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APTMA seeks funds for drawbacks, refund of ST

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LAHORE: The All Pakistan Textile Mills Association (APTMA) Chairman Aamir Fayyaz has urged Prime Minister and the Finance Minister to allocate funds under the already announced scheme for disbursement of duty drawback to exporters against realization of export proceeds immediately and pay all outstanding refunds of sales tax to claimants against the already issued RPOs to save the industry from the liquidity crisis, which is affecting its viability.

He said the FBR has exercised unjust tactics to delay refund payment of claimants for the 2016-17 tax period, as the Chief (Automation and Sales Tax) of FBR has issued instructions for rolling back of RPOs to all Chief Commissioners RTO/LTU.

He said any such situation would cause serious liquidity crunch for exporters cum manufacturers for processing further export orders.

He said the FBR should have processed refund claims through ERS for tax period July 2016 onwards and subsequently conducted post refund audit instead of asking field officials to do the scrutiny of already issued RPOs.

In addition, he pointed out that the Prime Minister had announced export-led growth package on 10th January. Three months have been passed so far and no payment has been made to exporters against the realization of exports.

He said drawback of taxes, as agreed and announced by the Prime Minister against realization of exports should be processed immediately.

He said the amount to be disbursed over the last three months is estimated at Rs30 billion at Rs10 billion per month against the export package of Rs180 billion spread over 18 months period. He said the government was losing its credibility with respect to commitments it has made repeatedly to the industry and exporters.

He said immediate steps are needed to arrest the adverse situation arising out of the liquidity crunch, as the exporters are under the threat of losing their export orders.

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FBR urged to payoff refunds

RECORDER REPORT

MULTAN: The business community, exporters and industrialists have urged the Federal Board of Revenue (FBR) on Friday to clear those outstanding refunds of exporters against which release payment orders (RPOs) have been issued forthwith as liquidity crisis cause decline in textile exports.

The Multan Chamber of Commerce and Industry (MCCI) President Khawaja Jalaluddin Roomi said that FBR should clear the dues before the deadline of April 20 given by the apex chamber of commerce and industry .If the FBR fails to fulfill this demand, the business community will be forced to take action as per decision of FPCCI, he added.

He said exporters are facing a lot of hardships because of a liquidity crunch. He said many small and medium enterprises (SMEs) in Multan, Bahawalpur, Dera Ghazi Khan Faisalabad, Kasur and Gujranwala have already closed down their operations as they could not sustain the financial overheads in the presence of huge outstanding rebates and refunds in sales tax, income tax and customs duty. The situation has deteriorated to the extent that industries that took bank loans to meet their export commitments are now being turned away by banks, he added.

In the last budget speech, the finance minister promised to clear all outstanding dues of exporters. But only Rs26 billion were paid in August 2016 while Rs27bn were paid in the middle of November. Refunds of round Rs250bn are still stuck with the FBR, he said.

He said the Federal board of revenue (FBR) continues to claim that only Rs150 bn is outstanding, insisting that its figure does not include the deferred amount. “This is wrong. It is only damaging the country’s exports that have come down from $25bn to $20bn,” he noted.

All Pakistan Bedsheet and Upholstry Manufacturers Association (APBUMA) Chairman Khawaja Muhammad Younas said the FBR is resorting to delaying tactics to postpone the payment of rebates and refunds by opening cases for audit. “Exporters cannot claim refunds until their audit is over,” he said.

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Sell-off business relegated to back burner

WASIM IQBAL & ZAHEER ABBASI

ISLAMABAD: There is no Chairman of the Privatization Commission (PC), the position fell vacant on 29 January when Mohammad Zubair was made Governor Sindh and there is no Secretary Privatization Commission since 24 March. This indicates that privatization is now on the back burner till elections next year, informed sources told Business Recorder

However, an additional charge of Secretary PC has been given to the Shahid Mehmood.

Entities which are hemorrhaging the economy notably Pakistan Steel Mills (PSM), Pakistan International Airlines (PIA) and power sector entities continue to be as much of a burden on the exchequer as during the previous administration. This is a digression from the PML-N manifesto 2013 which states that "several key state owned enterprises like PIA, Railways, PSM, WAPDA and others institutions are a major drag on Pakistan's economy. Therefore, reforming these SOEs through a combination of privatization and restructuring is fundamental".

Only profitable entities have so far been privatized during the current tenure of the Sharif administration through offering government shares in the capital market.

An official of the PC on condition of anonymity stated that at present there appears to be no focus of the government towards privatization or restructuring.

The government had sold 20 per cent shares of the United Bank Limited (UBL) at Rs38.2 billion, 5 percent shares of the Pakistan Petroleum Limited (PPL) at Rs15.34billion, 11.46 percent shares of the Allied Bank Limited (ABL) at Rs14.44billion, 41.5percent shares of the Habib Bank Limited (HBL) at Rs102.34 billion and 88percent shares of the National Power Construction Corporation (NPCC) at Rs2.5billion.

In April 2016, the Minister for Water and Power stated during a meeting that he had been instructed by the Prime Minister to stay privatizing of Discos, which was in contravention of the commitment made by Finance Minister Ishaq Dar to the International Monetary Fund (IMF) under the three-year 6.64 billion dollar Extended Fund Facility (EFF).

The government, under the EFF, committed to the IMF to reform 30 public sector enterprises (PSEs) and laid out a time bound strategy for privatizing 65 PSEs including formulating a medium-term action plan to restructure PIA, PSM, and Pakistan Railways.

The commitment included privatization of 26 percent of PIA shares to strategic investors by end-June 2014 as well as hiring a professional audit firm to conduct a technical and financial audit to identify the stock and flow of payables at all levels of the energy sector (including Power Sector Holding Company Limited) by end-November 2013.

In the first review of the EFF, new structural benchmark on privatization was agreed envisaging hiring of three financial advisors for three PSEs in the capital market transactions list and three financial advisors for three PSEs in the strategic private sector enterprises list earmarked for privatization.

In the second quarterly review, the government stated that it had identified eleven companies in the oil and gas, banking as well as in insurance and power sectors for block sales, and primary or secondary public offerings and committed to hiring three financial advisors by end-March 2014 to offer minority shares in three companies in domestic or international markets by end-June 2014 subject to investor interest and global market conditions. Furthermore, it said it will hire financial advisors for at least two other companies by end-June 2014 to market minority shares within six

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months thereafter.

The government also committed to hiring financial advisors for one electricity distribution company and one power generation company and again promised to restructure/privatize PIA, PSM and Pakistan Railways.

Staff level report on third review pointed out that advisers were hired for only three firms rather than six. The government agreed on a new benchmark to push forward the privatization process with completed share offers for two firms by end-June 2014 for offering minority shares in United Bank Limited and Pakistan Petroleum Limited.

Staff level report of the IMF on fourth and fifth review noted that SBP missed the NIR reserves by end September 2014 due to delay in privatization. The government completed minority share sales of UBL and PPL in June 2014 raising over $500 million in revenue. The authorities had intended to sell additional shares in OGDCL, but postponed the offer in light of adverse world energy market developments. The hiring of financial advisors for PIA, Faisalabad Electric Supply Company (FESCO) and Northern Power Generation Company Limited (NPGCL) was completed in July 2014. The hiring of financial advisors for ABL and HBL was finalized in November.

The IMF in the seventh review referred to the government performance on privatization as a key issue and again in the eighth review stated that "an accelerated pace of privatization and restructuring of public enterprises as well as regulatory reform will also go a long way toward improving the business climate and supporting private sector-led activity".

The IMF in the final review report noted that the cumulative losses of PIA, PSM and Pakistan Railways have increased, but at a slower pace. The report noted that there were some successful capital market transactions.

