tax amount of PKR 0.4Mn. The last amnesty had received total 82,889 declarations with paid up tax amount of PKR 124.8Bn that shows each declaration was around PKR 1.4Mn. *The News*.

#### FBR extends date of filing returns up to Aug 2

FBR has extended the date of filing income tax returns/statements for TY18 for individuals and AOPs up to 2<sup>nd</sup> Aug'19. *The News*.

#### Around 170,000 income tax returns filed in June

Authorities have received 170,000 income tax returns in Jun'19, as filing spiked ahead of 3<sup>rd</sup> Jul'19 deadline of the scheme for declaration of hidden assets. FBR has received a record total of 2.11Mn income tax returns by 30<sup>th</sup> Jun'19. *The News*.

#### 10% regulatory duty on used clothes slammed

Used clothes traders have urged the govt. to remove 10% regulatory duty (RD) on used clothes imports. They have further called for a need to bring down withholding tax to 1% from current 6% in order to offset the impact of rising landing cost of imported items due to rupee depreciation against the dollar. Pakistan imported worn clothing valuing \$ 165Mn in 11MFY19. *Dawn*.

#### Treasury single account gets going; Benami crackdown zones identified

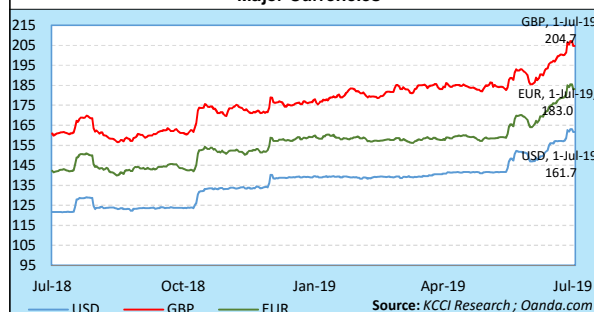
The govt. has empowered the federal secretaries to have full control over development and non-development funds of their respective ministries and surrender all unspent funds to the consolidated fund (govt.'s single treasury account) at least 25 days before the close of fiscal year. Simultaneously, the govt. also notified the establishment of 3 major zones – Lahore, Karachi and Islamabad – and 11 sub-zones for adjudicating authorities to deal with Benami properties. *Dawn*.

#### Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	1-Jul	PKR	158.50	-0.97%
USD-Open MKT	1-Jul	PKR	160.25	0.00%
KSE-100 index	1-Jul	Pts.	33,996	0.28%
FIPI	1-Jul	\$ Mn	1.02	NM**
Crude (AP'19)	1-Jul	\$/bbl	59.02	1.44%
Gold (MA'19)	1-Jul	\$/oz	1,386.8	-1.87%
Gold (10g) Local	1-Jul	PKR	67,387	-1.26%
Silver (MA'19)	1-Jul	\$/oz	15.09	-1.18%
Cotton(KHI)-40 kg	1-Jul	PKR	8,574	-4.75%
Kibor-6M	1-Jul	%	13.11	0.00%
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

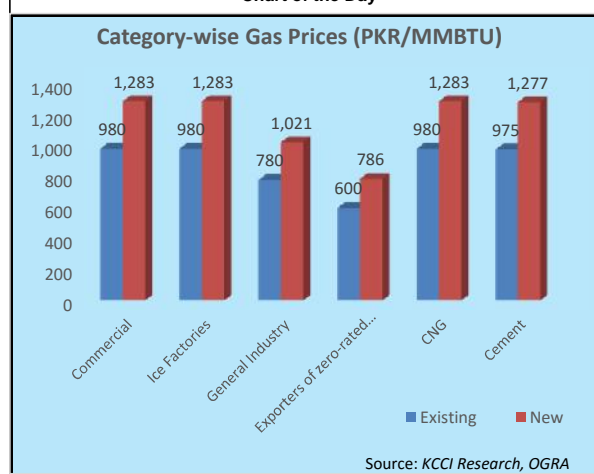


#### Quote of the Day

*"It's not whether you get knocked down, it's whether you get up."*

**Vince Lombardi**

#### Chart of the Day



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