

#### Except on sugar: No new tax levied, no sales tax hiked, says Shabbar

Chairman FBR Shabbar Zaidi while speaking at a media conference has said that the reason behind inflation is PKR devaluation and middle man. He said that no new tax has been imposed in the budget except for on sugar. There has also been no hike in GST. No container with imported items will be opened and no account will be frozen without having explanation. He challenged that if anybody points out any new tax, he will withdraw it. He also pointed out that imposition of tax on sacrificial animals in the cattle market is a rumor. A facility has been provided to file 2018 tax returns until 2<sup>nd</sup> Aug'19. He assured the business community that a committee will be constituted to redress their genuine concerns fomented after the recent budget. Regarding exporters, he said that a credible and efficient refund system will be evolved in consultation with them and PKR 38Bn has been issued for the immediate payment of refund claims. Regarding amnesty scheme, he said many businessmen could not avail this scheme due to blockage of the FBR system. Hence, their concerns would be resolved within the next couple of days through mutual consultation. He said that the CNIC issue has been deferred for the time being. Hence, the industrialists should run their units without any fear of harassment. He said that under-invoicing, smuggling and problems related to Afghan transit trade are priority issues for the govt. and stringent measures are being taken to resolve them. *The News*.

#### Hammad Azhar made finance minister

State Minister for Revenue Hammad Azhar has taken oath as the Federal Minister for Finance, Revenue and Economic Affairs. The oath taking ceremony was held at Aiwan-e-Sadr and President Dr Arif Alvi administered the oath to Azhar. *BR*.

#### Units to remain closed indefinitely: Textile leaders

Textile sector leaders have announced that all processing mills would remain closed indefinitely as the federal govt. has declined their demands. In an emergency meeting in Karachi, they reviewed the entire situation and decided that textile processing mills would not resume operation as clients do not agree on new rates. During the meeting, members were informed that the federal govt. negotiated with textile processing mills and despite dialogue that lasted for 4 hours, govt. refused to accept the demands of the industry. *BR*.

#### Traders strike against hike in Sales Tax

Traders are protesting against the hike in Sales Tax in the federal budget across several cities, while nationwide strike from 13<sup>th</sup> Jul'19 has also been announced. Traders have threatened that the strike may continue indefinitely if the additional taxes are not withdrawn. *The News*.

#### Increase in gas, power rates among prior conditions

The IMF in its staff report on \$ 6Bn Extended Fund Facility Arrangement (EFF) for Pakistan, has claimed that flexible, market-determined exchange rate, increase in discount rate by 150 bps, not granting further tax amnesties and increase in electricity and gas tariff were prior conditions for the program. IMF has also told Pakistan to adopt measures to strengthen the effectiveness of the AML/CFT framework to support the country's efforts to exit the FATF list of jurisdictions with serious deficiencies. It was also made mandatory to submit to Parliament a new State-Owned Enterprise law to improve governance and transparency by end-Sept'20 in line with IMF recommendations. It also asked to finalize BISP's banking contracts and launch financial inclusion strategy for women by end-Oct'19 among other things. *BR*.

#### Semi-independent tax authority to be set up: IMF assured

The govt. has assured the IMF that a new semi-independent national tax authority would be created to bring the main revenue sources under tax administration reforms. IMF, in its staff level report, said that given Pakistan's still low tax ratio (below 13% of GDP), the adjustment strategy will be primarily revenue-based, designed to achieve a 4-5% points of GDP increase in tax revenues by the end of the program. *BR*.

#### Pakistan to further increase power tariff in Aug: IMF

Pakistan has committed to further increase electricity tariff from Aug'19 and is also bound to fully implement the FATF 27-point action plan in 3 months as part of the \$ 6Bn program conditions, reveals an IMF report. The staff-level report further disclosed that against the govt.'s claim of imposing PKR 516Bn taxes, the actual tax measures amounted to a record PKR 733.5Bn, which has undermined the credibility of the govt. in the eyes of the legislators and the public. After increasing the electricity prices by 11% from Jul'19 to recover PKR 150Bn in additional revenue from consumers' a 2<sup>nd</sup> quarterly adjustment will take place before the end of Aug'19. *Tribune*.

#### What the IMF numbers say

In IMF's document exports are projected to grow from 7-10% every year out till FY24. Pakistan is aiming to repay up to \$ 37.35Bn of external debt and liabilities over programme duration. More than 60% of this amount will be paid to China, Saudi Arabia and the United Arab Emirates. Substantial payment obligations kick in for short-term govt. debt including amortisation and rollovers from FY21. From FY21, both rollovers and amortisation are scheduled to more than triple in size, and stay at elevated levels for the foreseeable future. *Dawn*.