The government has succeeded in public offering of the shares of only five profit making entities and the losses incurred by three major public sector entities (PSEs) — PIA, PSM and Pakistan Railways — surged to about Rs705 billion in the first three years of the present government.

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FBR sets Rs.1.19trn target for Q4

SOHAIL SARFRAZ

ISLAMABAD: The Federal Board of Revenue (FBR) has fixed Rs 1,194.3 billion revenue collection target for the last quarter (April-June) 2016-17 with the projected growth of 16 percent.

According to sources, target of direct taxes has been projected at Rs 480.7 billion; sales tax, Rs 454.9 billion; Federal Excise Duty (FED), Rs 85 billion, and target of customs duty has been fixed at Rs 173.6 billion for the last quarter (April-June) 2016-17.

Sources said that the revenue collection target for the month of April 2017 has been set at Rs 290.7 billion. Breakup of target revealed that the direct taxes target has been fixed at Rs 93.1 billion, sales tax at Rs 130.9 billion, FED at Rs 20.4 billion and target of customs duty is Rs 46.4 billion for April 2017.

Sources said that revenue collection target for May 2017 has been fixed at Rs 346.2 billion. Breakup revealed that the direct taxes target has been projected at Rs 126.8 billion, sales tax at Rs 141 billion, FED at Rs 29 billion and target of customs duty has been set at Rs 49.4 billion for May 2017.

The target for June 2017 has been projected at Rs 557.4 billion. Breakup of target showed that the direct taxes target has been projected at Rs 260.9 billion, sales tax, Rs 183.1 billion, FED, Rs 35.6 billion, and target of customs duty has been projected at Rs 77.8 billion for the last month of the fiscal year 2016-17.

The annual revenue collection target is Rs 3,621 billion for the whole period of 2016-17.

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Top Chinese power official meets PM

ISLAMABAD: Prime Minister Nawaz Sharif Friday said addressing energy shortfall was the top priority of his government and expressed the hope that fast track construction of power projects would significantly help overcome the energy crisis.

He was talking to Yan Zhiyong, Chairman of Board of Directors and President of Power Construction Corpo-ration of China who along with a delegation called on the Prime Minister.

The Prime Minister reiterated that Pakistan was fully committed to the timely and effective implementation of all the projects under China-Pakistan Economic Corridor (CPEC).

“We thank Chinese ministries and institutions for their support in making CPEC a reality,” the prime minister said.

The Prime Minister said the government will extend full cooperation for early execution of the on-going projects and invited Power China to explore investment opportunities in transmission lines and hydro power projects including water reservoirs and power generation components, according to a statement released by the PM House.

Yan Zhiyong informed the Prime Minister that 100 young engineers from Pakistan have been trained in China on various power sector streams and they will now work on the Port Qasim Power Project during its life of over 25 years.

He said Power China also intends to further impart training to Pakistani professionals as part of experience sharing and capacity building program.

Yan Zhiyong said China - Pakistan cooperation would continue and the Power projects would become a source of strengthened partnership between the two countries.

The Prime Minister acknowledged support of Power China and said Pakistan and China have “all-weather and time-tested” friendship based on mutual respect and trust.

Chinese delegation included Chairman Power China Resources Sheng Yuming, Executive Vice President, Lyu Liushan and Executive Vice President Cai Bin.

The meeting was also attended by Minister for Water and Power Khawaja Muhammad Asif and senior officials.—APP

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THE RUPEE
Rates slip

RECORDER REPORT

KARACHI: The rupee fell modestly against the dollar on Friday in the process of trading, dealers said.

INTER-BANK MARKET RATES: The rupee was trading versus the dollar for buying and selling at Rs 104.85 and Rs 104.86 respectively, they said.

OPEN MARKET RATES: The rupee shed five paisas in terms of the dollar for buying and selling at Rs 106.15 and Rs 106.35 respectively, they said.

Open Bid	Rs. 106.15
Open Offer	Rs. 106.35

Interbank Closing Rates: Interbank Closing Rates for Dollar on Friday.

Bid Rate	Rs. 104.85
Offer Rate	Rs. 104.86

RUPEE IN LAHORE: The Pak rupee depreciated on buying side while it stayed unchanged on selling side against the US dollar in the local currency market on Friday.

The currency dealers said the US dollar further appreciated by 10-paisa on buying side at Rs 106.20 as compared to the overnight closing rate of Rs 106.10.

However, no change in its value took place on selling side as it sustained its opening rate of Rs 106.35, they added.

Furthermore, the local currency showed strength as it recovered its day earlier losses versus the pound sterling. The pound's buying and selling rates slid from Thursday's closing rates of Rs 131.50 and Rs 132.30 to Rs 130.90 and Rs 132.10 respectively, they said.

The national currency recovered more 30 paisas versus the euro for buying and selling at Rs 112.50 and Rs 11.50 respectively, they said.

In the final Asian trade, the dollar skidded against the perceived safe-haven Japanese yen after the United States launched cruise missiles at an airbase in Syria in response to Syrian forces' alleged use of chemical weapons on Thursday. An US official said the strike has already been completed.

Against the yen, which tends to gain in times of geopolitical tension or risk aversion, the dollar erased its early modest gains and dropped 0.3 percent to 110.40 yen, down 0.9 percent for the week.

The dollar was trading against the Indian rupee at Rs 64.41, the greenback was at 4.4350 in terms of the Malaysian ringgit and the US currency was at 6.8996 versus the Chinese yuan.

RUPEE IN ISLAMABAD AND RAWALPINDI: The rupee remained firm against the dollar at the open currency markets of Islamabad and Rawalpindi here on Friday.

The dollar opened at Rs 106.50 (buying) and Rs 107 (selling). It closed at the same rate. Pound Sterling opened at Rs 130 (buying) and Rs 131.50 (selling). It closed at the same rate.

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Hydel projects

Wapda chief laments lack of donor support

MUSHTAQ GHUMMAN

ISLAMABAD: Chairman Water and Power Development Authority (Wapda) Lt-General Muzamal Hussain on Friday accused international donors of exploiting Pakistan and not supporting hydel projects which can resolve country's water issues.

He was briefing National Assembly Standing Committee on Water and Power which met with Arshad Khan Leghari in the chair.

Giving an overview of upcoming hydel power projects, Chairman Wapda expressed anger at Asian Development Bank (ADB) for keeping Pakistan waiting for ten years on a promise of funding for Diamer Basha Dam.

"It is a shame that Pakistan has a hydel potential of 100,000MW but we are producing only 7000 MW hydel electricity. Diamer Basha Dam has been inaugurated 5-6 times but it is not being constructed. I am saying this because we all work for the country and I need support of the House (committee)," he added The government has evolved consensus on construction of dam from its own resources. The cost of the project is $ 14 billion of which $ 3 billion is for Interest During Construction (IDC); and if the financing requirements of dam and power house are separated, $ 7 billion funding is required for the dam. The construction period of dam is seven years which implies that Wapda requires Rs 100 billion per annum. The government has almost approved funding mechanism and Wapda is planning to start work by the end of the current calendar year.

The committee was also informed that the Chinese are only undertaking thermal power projects in Pakistan. However, recently, a Chinese team visited Pakistan and discussed the possibility of inclusion of hydropower projects under the CPEC to be located on the Indus-basin.

Prime Minister Nawaz Sharif is visiting China next month with the objective of including hydel power projects in the CPEC.

"Pakistan is facing the issue of electricity but the water issue is more serious than electricity which is why the government is going to start work on Diamer Bhasha dam and 800 MW multi-purpose Mohmand Dam which is appropriate with respect to geology and hydrology etc and will stop floods but also supply water to cities like Peshawar," the Wapda chairman said.

