

Sindh gov. unveils tax incentive scheme for defaulters

Sindh Revenue Board (SRB) has announced an exemption from fine and penalties for taxpayers, rendering services, within the province by paying outstanding principal tax amount. SRB will grant the waiver from fine and penalty in three phases. A taxpayer is exempted from fine and penalty if he pays the principal amount along with 5% of the amount as default surcharge between 19th May and 25th May '17. In case a taxpayer fails to meet the deadline, then he still has two more opportunities by paying principal tax amount along with 10% or 20% default surcharge between 26th May and 2nd June and from June 3 to 9, respectively. *The News.*

FBR allows refund, input adjustment on packing material

FBR has allowed tax credit and refunds on raw materials purchased prior to the reintroduction of zero-rated sales tax scheme with the condition that the raw material is used in manufacturing of export goods. The FBR said a taxpayer can claim refund or input adjustment if the purchase was mentioned in the sales tax statement and if he produces evidence that the raw material was consumed for manufacturing of export or zero-rated supplies. *The News.*

Various Items: RD may be raised by 5%

Taking a major revenue generation measure to discourage imports of non-essential items, FBR has proposed a uniform regulatory duty (RD) to be increased by 5% on all imports and exports items in upcoming budget FY18. Thus the items liable to 5% RD have been proposed to be increased to 10% RD, items subjected to 10% RD have been proposed to be increased to 15%, 15% RD to 20% and items covered under 20% RD would be subjected to 25% RD. *BR.*

NEC likely to set 6% growth target

National Economic Council (NEC), on May 19, 2017 (today), is expected to fix the GDP growth target at 6% for the upcoming FY18 on the basis of 6.4% growth of manufacturing and services sectors each and 3.5% growth of agriculture sector. A growth of 6.3% has been projected for LSM. Planning Ministry requested the Finance Division to enhance the development budget to at least PKR 1.15Tn against the indicated ceiling of PKR 700Bn and finally PKR 1Tn development budget was agreed by Finance Division. However Annual Plan Co-ordination Committee (APCC) recommended NEC for consideration and approval of National Development outlay at PKR 2.11Tn out of which, PSDP includes local component of federal PSDP of PKR 833Bn and foreign aid component of PKR 168Bn. Local component of provincial PSDP is PKR 917Bn and foreign aid component is PKR 363Bn. *BR.*

Monetary policy on 20th

SBP will announce its monetary policy on 20th May'17. The policy is of high importance since inflation is gradually increasing while the national budget will be announced after a week of this policy. *Dawn.*

Per capita income rises 6.4% to \$ 1,629 in 2016/17

Pakistan's per capita income rose to \$ 1,629 in FY17 from \$ 1,531 in FY16, an increase of 6.4% as compared to 2.9% in FY16. Finance minister Ishaq Dar is expected to officially released Economic Survey (2016-17) on 25th May'17. *The News.*

FBR to simplify laws to undercut shadow economy

FBR is expected to consider a set of proposals for documenting the informal economy through steps such as simplifying tax laws and discouraging the use of cash. The Tax Reforms Commission (TRC) has also submitted a detailed plan to the FBR. The action plan will be initially developed for three years to minimize the size of the informal economy by at least 30%. It was also proposed to seek information regarding the source when remittances exceed a certain limit. It has also been suggested that a national tax court or special tax benches should be set up to speed up the justice system. *Dawn.*

Govt. to miss Exports Imports CAD targets

The govt. has admitted that it would miss the country's exports, imports and Current Account Deficit (CAD) targets for ongoing FY17 by a wide margin. The govt. would miss the exports target by \$ 3Bn which would reach \$ 21.7Bn as against the target of \$ 24.8Bn while imports target of \$ 45Bn would also be missed and is expected to reach \$ 50Bn, the highest-ever level. Therefore, the trade deficit would widen by \$ 28Bn during FY17 as compared to the target of \$ 24Bn. The CAD would also reach 8.3% of the GDP as against the target of 4.5% of the GDP for FY17. *The Nation.*

Pakistan's external finance pressures still manageable, says Fitch

Fitch Ratings has said that the recent fall in Pakistan's foreign-exchange reserves and widening of its current account are manageable. The country is also unlikely to face significant external-financing difficulties in the short term. However, the statement added that there have been signs of a re-emergence of external pressures since the end of the IMF programme. *Dawn.*

Industry wants say in finalization of Pak-Turk FTA

Industrialists have called upon the government to obtain input from the relevant sectors prior to finalization of Free Trade Agreements (FTA) with various countries. Industrialist claim that the results of previous FTAs especially with China have not been encouraging for the local industry and they fear similar results regarding Pak-Turkey FTA. Former management consultant and strategy advisor at McKinsey & Company and United Nations has cited a recent research report by the Karachi Chamber of Commerce and Industry that too had highlighted the reasons for higher trade deficit. *Dawn.*

