

### Karachi traders call off three-day strike

Traders of Karachi have called off their threatened three-day strike, which was to begin from today (8<sup>th</sup> Jul'19), on the assurance of the Sindh Governor Imran Ismail that the govt. is prepared to address their reservations on tax issues. The governor constituted a six-member committee, comprising three members each from the govt. and the traders' sides, for holding negotiations to address the trader's reservations on tax issues. The governor also arranged a telephonic contact between the traders and FBR chief Shabbar Zaidi who assured the traders of sorting out the issues pertaining to their 11-point charter of demands with mutual understanding. The governor assured the delegation that no action would be initiated against any trader until negotiations on tax issues concluded. *Dawn-Mon.*

### 'Govt trying to introduce uniform sales tax system'

State Minister for Revenue Hammad Azhar has said that the govt. is trying to introduce a uniform sales tax system and if the tax rate, which at present is only 11%, is not increased it will lead the country towards bankruptcy. In a meeting with businessmen, FBR chairman said the main theme of federal budget is development of industrial sector and to generate employment opportunities. *Dawn-Sun.*

### Commercial and industrial meters: unregistered persons to be issued notices

FBR is going to issue notices to unregistered persons having commercial and industrial meters of gas and power across the country for broadening of tax base. The Broadening of Tax Base Zone (BTB) Zone Karachi, after scrutinizing the data of SGC and K-Electric with FBR database, has identified over 97,000 unregistered persons having commercial gas connection and over 450 persons having industrial gas connections. Furthermore over 23,000 persons having KE's commercial and industrial meters are not enrolled in sales tax. *BR.*

### All SROs relating to zero-rating facility rescinded

The FBR has rescinded all notifications/orders allowing zero-rating facility of sales tax on electricity, gas, coal, furnace oil and diesel oil to registered persons, including exporters from 1<sup>st</sup> Jul'19. The FBR has directed all Chief Commissioners IR, to coordinate with utility providers regarding implementation of aforesaid amendments in the General Order for withdrawal of the zero-rating facility from the respective registered persons. *BR.*

### Immoveable properties: Old valuation rates applicable till new notification: FBR

FBR has clarified that the existing FBR valuation rates for immoveable properties, notified on 1<sup>st</sup> Feb'19, will remain applicable till official notification of new rates is being issued. According to income tax circular number 8 of 2019, the FBR has uploaded proposed valuation tables for immoveable property of various cities of Pakistan on its official website on 21<sup>st</sup> Jun'19 for views and comments. The FBR has proposed enhanced values of immovable properties in 18 cities except Karachi and Quetta. It is intended that FBR rates of immovable properties would be taken closer to or about 85% of actual market value. *BR.*

### Shabbar identifies impediments to industry growth

FBR chairman Shabbar Zaidi, while speaking to businessmen, said that the local industry could not be promoted unless the issues of smuggling, under-invoicing and Afghan Transit Trade are addressed at the earliest. Businessmen said that the decision of exemption of custom duties on more than 1,600 industrial inputs would help in making the local industry more competitive, however the increase in Additional Custom Duties (ACD) on 3,000 items would impact vital industrial inputs and increase the cost of doing business of our industry. They recommended that this ACD should be taken back. *BR.*

### Proposal under consideration: Small shops to pay fixed tax, big according to power bills

FBR Chairman, Shabbar Zaidi, has said that a proposal is under consideration to impose fixed sales tax on small shops (measuring 240 sq. ft. area), while the big shops (having area between 240 to 1,000 sq. ft.) will be bound to pay sales tax according to their electricity bills. Traders having shops above 1,000 sq. ft. would have to register under normal tax regime, he added. *The News.*

### KCCI wants SECP to relax 'search and seizure' rules

SECP has issued a notification wherein investigating officers are given sweeping discretionary powers to raid and search any premise without any search warrant, which is optional. KCCI is of the view that such measures are shaking the confidence of business and industrial community. If corporate sector is made to suffer such intense harassments, how will the small entities be able to do business with peace of mind in the country? Therefore, President KCCI Junaid Makda has urged the PM to withdraw this notification to avoid any misuse of powers and to promote a business friendly atmosphere in the country. *Daily Times-Sun.*

### 12 foreign firms barred from hiring Pak workforce

Bureau of Emigration and Overseas Employment (BEOE), working under the auspices of Ministry of Overseas Pakistanis and Human Resource Development, has barred 12 foreign recruiting firms from hiring Pakistani workforce due to non-compliance of employment code, resulting into grave problems for the emigrants. Six recruitment agencies from Azerbaijan and three from Iraq and Oman each had been barred from recruiting Pakistani manpower. After thorough examination of complaints received from the affectees as they were not ensuring promised jobs, timely and agreed salaries, besides issuance of fake visas. *The Nation-Mon.*