Nawab Yousuf Talpur from PPP said that Sindh is facing drought like situation, adding that the country needs mega water reservoirs and he supported the construction of Diamer Bhasha dam. He suggested that the project should be included in the CPEC.

Kachchi canal was also a good project but it faced a number of problems as contractors backed out of commitments. The government had spent Rs 57 billion on the project. Wapda had two options i.e. either to fritter away Rs 57 billion or arrange a further funding of Rs 45 billion. According to Chairman Wapda, funding issue is resolved and Rs 10 billion has been given to Wapda for the project. He said that 72000 acres of land in Dera Bugti will be irrigated by the end of the current year.

The issue of 969 Neelum Jehlum also came under discussion. Chairman Wapda informed the committee that the first unit of the project would be operational on February 28, 2018; the second unit in March and the third unit in April 2018.

Junaid Akbar, PTI's MNA, noted that the Project was delayed and claimed that the Project Director was paid $ 55000 per month which prompted him to delay the project. Chairman Wapda clarified that the Project's Consultants and not the Project Director was paid that amount. He cited a number of reasons for the delay including the Chinese

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who win the tender under the garb of the CPEC.

"I have got rid of the consultants and after this at least three programs have been aired on private television channels against me," he said.

When Syed Ghulam Mustafa Shah, PPP MNA asked Chairman Wapda whether there was a need to hold anyone responsible for delay in hydel and thermal power projects, his response was "a lot".

Additional Secretary Water and Power, Omar Rasul who is also Managing Director Pepco, informed the committee that currently generation is around 11500 MW- 12000 MW, adding that last week demand was around 17000 MW and shortfall was 5000 MW. He said electricity demand can touch 24000 MW this year and the shortfall will stand at around 5500 MW in April.

He said, new power generation projects will be included in phases and load shedding will be scheduled and consumers will get an hour's relief.

The committee decided to amend Indus River System Authority Act on a bill presented by the Surriya Asghar MNA. She maintained that Irsa should submit its annual report in Parliament to deal with apprehensions of provinces.

"Their paranoia that Punjab has received more water than other provinces is always there. This amendment will remove apprehensions," she added.

Nawab Yousuf Talpur pleaded that "there is no water in Sindh" even for drinking, requesting Irsa to release/borrow some water from Mangla Dam for this purpose. However, Chairman Irsa clarified that water share of Sindh has been increased from 40000 cusecs to 45000 cusecs, adding that there is no need to borrow water from Punjab. He said presently sufficient water is available with Irsa. The issue is that water released from Tarbela reaches Sindh in 8-10 days.

Nawab Yousuf Talpur also demanded that additional water should also be allocated to Karachi, like Islamabad. Officials of Water and Power Ministry stated that any such decision is the prerogative of CCI and recommended that Sindh government should send proposals to the CCI.

Syed Waseem Hussain MNA, MQM (Pakistan) criticized KE for unleashing massive power outages and detection bills (dysfunctional meter) to the consumers, a city which contributes 75 per cent revenue to the country. He also sought the copy of a letter written by the Ministry of Water and Power to Nepra regarding Rs 60 billion overcharged from consumers. He said a copy of the letter has not been provided to him for the last three months which creates doubts whether the Ministry is colluding with KE.

The officials of Water and Power present in the meeting claimed that Nepra gave a relief of Rs 3 to 3.50 per unit to KE consumers due to that letter.

According to a press release, Standing Committee on Water and Power discussed the "The Indus River System Authority (Amendment) Bill, 2017" in detail and considered the amendments proposed in the draft further to amend the Indus River System Authority Act, 1992 (Act No. XXII of 1992). After a detailed deliberations on the said Bill, the Committee agreed with the proposed amendment of the Mover for insertion of new section 15(A) (Act XXII of 1992).

The committee was briefly apprised about the Daragai hydropower projects I&II, located in Malakand Agency. The committee was informed that there are total 03 hydropower stations in District Malakand, Khyber Pakhtunkhwa on Upper Swat Canal having a production of 121 MW. While discussions about the shortfall of electricity the Additional Secretary of the Ministry responded that there are 5000 to 6000 MW gap between demand and supply and expecting that it would be approximately the same in peak season of summer. He said that the government has started the different projects of hydro, thermal and wind which is expected to start its generation after 2 to 3 months. The committee directed that Ministry should ensure to lessen the

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shortfall of the electricity in order to give relief to the public especially in holy month of Ramazan.

Earlier, Khawaja Muhammad Asif, Federal Minister of Water and Power briefly apprised the Committee about the different projects of electricity initiated to overcome the shortfall of the electricity.

MNAs, Lt-Col Ghulam Rasul Sahi (retd), Syed Ghulam Mustafa Shah, Nawab Muhammad Yousuf Talpur, Junaid Akbar, Salim Rehman, Syed Waseem Hussain, Syed Kazim Shah and Ms. Surriya Asghar, MNA/Mover of the Bill attended the meeting, besides officials of the Ministry.

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RPOs of dubious cases to be investigated: FBR

Recorder report

ISLAMABAD: The Federal Board of Revenue (FBR) has decided to conduct the investigation and audit of sales tax Refund Pay Orders (RPOs) of dubious cases (tax period 2016-17), which did not match with the new parameters communicated to the Large Taxpayer Units (LTUs) and Regional Tax Offices (RTOs).

The FBR instructions issued to the LTUs/RTOs said that the parameters for scrutiny of sales tax refund claims for tax period of 2016-17 are: the refund claim is commensurate with exports; refund claimed on packing materials is disallowed; declaration of purchases and sales, and description of goods, etc, as in the return match with the details in RCPs/refund claim data and input tax claimed is in accordance with the details in provisions of sections 7 and 8 of the Sales Tax Act, 1990.

According to the FBR instructions issued to the field formations, the RPOs generated for the year 2016-17 having high refund to export ratio have been rolled back and referred to respective LTUs/ RTOs for proper scrutiny and processing.

An official said that all RPOs are not been subjected to scrutiny except claims involving high amount of refunds.

The FBR said that through the budgetary measures for the year 2016-17, SRO # 1125(1)/2011, dated 31.12.2011, was amended by SRO # 491(1)/2016, dated 30.06.2016, providing for zero-rating of inputs of five export-oriented sectors and also barring input tax adjustment on packing materials. It was anticipated as well as assured by the industry that as result of this measure, sales tax refund claims would decline substantially. However, an examination of returns filed by these sectors has revealed that the sales tax refund has remained at the same level.

Accordingly, in order to safeguard the revenue and forestall the possibility of wrongful refunds, the RPOs generated for the year 2016-17 having high refund to export ratio have been rolled back and referred to respective LTUs/ RTOs for proper scrutiny and processing through the computerised system STARR, the FBR said.

All LTUs/ RTOs are advised that refund processing offices should ensure that the refund claim is commensurate with exports; refund claimed on packing materials is disallowed; declaration of purchases and sales and description of goods, etc, as in the return match with the details in RCPs/refund claim data; and input tax claimed is in accordance with the details in provisions of sections 7 and 8 of the Sales Tax Act, 1990.

In case of dubious refunds, the provisions of section 10(3) regarding investigation/audit may also be invoked. The RPOs may be generated after such scrutiny for the amount found admissible.

The exercise may be completed by 30th April, 2017 and a report of findings may be communicated to the board, the FBR added.