#### IMF assesses Pakistan's financing need at \$ 25.5Bn

The IMF has assessed Pakistan's gross financing requirement at \$ 25.5Bn in FY20 on the back of mounting debt repayment, whereas the ADB has indicated that it will provide \$ 10Bn over a period of 5 years. Against the need for \$ 25.5Bn, the IMF has estimated total inflows at nearly \$ 30Bn. Additional borrowing of over \$ 4Bn would be used to build the foreign currency reserves. *Tribune*.

#### Declaration scheme: Bank deposits hit all-time high of PKR 14.46Tn.

Total deposits of all banks posted a healthy growth of 10.68% or PKR 1.39Tn in FY19 to reach all-time high level of PKR 14.45Tn as on 30<sup>th</sup>Jun'19 compared with PKR 13.06Tn on 30<sup>th</sup>Jun'18. Growth in deposits was mostly fuelled in Jun'19, mainly due to amnesty scheme, seasonal targets and registration of PKR 40,000 prize bond. It is estimated 20% of the declared assets (computing to PKR 200Bn of asset declared as at 28<sup>th</sup>Jun'19) to have been routed through banking channels. *BR*.

#### Projects like K-IV cannot be completed without federal govt support: Murad

CM Sindh Murad Ali Shah has said that water projects like K-IV cannot be completed without the support of federal govt. and conference of all stakeholders he convened recently was aimed at seeking their support. Regarding Green Line bus project, Mr Shah said that in FY20 budget, federal govt. had allocated 20-25% of total required funds for Green Line. This showed that the federal govt. is not serious to complete it during FY20. *Dawn*.

#### 1,603 complaints registered on city police's WhatsApp service in year's first half

The WhatsApp complaint service launched by Karachi police has been functioning effectively as several actions have been taken, in response to over 1,600 complaints so far lodged. The complaint center was formed on WhatsApp number 0343-5142770. Until 30<sup>th</sup> Jun'19, a total of 1,603 complaints of various nature had been registered. Among the total complaints, 696 were against police officials, of which 657 had been disposed of. *The News*.

#### Engro Foods name changed

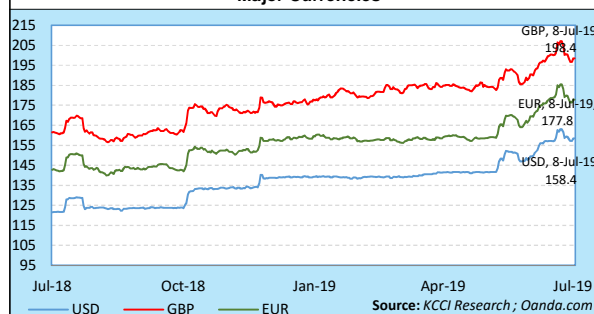
Engro Foods Limited, will now be known as FrieslandCampina Engro Pakistan Limited (FCEPL). *The News*.

#### Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	8-Jul	PKR	157.32	0.25%
USD-Open MKT	8-Jul	PKR	157.00	0.32%
KSE-100 index	8-Jul	Pts.	33,743	-1.31%
FIPI	8-Jul	\$ Mn	0.62	NM**
Crude (AP'19)	8-Jul	\$/bbl	57.47	-0.48%
Gold (MA'19)	8-Jul	\$/oz	1,397.3	-0.28%
Gold (10g) Local	8-Jul	PKR	67,430	0.06%
Silver (MA'19)	8-Jul	\$/oz	14.97	0.20%
Cotton(KHI) -40 kg	8-Jul	PKR	8,895	1.22%
Kibor-6M	8-Jul	%	13.13	0.00%
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



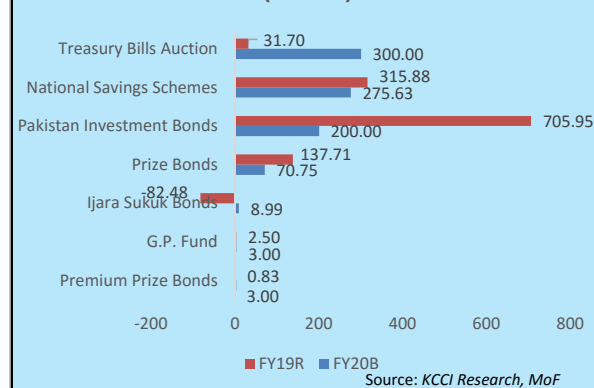
#### Quote of the Day

"If you are not willing to risk the usual, you will have to settle for the ordinary."

Jim Rohn

#### Chart of the Day

#### Budgeted Capital Receipts from Public Debt (PKR-Bn)



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