Newly-proposed law to apply on SECP registered real estate firms

A new provision proposed in the Companies Bill, 2017 would only apply to the companies, which are registered with SECP and carrying out the business of real estate development. The provision will provide certain safeguards to ensure that deposits / advances collected by such companies from their customers are exclusively used for the purpose of development and construction of relevant project and to avoid misuse of such funds towards other activities; thereby, exposing the risk of default / delay in delivery. The intent of the provision is limited to the extent of protection of advances and deposits collected by such companies against future development / delivery of real estate in the form of plots or houses. *The News.*

More than half of financial sector becomes dysfunctional

More than 50% of the country's financial sector has virtually become dysfunctional as institutions are working without Chairmen and Boards of Directors due to withdrawal of amendment in the Banking Companies Ordinance 1952. In this regard, SBP has issued a note to Finance Ministry asking for the rectification of the issue as the amendment was withdrawn by the minister without any impact analysis. SBP is of the opinion that banking ownership laws need to change in the country to achieve a higher level of banking assets as prevalent in the region. *BR.*

Govt. plans to add 41,000MW through hydropower by 2030

The govt. has planned to initiate several hydropower projects along River Sindh that would have a capacity of producing 41,000MW of electricity by 2030. The projects will be completed under CPEC long-term plan. *Tribune.*

Centralized eIPO system launched

The second Initial Public Offering (IPO) of this year, scheduled to be floated on 23rd and 24th May, will be available for subscription through the Centralized eIPO System. The electronic system of IPO has been launched after the approval of the regulators, SECP and SBP. The Centralized eIPO System will be available for the upcoming IPO of Ittefaq Iron Industries Ltd. *Dawn.*

Forex reserves reach \$ 20.68Bn

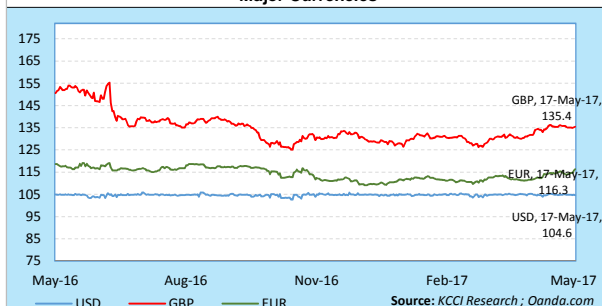
The total liquid foreign reserves held by the country stood at \$ 20.68Bn on May 12, 2017 as against 20.79Bn held in the previous week. Weekly break-up of the foreign reserves position showed that foreign reserves held by the SBP decreased by \$ 17Mn to \$ 15.90Bn from \$ 15.91Bn a week ago while net foreign reserves held by commercial banks stood at \$ 4.78Bn. *The Nation.*

Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	18-May	PKR	104.86	0.00%
USD-Open MKT	18-May	PKR	105.90	-0.28%
KSE-100 index	18-May	Pts.	50,957	-1.08%
FIPI	18-May	\$ Mn	-6.88	NM**
Crude (JU'17)	18-May	\$/bbl	49.62	0.57%
Gold (JU'17)	18-May	\$/oz	1,247.6	-0.97%
Gold (10g) Local	18-May	PKR	43,242	0.90%
Silver (JU'17)	18-May	\$/oz	16.54	-1.80%
Cotton(KHI)-40 kg	18-May	PKR	7,341	0.73%
Kibor-6M	18-May	%	6.14%	0.00%
			WoW	-0.54%
Forex Reserves	12-May	\$ Bn	20.68	YoY
Remittances	Jul-Apr 17	\$ Bn	15.60	-2.79%
Exports*	Jul-Apr 17	\$ Bn	16.92	-2.29%
Imports*	Jul-Apr 17	\$ Bn	43.47	19.88%
Trade Balance*	Jul-Apr 17	\$ Bn	-26.56	-40.12%
Current Account	Jul-Apr 17	\$ Mn	-7,247	-204.75%
Avg. CPI-FY17*	Jul-Apr 17	%	4.09	
Discount Rate	Mar-17	%	5.75	

Sources: KCCI Research, PMEX, NCCPL, KSE, SBP, PBS*
** Not Meaningful WoW= week on week; YoY=Year on Year

Major Currencies

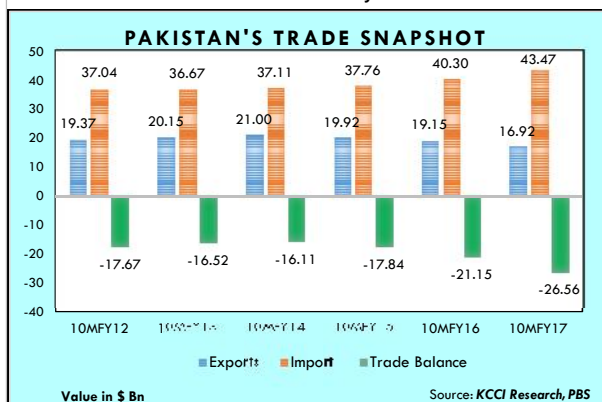


Quote of the Day

"Good humor is a tonic for mind and body. It is the best antidote for anxiety and depression. It is a business asset. It attracts and keeps friends. It lightens human burdens. It is the direct route to serenity and contentment."

Grenville Kleiser

Chart of the Day



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