An expert said that the FBR has directed the field formations to invoke provisions of section 10(3) of the Sales Tax Act in case of dubious refunds. Under section 10(3), where there is reason to believe that a person has claimed input tax credit or refund which is not admissible to him, the proceedings against him shall be completed within 60 days. For the purposes of enquiry or audit or investigation regarding admissibility of the refund claim, the period of sixty days may be extended up to one hundred and twenty days by an officer not below the rank of an additional commissioner inland revenue and the board may, for reasons to be recorded in writing, extend the aforesaid period which shall in no case exceed nine months.

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Proposed Cos Bill

SECP to have powers to act against errant companies, NPOs

ZAHEER ABBASI

ISLAMABAD: The Chairman of Securities & Exchange Commission of Pakistan (SECP) would have the powers in the proposed Companies Bill 2017 to act against any company/Non-Profit Organisation (NPO) found acting against law, security and national interest of the country.

A meeting of the Senate Standing Committee on Finance presided over by Senator Kamil Ali Agha during review of the Companies Bill 2017, which has been referred to the Senate for consideration and approval after passage from the National Assembly, was informed that company's objective, at any time, should not be against law, security and national interest of the country.

The meeting was informed that while reviewing the Companies Bill 2017, an addition has been made in section 42 of the proposed bill with the objective to empower the SECP in this regard.

Later, an official explained to select media persons that SECP after the approval of amendment bill would have the powers to immediately cancel the licence of the non-profit organisations (NPOs) found acting against the law, national security and national interest of the country. "We will transfer their assets to other non-profit company as per prescribed procedure laid down in the proposed bill," he said, adding all this would be done by following a due procedure.

SECP Chairman Zafar Hijazi said on Friday that approval of companies amendment bill would improve the country's ranking and doing of business, besides facilitating investment in businesses.

While talking to media after the meeting of the Senate Standing Committee on Finance, which completed reading of 88 sections of the proposed bill, he said that SECP wants approval of the Companies Bill 2017 before May 2017.

Hijazi further stated that law under consideration makes binding on all those having at least 10 per cent shares in the offshore companies to provide information to the SECP. He said that the data provided by the companies would also be shared with the tax authorities.

The meeting was told that corporate sector in Pakistan is presently regulated under the Companies Ordinance, 1984 which is basically meant to regulate the companies and certain other associations for the purposes of healthy growth of corporate enterprises, protection of investors and creditors and promotion of investment.

Previously, amendments in the ordinance were made in piecemeal and were narrowly focused, resulting in disconnect and overlap in regulatory framework and there is a dire need to review and revamp the thirty-two years old legislation to provide competitive legal framework to the corporate sector in Pakistan.

The proposed Companies Bill, 2017 intends to replace the ordinance in order to consolidate and amend the laws relating to companies so as to encourage and promote corporatisation in Pakistan based on best international practices and to ensure maximum participation of members in the decision-making process of the company through use of modern electronic means of communication. Further, it also aims to address the issues relating to protection of interest of minority shareholders and creditors.

The draft law contains provisions including, simplifying the procedure for incorporation of companies, enabling maximum use of technology, conversion of physical shares into book-entry form in unlisted companies as well as encouraging paperless environment at all levels and relaxations to small and medium enterprises.

The meeting was further informed that in order to ensure adequate measures against fraud, money laundering and terror financing, necessary provisions have been proposed regarding powers of the commission to investigate including joint investigation. Additionally, provisions requiring officers of a company to take adequate measures to curb such violations have also been proposed.

The law would facilitate the growth of economy in general and the corporate sector in particular by providing simplified procedure for ease of starting and doing business, greater protection of investors and augmenting corporatisation in the country, representatives of the SECP added.

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Gas prices capped for domestic consumers: Uzma Adil

RECORDER REPORT

LAHORE: The Oil and Gas Regulatory Authority (Ogra) chairperson Uzma Adil Khan said Friday the government had capped the gas prices for domestic consumers as a part of its socio-economic agenda.

While speaking at the Lahore Chamber of Commerce and Industry (LCCI), she said: "It was the government's prerogative to determine sale prices of oil and gas while OGRA is just a regulatory body which ensures implementation of the decisions of the government and also playing a role as a bridge between the licensees and the government."

Uzma Adil Khan said Ogra was established to provide effective and efficient regulations, fostering competition, encouraging investment, protect public interest and ensuring level playing fields within the petroleum and gas industry. "The petroleum prices are being settled through a calculation methodology and after calculating the notified taxes, the government fixes the petroleum products prices while gas prices are determined after public hearing," she said.

The Ogra chief maintained that new mechanism for processing of application for licenses was being evolved. "All details in this regard would be available at website while applicant would be able to have information about status of his application," she added.

To a question, Uzma Adil Khan said the issue of advanced tax on LPG import was FBR subject and any query in that regard should be raised before it. She said Ogra would take up the oil marketing companies' reservations regarding the 2016 rules with the government and assured that no penal action would be taken till amendment in the rules.

LCCI Senior Vice President Amjad Ali Jawa on the occasion said Ogra had recommended increase in gas price whereas the government, at the start of current financial year, had announced that it would not raise gas prices. Any hike in gas prices would hit the industry hard therefore the idea should be dropped, he added.

Jawa said that 5.5-percent advance tax had been imposed on the import of LPG that would cause shortage of this fuel in coming winters. This advance tax must be withdrawn in the larger interest of industry and the masses.

He said the repeated increases in the POL prices from last couple of months had increased the input cost of the industrial sector, he added. He said the benefit of lowering oil prices in the international market should be passed on to the consumers while a balance in oil and gas prices be maintained to enable the industry to avert its losses on this account.

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Insipid business on cotton market

RECORDER REPORT

KARACHI: Lacklustre trading activity was witnessed on the cotton market on Friday as mills kept on the sidelines in the process of trading, dealers said.

The official spot rate was unchanged at Rs 6750, they said. In ready session, only 2000 bales of cotton sold at Rs 7000, they said.

According to market sources, most of the leading spinners kept on the sidelines on lack of buying interest.

Cotton analyst, Naseem Usman said that in Sindh sowing is continue and it has started in Punjab.

Other experts said that the cotton yarn off-take and falling textile hurt trading sentiments slightly.

Besides, a kind of uncertainty prevailed in the world markets following the reports that the Syrian army said a US missile attack on one of its airbases killed six people and caused extensive damage, adding it would respond by continuing its campaign to “crush terrorism” and restore peace and security to all of Syria.

Reuters adds: ICE cotton futures retreated to touch a 10-week low on Thursday, as speculators liquidated and index funds rolled positions.

The May cotton contract on ICE Futures US settled down 0.48 percent at 74.51 cents per lb.

The contract touched a session low at 74.48 cents, slightly farther from the near 10-week low of 74.55 cents on Tuesday. The May cotton contract on ICE Futures US settled down 0.36 cent, or 0.48 percent, at 74.51 cents per lb. It traded within a range of 74.48 and 75.07 cents a lb.

Total futures market volume rose by 2,210 to 35,262 lots. Data showed total open interest fell 6,385 to 271,090 contracts in the previous session.

Only one deal reported of 2000 bales of cotton from Rahim Yar Khan sold at Rs 7000, they said.

THE FOLLOWING ARE THE KCA OFFICIAL SPOT RATES FOR 2016-17 FOR LOCAL DEALINGS IN PAK RUPEES FOR BASE GRADE 3 STAPLE LENGTH 1-1/16" MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL

Rate For	Ex-Gin Price	Upcountry Expenses	Spot Rate Ex-Karachi	Spot Rate Ex-Karachi As on 06.04.2017	Difference Ex-Karachi in Rupees
37.324 Kgs Equivalent	6,750	135	**6,885**	**6,885**	NIL
40 Kgs	7,234	145	**7,379**	**7,379**	NIL

BUSINESS
RECORDER
Saturday, 8th April, 2017

Cotton falls 1.5pc, marks worst week since August

NEW YORK: ICE cotton futures slid nearly 1.5 percent on Friday, hurt by liquidation by speculators as the natural fibre market registered its worst week in eight months.