### IMF package First tranche may arrive next week

IMF is most likely to release \$ 1Bn to Pakistan on 8<sup>th</sup> July'19 (today) as 1<sup>st</sup> tranche of \$ 6Bn bailout package. The remaining amount of the bailout package will be phased over the duration of the program, subject to 4 quarterly reviews and 4 semi-annual reviews. *BR.*

### Putin invites Imran to attend EEF

Russian President Vladimir Putin has invited PM Imran Khan to attend the Eastern Economic Forum scheduled to be held between 4<sup>th</sup> to 6<sup>th</sup> Sept'19 in Vladivostok, Russia. The Forum is held each year and serves as a platform for the discussion of key issues in the world economy, regional integration, and the development of new industrial and technological sectors, as well as of the global challenges facing Russia and other nations. *BR.*

### Loss-making state enterprises borrow record PKR 330Bn

The loss-making public sector enterprises (PSEs) have borrowed 36% more from banks in FY19 over FY18. SBP's latest report shows that banks' lending to PSEs jumped to PKR 329.7Bn in FY19, which is a record borrowing in a single year. Borrowing was recorded at PKR 245Bn in FY18 and PKR 254Bn in FY17. *Dawn-Sun.*

### Customs working to reduce container dwell time at ports

The govt. is working on a strategy to increase green channel clearances of containers to reduce dwell time of containers at ports and facilitate trade. The strategy includes steps to increase clearances by 10% in coming quarter and 10% in subsequent quarter, ultimately increasing total green clearances to 60%. The move would also decrease personal interaction with customs officials at clearance while at the same time decrease officials' discretion in process of goods clearance. *Dawn-Sun.*

### SEZ under CPEC may be inaugurated by month-end

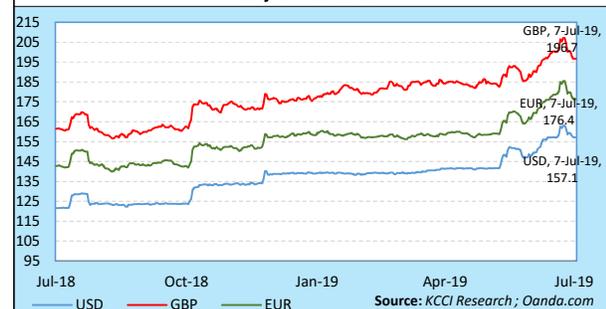
The inaugural session of Rashakai Special Economic Zone, under CPEC, is expected to be held by the end of Jul'19 and 20 factories would be set up initially. An investment worth \$ 138Mn is expected from China in the industrial zone and it is among 3 SEZs which will be developed within next 2 years. China has agreed to facilitate operationalization of at least 1 SEZ under CPEC as Pakistan is yet to show progress on the remaining zones. Rashakai Industrial Zone in Nowshera would consist of 1,000 acres of land and focus on fruit, food packaging and textile stitching/knitting. *BR.*

### Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	5-Jul	PKR	156.93	0.23%
USD-Open MKT	5-Jul	PKR	156.50	0.00%
KSE-100 index	5-Jul	Pts.	34,190	-1.10%
FIPI	5-Jul	\$ Mn	0.09	NM**
Crude (AP'19)	5-Jul	\$/bbl	57.75	1.35%
Gold (MA'19)	5-Jul	\$/oz	1,401.2	-1.21%
Gold (10g) Local	5-Jul	PKR	67,387	0.00%
Silver (MA'19)	5-Jul	\$/oz	14.94	-2.21%
Cotton (KHI) -40 kg	5-Jul	PKR	8,788	1.23%
Kibor-6M	5-Jul	%	13.13	0.01%
Forex Reserves	28-Jun	\$ Bn	14.44	0.64%
	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-Jun 19	%	7.34	
Discount Rate	May-19	%	12.25	

Sources: KCCI Research, PMEX, NCCPL, KSE, SBP, PBS\*  
\*\* Not Meaningful on week;

### Major Currencies



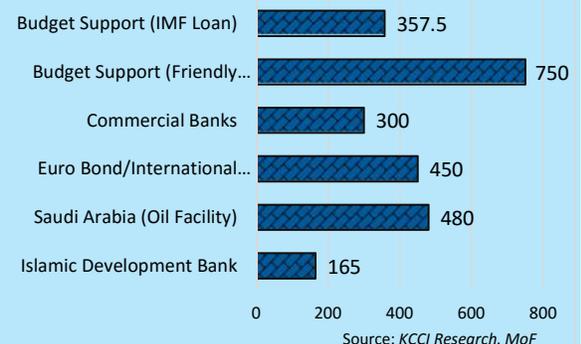
### Quote of the Day

*"Balanced budget requirements seem more likely to produce accounting ingenuity than genuinely balanced budgets."*

**Thomas Sowell**

### Chart of the Day

### Pakistan's Budgeted Loans (Selected) (PKR Bn)



### Disclaimer

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