The May cotton contract on ICE Futures US settled down 1.41 percent at 73.46 cents per lb and touched a session bottom of 73.38 per lb, a low since Jan. 24. The contract has slumped 5 percent this week, the most since the week ended Aug. 12 last year. The contract also fell below the key 75 cent level earlier this week for the first time since Jan. 31.

"There is a lot of technical selling because speculators realized they overstayed when they should have come out a long time ago," said Keith Brown, principal at cotton broker Keith Brown and Co in Moultrie, Georgia.

Speculators are disa LME official prices

New York cotton

RECORDER REPORT
The fluctuations observed during the day:

	Current Session						Prior Day		
	Open	High	Low	Last	Time	Set	Chg	Vol	Set
May'17	74.51	74.60	73.38	73.46	14:20 APR 07	73.46	-1.05	16808	74.51
Jul'17	76.42	76.45	75.41	75.47	14:20 APR 07	75.47	-0.93	14615	76.40
Oct'17	-	72.77	72.77	72.77	14:20 APR 07	72.77	-0.97	-	73.74

BUSINESS
RECORDER
Saturday, 8th April, 2017

Doing business in Pakistan

Farhat Ali

When benchmarked to global criteria doing business means ease and cost of doing business in a country. In the last decade there is reported to have been a constant decline in the ease of doing business in Pakistan's as well as the cost. Pakistan's ranking on both counts, in comparison to South-East Asia countries, has significantly slid down in 2017 ranking.

The World Bank's recent Doing Business Report, 2017, ranked Pakistan 174th of the 189 economies in the 'Trading Across Border' indicator. The basis considered and the findings of the report has been widely contested by the Government of Pakistan.

The factors considered in ease of doing business analysis primarily are: Starting a business, dealing with permits, getting electricity, property registration, getting credit, protecting minority shareholder, paying taxes, trading across borders, enforcement of contracts and resolving insolvency.

It is reported that the World Bank has based Pakistan's ranking on figures obtained from contributors from the business community and lawyers. The Finance Ministry stated that when the data of the reports was compared with the figures obtained it through various computerized systems during clearance of goods for import and export, many of the findings were found to have been based on exaggerated and inaccurate information.

The glaring discrepancy between the two sources of information is recorded as follows:

- The World Bank has reported that documentary compliance for export takes 59 hours and costs $307, while according to government figures the time taken for this purpose in Pakistan is 12 hours and the cost only $45. The World Bank's border compliance was taking 75 hours, but the Customs' computerised system showed it was merely five hours. The cost of the effort was Pakistani government officials say it was as low as $105.

- State Bank figures showed documentary compliance cost $786 and border compliance, $957. Pakistani government figures come to $260 and $545, respectively.

The reported discrepancies in the World Bank's report were also highlighted by stakeholders in meetings with the World Bank's Doing Business Team.

Pakistani government officials are also said to have raised doubts about the methodology of World Bank surveys.

Officials at the Ministry of Finance say that such surveys are biased and convey a negative image of Pakistan.

They said that it has been acknowledged the new World Bank report, is no less than nine places, that Pakistan has introduced a web-based clearance electronic platform for customs and other regulatory clearances, but this has not been mentioned in the ranking.

Business leaders acknowledge, however, that Pakistan's survey forms are very complex and many businessmen did not know how to fill them. Some of them handed over such forms to their employees, who just filled these without realizing that the forms needed careful attention.

Officials at the Federal Board of Revenue are also reported to have questioned the criteria of the contributors' selection.

The extent of reported diversity between the figures provided by the government and that considered in the World Bank report deprives stakeholders of judging the reality.

The analysis and reports of global entities and their survey is widely challenged by the government. Earlier, the report of KFW of Germany regarding the status of the power sector of

BUSINESS

RECORDER

Saturday, 8th April, 2017

Pakistan had been challenged by the Ministry of Water and Power as not based on facts.

The government's contention is that the figures cited in such reports, devoid of realities, dent its perception in terms of inviting investments, credentials with lenders and the overall financial and economic rating.

It is understandable that government figures, and those obtained by the World Bank through surveys must be reconciled for verification of its reports credentials.

However, the fact remains that the ease and cost of doing business in Pakistan is sliding down and not improving. This is evident from declining exports, stagnant foreign direct investments and sluggish industrial growth.

The main deterrent in Ease to do Business is a declining level of governance and incompetence, although the government has introduced many reforms and electronic management in a number of cases. But all of this good is being defeated by poor governance and the government needs to address this widespread issue for the stakeholders to draw real benefits from the government's positive performances.

The major inputs for "Cost of doing Business" is the energy cost, the human resource cost, the raw material cost, the financial costs and similar other expenses. While the other inputs are market driven the issue is the availability and affordability of energy. The electricity cost in Pakistan is reported to be one of the highest in the region. With the energy mix planned, for the new power plants under construction largely based on coal and LNG, and the tariffs agreed with the independent power producers, the affordability of electricity is not expected to get better and may escalate. On top of this, the mounting circular debt may challenge the availability of power to consumers, even though the installed capacity is significantly enhanced.

Under the China Pakistan Economic Corridor (CPEC) 30 new special economic zones are planned to be established all over the country to spur industrial and commercial activities.

Considering that the existing special economic zones remains largely un-populated, it is a real challenge for the government to address the two subjects seriously: The Ease and Cost of Doing Business in Pakistan.

(The writer is former President, Oversees Investors Chamber of Commerce and Industry (OICCI)

DAWN
Saturday, 8th April, 2017

Aptma demands prompt drawback payments

THE NEWSPAPER'S STAFF REPORTER

LAHORE: The All Pakistan Textile Mills Association (Aptma) has urged the prime minister and the finance minister to allocate funds under the already announced scheme for disbursement of duty drawback to exporters against realisation of export proceeds immediately.

In a statement on Friday Aptma Chairman Aamir Fayyaz demanded prompt disbursement of the outstanding refunds of sales tax to claimants against the already issued release payment orders (RPOs) to save the industry from the liquidity crisis. Mr Fayyaz deplored that the Chief (Automation and Sales Tax) of Federal Board of Revenue (FBR) has issued instructions to all Chief Commissioners RTO/LTU for rolling back of RPOs issued for payment to claimants for the 2016-17 tax period.

He said any such situation would cause liquidity crunch for exporters-cum-manufacturers for processing fresh export orders. In January, the prime minister announced incentives for exporters, but Mr Fayyaz said no payment has been made to exporters so far.

DAWN
Saturday, 8th April, 2017

Tax revenue to rise 17pc, IMF assured

MUBARAK ZEB KHAN

ISLAMABAD: The government has assured the International Monetary Fund (IMF) that it will record 17 per cent growth in the collection of federal taxes in the last quarter of 2016-17, a senior official told Dawn on Friday.

The assurance came at the conclusion of Article IV consultations with the IMF team in Dubai in which the Fund reviewed major economic indicators of the country.

The IMF was informed that the fiscal deficit was up mainly because the impact of rising international oil prices was not passed on to consumers. “We have suffered Rs120 billion shortfall in the revenue collection from the oil sector,” the official said, adding that taxing petroleum products is the easiest way of collecting revenue.

The IMF was informed that last year’s policy measures led to the low revenue collection. Lowering duty rates on fertilisers resulted in a shortfall of Rs48bn while zero-rating for five sectors cost the exchequer Rs39bn.

The impact of these policy measures is estimated to be around Rs230bn for the fiscal year. “We cannot increase tax rates to meet the shortfall in the remaining three months,” the official said.

The government has set the revenue collection target of Rs3,620.8bn for 2016-17.

The export package will have a negative impact of Rs10bn on the revenue collection in the current fiscal year, the official said.

“We have shared our plan of action, which is focused on nonconventional methods, with the IMF to raise revenue in the last quarter,” the official said, adding that the Fund has agreed to the steps being taken to grow revenues.

According to the official, the IMF was comfortable with the revenue collection during the review period.

The government is also planning to constitute alternative dispute resolution committees to resolve revenue cases stuck in court. “We are expecting to realise maximum revenue through this process,” the official said.

Exporters are going to meet Federal Board of Revenue (FBR) officials on Tuesday to resolve the issue of outstanding refunds. It is estimated that refunds to the tune of Rs40bn from the five sectors have piled up with the FBR although the government has done away with zero-rating.

Zero-rating was abolished to get rid of the recurring refunds issue. Yet refund claims have grown to the last year’s level. “We are carrying out special audits of some exporters to determine how the refund claims surfaced in the absence of any duty on inputs,” the official said.

DAWN
Saturday, 8th April, 2017

SMEs want cut in sales tax rates

THE NEWSPAPER'S STAFF REPORTER

KARACHI: The Small and Medium Enterprises Alliance (SAMEA) has urged the government to reduce sales tax rates and also relax collateral condition on bank loans.

In its budget proposals for 2017-18, the organisation pointed out that sales tax rates in Pakistan were high despite low per-capita income.

SAMEA President Zafar Iqbal said that in developed countries like the United States where per-capita income was much higher the general sales tax (GST) rate was between four to eight per cent compared to 17pc in Pakistan.

He said small and medium enterprises (SMEs) formed the backbone of the economy and therefore they should be given maximum facilities. He believed that conditions laid down for getting Rs3 million loans were harsh and could not be met by SMEs.

He said the condition of collateral against bank loans given to SMEs should be removed and documentation should be minimised because these enterprises are mostly run by individuals or by small groups or a family.

Mr Iqbal also asked the government to end withholding tax on cash withdrawal by registered taxpayers and double the threshold for non-registered persons of cash withdrawal to Rs100,000 a day.

Moreover, there was need to remove discretionary powers of tax officers as it led to corruption and hurt economy.

Without ensuring smooth and uninterrupted supply of utilities like gas, power and water at competitive rates with regional countries, the government could not create jobs and have higher gross domestic product growth.

The SAMEA president said the government should be careful that the inflow of foreign exchange into the country was not disturbed by increasing restrictions being imposed by Western countries for money laundering.

But without ensuring good governance the country’s institutions and the economy could not perform and produce desired results and the time has come that all loss-making state-run institutions should be privatised and those making profits should be retained, he added.

DAWN
Saturday, 8th April, 2017

Cotton market devoid of activity

THE NEWSPAPER'S STAFF REPORTER

KARACHI: Cotton trading remained slow on Friday in line with global trend and slow off-take of cotton yarn.

Though little cotton stocks are held by ginners at present, spinners generally preferred to stay away from the proceedings. Falling exports of textile goods also had negative impact on trading, brokers said.

Consequently, there was little activity on the ready counter; with the exception of a couple of deals finalised by some spinners, the market remained devoid of activity.

The Karachi Cotton Association kept its spot rates unchanged at overnight level. Only one deal was reported to have finalised on the ready counter of 2,000 bales from Rahimyar Khan. The deal was done at Rs7,000 a maund (around 37 kilograms).

THE FOLLOWING ARE THE KCA OFFICIAL SPOT RATES FOR 2015-16 FOR LOCAL DEALINGS IN PAK RUPEES FOR BASE GRADE 3 STAPLE LENGTH 1-1/32" MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL			
Rate For	Ex-Gin Price	Upcountry Expenses	Spot Rate Ex-Karachi
37.324 Kgs Equivalent	6,750	135	6,885
40 Kgs	7,234	145	7,379

DAWN

Saturday, 8th April, 2017

MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	104.45	104.65	106.15	106.35
UK	130.23	130.48	131.50	133.00
Euro	111.18	111.39	112.50	113.50
S.Arabia	27.85	27.90	28.25	28.45
UAE	28.42	28.48	28.95	29.15
Japan	0.9456	0.9474	0.9523	0.9723

*forex.com.pk **ECAP

KIBOR

Karachi Interbank offered rates

	Bid	Offer
Three months	5.89	6.14
Six months	5.92	6.17
One year	5.96	6.46

LIBOR

Special US dollar bonds for April 06

Three months	1.15539 %
Six months	1.42600 %

THE NEWS
Saturday, 8th April, 2017

FBR disallows PRAL's direct contact with taxpayers

KARACHI: The Federal Boar d of Revenue (FBR) has restricted the Pakistan Automation Pvt Limited (PRAL) to directly respond to complaints filed by the taxpayers and instead forward them to the FBR's information technology wing, sources said on Friday.

FBR sources said the revenue body has taken serious notice of direct communication of PRAL with the taxpayers, accountants, income tax practitioners and lawyers. "PRAL is only a FBR's service provider envisioned to be an invisible existence behind FBR," said a notice issued by the board.

FBR directed the PRAL chief executive office to prohibit all such activities. The board disallowed PRAL employees to communicate with the taxpayers either through official or private email addresses.

FBR also advised the taxpayers to take assistance from the board's helpline instead of directly approaching the PRAL.

The FBR asked PRAL's employees not to entertain taxpayers over telephone. Instead the taxpayers should contact to relevant regional tax office or large taxpayers units for query or complaints.

"The PRAL is strictly forbidden from interpreting orders of the court or Federal Tax Ombudsman on its own and making changes in the system or database based upon such orders," said the FBR notice.

The FBR also restricted the taxpayers from visiting PRAL offices for resolution or any guidance in the tax matters. "For the purpose, the PRAL help desk has been closed down," the FBR said.

THE NEWS
Saturday, 8th April, 2017

Govt says financial inclusion key to economic development

ISLAMABAD: Finance minister Ishaq Dar said on Friday the government considered financial inclusion as a key policy agenda for inclusive economic development to bring prosperity, a statement said.

Dar chaired the fifth meeting of National Financial Inclusion Strategy (NFIS) Council. UN Secretary General's Special Advocate (UNSGSA) on Inclusive Finance for Development, Queen Maxima of Netherlands joined the meeting through video-link.

Dar also highlighted improvement in key macroeconomic indicators. The current momentum needs to be maintained to help Pakistan join the ranks of developed economies,' the minister added.

Queen Maxima appreciated the significant progress made by Pakistan since last meeting of NFIS council, which she attended during her visit in 2016. She expressed satisfaction on developments made on initiatives like AMA Scheme, National Payment Gateway and improved financial inclusion indicators.

The council reviewed the progress of NFIS implementation and improvements particularly in the areas of branchless banking, agricultural credit, SME financing, payment system infrastructure and coverage.

Update on Asaan (Easy) Mobile Account (AMA) scheme, which was approved by NFIS council in its last meeting was also shared with the participants.

AMA scheme has been developed to facilitate swift opening of a digital transaction account and enhance usage of digital financial services by any one, from anywhere, at any time at an affordable cost.

Queen Maxima, while appreciating the strong commitment and collaborations among regulators and other NFIS stakeholders, put forth her views and suggestions for promotion of financial inclusion in Pakistan. She emphasised the need for client centric products to meet the expectations of customer which will help drive usage.

The queen hoped that the implementation of AMA scheme will bear fruits and have impact on people's lives. She also highlighted the need for women financial inclusion through gender balance in financial sector workforce and gender dis-aggregated financial inclusion data.

While concluding the meeting, the finance minister stated that the government will continue to pursue the agenda of inclusive economic growth along with digital financial inclusion for the prosperity and well being of the people.

THE NEWS
Saturday, 8th April, 2017

Gas pressure falls to zero with return of chilly weather

Rawalpindi

The residents of majority of localities particularly of tail-end areas including Adiala Road, Munawar Colony, Sher Zaman Colony, Defence Road, Morgah, Gulistan Colony and Jhanda Chichi are facing zero gas pressure due to chilly weather following rains here on Friday.

SNGPL Senior General Manager (Rawalpindi Circle) Muhammad Zahoor said that twin cities of Rawalpindi and Islamabad were facing heavy rain for some days. “Weather has changed due to snowfall in Murree and Nathia Gali on Friday therefore gas pressure has reduced in the tail end areas,” he said. Gas pressure will be normal in sunny weather, he claimed.

Similarly, motorists and pedestrians faced difficulties on roads due to the poor sewerage system as water accumulated in many localities, exposed the poor performance of civic bodies.

Rainwater which inundated almost every intersection and main road of the twin cities depicted a flood-like situation. The areas which were most affected included Jan Colony, Adiala, Arya Mohallah, Nadeem Colony, Raheemabad, Ganjmandi, Gwalmandi and Pirwadhai. Traffic remained choked on Airport Road, Benazir Bhutto Road, College Road, Bank Road and Jhelum Road during rain. Power supply was also affected in many localities after snapping of high-tension wires.

The daily wagers also affected due to long rain spell failed to find out work. Majority of daily wagers went to Jamia Masjid Road to eat food free of cost for some days.

The domestic consumers of Kalyal, Mumtaz Market, Dhama Syedan, Askari 7, Ali Town, Hill View, Munawar Colony, Jarahi, Kehkashan Colony, Gulshanabad, Kalyal, Shahpur, Jorian, Maira, Rasoolabad Sharif, Dhoke Imam Din, Iqbal Town, Ashraf Colony, Gulshan-e-Saeed, Lalazar, Dhamial, Bank Colony, Hayyal, Bunda, Nagyal and suburbs have been facing zero gas pressure on Friday.

On the other hand, Pakistan Meteorological Department (PMD) Director Dr Muhammad Hanif told ‘The News’ that present rain spell will end on Saturday. The residents of twin cities of Rawalpindi and Islamabad will face sunny weather from Saturday (today), he predicted.

The rain spell has turned weather chilly while nearby hilly areas of Murree and Nathia Gali received snowfall on Friday. Chilly waves are continuously coming from nearby hilly areas increasing chill in the air in the twin cities of Rawalpindi and Islamabad. The locals have taken out woollies for protection against chilly weather.

THE NEWS
Saturday, 8th April, 2017

World Bank plans parley to resolve Pakistan-India water disputes

LAHORE: The World Bank's officials are in contact with the Pakistani and Indian authorities to work out an agenda of a meeting, possibly starting this month in US, to resolve the perennial water disputes between India and Pakistan under the Bank's meditation, a senior official said on Friday.

The official said the World Bank's management is finalising the modalities, in consultation with both the countries, of the proposed meeting under a dispute resolution mechanism of the Indus Waters Treaty.

"The World Bank-hosted meeting is proposed to be held in Washington DC after a week starting from 10 April," said the official privy to the correspondence. "Both Pakistan and India have been invited to take part in this meeting. Dates and other modalities are being finalised."

The World Bank-mediated parleys are aimed at ironing out the differences over the dispute resolution mechanism for Kishanganga and Ratle hydropower projects, being built by India.

The official confirmed that the proposed negotiation process got delayed. "But, it is very much on track," he said.

He added that after January 31, India and Pakistan was bound to take a course of action to resolve a dispute under the guidance of the World Bank. "However, the process was delayed due to multiple factors."

The official said there have, however, been several encouraging developments as far as the implementation of Indus Waters Treaty is concerned.

The two high-profile visits of the Bank's officials to India and Pakistan in the past couple of months and a subsequent Pakistan-India annual meeting of the Permanent Indus Waters Commission in Islamabad are 'directly or indirectly' important events and welcoming developments, he added.

In March, the Indus water commissioners of India and Pakistan held a 113th Permanent Indus Commission meeting in Islamabad, resuming the stalled talks on the water conflict under the 1960 treaty.

Sources said several other options are also being considered to accelerate the dispute resolution mechanism, which was invoked by Pakistan at the World Bank's forum over the objections raised on Kishanganga and Ratle hydropower projects.

A World Bank's fact sheet said Pakistan and India have disagreement on the construction of the Kishanganga (330 megawatts) and Ratle (850 megawatts) hydroelectric power plants. The discords are on the projects' technical design features, which contravene the Treaty.

The plants are on tributaries of Jhelum and Chenab Rivers. The Treaty designates these two rivers and Indus River as the western rivers on which Pakistan has an unrestricted use. Among other uses, India is permitted to construct hydroelectric power facilities on these rivers, subject to constraints specified in the Treaty.

The Bank's factsheet said Pakistan had asked the World Bank to facilitate an establishment of a court of arbitration to look into its concerns about the designs of the two hydroelectric power plants. India, on the other hand, asked for the appointment of a neutral expert for the same purpose.

The World Bank said it encouraged both the countries to reach an agreement on a mechanism to address the issue. It is also assisting the two parties to strike an agreement on the process of resolving the issue. Generally, the Bank works with them to ensure that the Treaty remains an effective tool to manage the use of Indus Basin Rivers.

THE NEWS
Saturday, 8th April, 2017

Sindh alleges federal govt of promoting double taxation

KARACHI: The federal government is promoting the incidence of double taxation by collecting federal excise duty despite that provincial authorities are legally authorised to slap sales tax on services, Sindh chief minister said on Friday.

“The collection of sales tax on services is only the right of the provinces,” the provincial chief minister Murad Ali Shah, addressing the business community at the inauguration of 14th edition of three-day ‘My Karachi Exhibition’, organised by Karachi Chamber of Commerce and Industry (KCCI).

Minister Shah asked the business community to point out double taxation for rectification. He said if business community is facing problems with the Sindh Revenue Board (SRB), the provincial government is ready to resolve issues.

On gas infrastructure development cess (GIDC), he said the provincial government is negotiating with the federal government’s officials to resolve the issue. The issue was raised at a meeting of the Council of Common Interest (CCI).

THE NEWS
Saturday, 8th April, 2017

Cotton firm

Karachi

Slow activity continued at the Karachi Cotton Exchange on Friday, while the spot rate remained firm.

Spot price remained unchanged at Rs6,750/maund (37.324 kg) and Rs7,234/40 kilogram. Ex-Karachi rates also stood firm at Rs6,885/maund and Rs7,379/40kg after addition of Rs135 and Rs145 as upcountry expenses, respectively.

One analyst said activity remained slow during the last days of the season, and sowing of the new crop has started. “A target of above 14.0 million bales remains optimistic amid shortage of water in the country,” he added.

Pakistan has made export deals of 131,124 bales for the crop of 2015 and 2016, while 111,298 bales have been exported till March 23, 2017.

The cotton exchange recorded only a single deal of 2,000 bales of Rahimyar Khan at Rs7,000/maund.

The Nation on Web
The Nation
Saturday, 8th April, 2017

Aptma demands immediate payment of refunds

Our Staff Reporter

LAHORE - All Pakistan Textile Mills Association (APTMA) Chairman Aamir Fayyaz has condemned the Federal Board of Revenue (FBR) for rolling back all sales tax refund payment orders (RPOs) issued to the export-oriented sectors.

The APTMA chief urged Prime Minister Nawaz Sharif and Finance Minister Ishaq Dar to intervene and direct the FBR to make payments without any further delay. He said that only the immediate payment of all outstanding refunds of sales tax to claimants against the already issued RPOs could save the industry, which is facing severe liquidity crunch.

He said the FBR has been applying unjust tactics to delay refund payment for the 2016-17 tax period, as the Chief (Automation and Sales Tax) of FBR has issued instructions for rolling back of RPOs to all Chief Commissioners RTO/LTU. He said any such situation would cause serious liquidity crunch for exporters to process further export orders.

The APTMA chairman said that Rs25 billion input tax refunds of exporters are pending for disbursement against the already issued RPOs. He further said that the FBR has prescribed procedure for rolling back the refund claims filed under expeditious refund system (ERS) under STGO No.19/2010. However, the FBR has opted to behave in a slipshod manner and rejected all claims through a letter without assigning reasons on individual claims, he added.

He said the FBR should have processed refund claims through ERS for tax period of July 2016 onwards and subsequently conducted post refund audit instead of asking field officials to do the scrutiny before issuing RPOs. He pointed out that the prime minister had announced export-led growth package on January 10. It is unfortunate that four months have been passed so far and no payment has been made to exporters against the realization of exports, he added.

Fayyaz said the drawback of taxes, as agreed and announced by the prime minister against realisation of exports should be processed immediately. He said the amount to be disbursed over the last four months is estimated to Rs30-40 billion at Rs10 billion per month against exports of 18 months to make it a total of Rs180 billion package.

The APTMA chairman said the government was losing its credibility with respect to commitments it had made repeatedly to the industry and exporters. As a consequence, exports, indigenous products and new investment in the industrial sector are being hampered by and large. He said that immediate steps are needed to arrest the adverse situation arising out of the liquidity crunch, as the exporters are under the threat of losing their hard earned foreign buyers.

The Nation on Web
The Nation
Saturday, 8th April, 2017

Govt considers financial inclusion as key policy: Dar

Our Staff Reporter

ISLAMABAD - Finance Minister Senator Ishaq Dar has said that the government will continue to pursue the agenda of inclusive economic growth along with digital financial inclusion for the prosperity and well being of the people.

He made these remarks while chairing 5th meeting of National Financial Inclusion Strategy (NFIS) Council here on Friday. UN Secretary General's Special Advocate (UNSGSA) on Inclusive Finance for Development, Queen Maxima of Netherlands joined the meeting through video-link.

While welcoming Queen Maxima, the minister appreciated her personal engagement and profound commitment towards financial inclusion and inclusive economic growth of developing nations. He said that the government of Pakistan has considered financial inclusion as a key policy agenda for inclusive economic development and the government's efforts in this regard will bring economic prosperity among fellow Pakistanis. The minister also highlighted improvement in key macroeconomic indicators. He mentioned that the current momentum needs to be maintained to help Pakistan join the ranks of developed economies.

Queen Maxima appreciated the significant progress made by Pakistan since last meeting of NFIS Council which she attended during her visit in 2016. She expressed her satisfaction on developments made on initiatives like AMA Scheme, National Payment Gateway and improved financial inclusion indicators.

The council reviewed the progress of NFIS implementation and improvements particularly in the areas of branchless banking, agricultural credit, SME Financing, Payment System Infrastructure & coverage. Update on Asaan (Easy) Mobile Account (AMA) scheme, which was approved by NFIS Council in its last meeting, was also shared with the participants. AMA scheme has been developed to facilitate swift opening of a digital transaction account and enhance usage of digital financial services by any one, from anywhere, at any time at an affordable cost.

Queen Maxima, while appreciating the strong commitment and collaborations among regulators and other NFIS stakeholders, put forth her views and suggestions for promotion of financial inclusion in Pakistan.

She emphasized the need for client centric products to meet the expectations of customer which will help drive usage.

She hoped that the implementation of AMA scheme will bear fruits and have impact on people's lives. She also highlighted the need for women financial inclusion through gender balance in financial sector workforce and gender dis-aggregated financial inclusion data.

Dar thanked Queen Maxima for participation in the NFIS Council meeting and her support for achievement of outcomes and objectives of NFIS. Senior officials of the Finance Division, EAD, SECP, State Bank of Pakistan, FBR, PTA and Nadra also attended the meeting.

The Nation on Web
The Nation
Saturday, 8th April, 2017

Govt has frozen gas prices for domestic consumers, says Ogra chief

Our Staff Reporter

LAHORE - Oil & Gas Regulatory Authority (Ogra) Chairperson Uzma Adil Khan has said that the government has frozen the gas prices for the domestic consumers under its socio economic agenda.

While speaking at the Lahore Chamber of Commerce & Industry, she said that it is jurisdiction of the government to determine the sale prices of oil and gas, adding that the Ogra is just a regulatory body which ensures implementation of the policies evolved by the government and is also playing role of bridge between licensees and the government.

She said that the Ogra was established to provide effective and efficient regulations, fostering competition, encouraging investment, protect public interest and ensure level playing field within the petroleum and gas industry. She said that petroleum prices are being settled through a calculation methodology. After calculating the notified taxes, the government issues the petroleum products prices while gas prices prescribed after hearing.

Uzma said that new mechanism for processing of application for licenses is being evolved. He said that all details in this regard would be available at website while applicant would be able to have information about status of his application. To a question, she said that advanced tax on LPG import is FBR related issue and should be taken with the concerned authorities. She said that reservations of oil marketing companies on 2016 rules would be taken with the government. She said that no penal action would be taken till amendment in rules.

LCCI Senior Vice President Amjad Ali Jawa mentioned that at the start of the current financial year, the government had announced not to increase the gas prices but it is learnt that the Ogra has recommended increase. He said any hike in gas prices would hit the industry hard therefore this idea should be dropped. He said that 5.5 percent advance tax has been imposed on the import of LPG that would cause shortage of this fuel in coming winters. This advance tax must be withdrawn in the larger interest of industry and the masses.

He said that repeated increases have been made in the POL prices from last couple of months that has increased the input cost of the industrial sector. Likewise, increase in POL prices also increases the electricity prices. He said that benefit of cut in oil prices in the international market should be given to the consumers. He said that there is a dire need to keep balance in the prices of oil and gas to prevent industry from loss.

The Nation on Web
The Nation
Saturday, 8th April, 2017

Minister stresses importance of paying taxes

Our Staff Reporter

LAHORE - Provincial Finance Minister Dr Ayesha Ghaus Pasha has said that it is a national obligation to pay tax and the non-filers should realise that they are causing hindrance in the way of the country's progress.

She said that the success of this system is conditioned with sense of responsibility of taxpayers that payment of tax is their national obligation. Non-filers should realise that they are causing hindrance in the way of progress of the country by depriving the patients of treatment, a student from school and a labourer from his livelihood, she added. She expressed these views while addressing a panel discussion on the topic, 'The Role of Social Media in Raising Tax Awareness' under the aegis of PRA at LUMS.

The Minister said that bilateral communication is very necessary for improvement of administrative affairs and acquiring public confidence. She said that social media is most effective source of dual communication in the present age which on one hand gives complete freedom of expression of opinion to the people and on the other hand discourages un-liked social attitudes. She said that social media can play an important role of dispelling prejudices and removing reservations pertaining to tax payment which can be made more affective with the participation of young generation especially male and female students of colleges and universities along with tax agencies.