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Ministry seeks to import LNG from Italy

MUSHTAQ GHUMMAN

ISLAMABAD: The Ministry of Petroleum and Natural Resources has submitted a proposal to the federal Cabinet on import of Liquefied Natural Gas (LNG) from Italy on government-to-government basis, a country which itself is a major importer of gas, which may make the proposed deal controversial.

When Business Recorder accessed Italy's energy data, collected by International Energy Agency, it was learnt that Italy's gas production declined over the last 40 years from 15.4 billion cubic meters (bcm) to 8.6 bcm in 2012 - around 11 percent of Italy's supply needs. There are three LNG terminals for importing natural gas into Italy.

Italy's dependency for natural gas is very high, standing at 88.5 per cent in 2012. Italy's import dependency is set to slowly increase to around 90 per cent by 2017. The vast majority of imports were delivered by pipeline in 2012 with the remaining amount delivered as LNG cargoes. Two countries, Algeria (21.8 bcm) and Russia (19.0 bcm) account for 60 per cent of Italy's imports, followed by Libya (9 percent) and Qatar (9 percent). The Netherlands and Norway are also significant sources of natural gas imports for Italy.

The federal Cabinet headed by Prime Minister Nawaz Sharif will consider the proposal of Ministry of Petroleum and Natural Resources next week.

Domestic natural gas contributes about 45 percent of primary energy supplies. The present domestic gas production of 4,000 million cubic feet of gas per day (MMCFD) is insufficient to meet country's demand as the supply-demand gap is approximately 2,000 MMCFD and keeps on rising. Pakistan is currently facing a severe shortage of natural gas, both for its electricity generation and for general use by all sectors. This gas shortage is inhibiting the economic growth of the country.

According to sources, Ministry of Petroleum & Natural Resources under the guidance of the present government is pursuing import of LNG and setting up of LNG terminals to minimise gas shortfall. The first LNG terminal established in private sector on Build-Own-Operate-Transfer (BOOT) basis at Port Qasim Karachi has been functioning since March 2015 and is currently re-gasifying 400 MMCFD – to be increased to 600 MMCFD. Second LNG terminal having capacity of over 600 MMCFD gas is under implementation on BOOT basis in private sector and is expected to commence re-gasification of LNG by June 2017. Two companies namely Pakistan LNG Limited and Pakistan LNG Terminal Limited have been established for effective and efficient handling of LNG imports and setting up of LNG terminals in the country.

Oil is the second major source of primary energy supplies in the country with its share of 32 percent. Indigenous crude oil production only metes about 15 percent of the country's POL demand while 82 percent POL requirements are met through imports. Pakistan State Oil, a state-owned entity, is engaged in the business of marketing and distribution of various petroleum products. PSO has the most wide-spread network in the country with over 3,500 retail outlets and is also the major fuel supplier to aviation, railways, power plants, armed forces, marine and agriculture sector. Presently, PSO is importing LNG from Qatar and supplying it to power sector and CNG stations.

The sources said, Prime Minister's Office approved the proposal of Ministry of Petroleum and Natural Resources to start negotiations with 23 companies of different countries for import of LNG, POL products and setting up LNG terminal on Government to Government basis. Accordingly, the Italian Government through diplomatic channels was conveyed the interest of Government of Pakistan to start negotiations for supply of LNG. In response, Ministry of Foreign Affairs on December 1, 2017 furnished a draft agreement of Ministry of Energy Development of Italy for examination and further processing.

However, later on Prime Minister Office conveyed that it is not advisable to start negotiations with a large number of private/public sector companies of different countries at the same time and Petroleum Ministry was directed to either seek

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approval of the Cabinet for each of these negotiations on case to case basis or bring a comprehensive proposal with detailed justification for approval of a policy.

"Supplies of LNG, setting up of LNG terminal and procurement of petroleum products from renowned and reliable oil and gas producers and suppliers under Government to Government arrangements through the relevant nominated entities is beneficial in the form of security and flexibility and supplies, extended credit period, consistent quality, timely availability and assured procurement," the sources continued. In view of this, the Petroleum Ministry has sought permission from Cabinet to initiate negotiations on Inter Government agreement between Pakistan's Petroleum Ministry and Ministry of Economic Development of Italy for supply of LNG, the sources concluded.

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China hails US readiness to join 'One Belt one Road' strategy

ISLAMABAD: China on Saturday welcomed US's readiness to participate in cooperation within the "One Belt, One Road" strategy.

Chinese Foreign Ministry said in a statement following the visit of leader Xi Jinping to the United States that this was great development towards peace and development.

According to the Chinese State media, US President Donald Trump met with Xi Jinping in Florida on April 6-7.

In a Saturday's statement, the Chinese Foreign Ministry said that Xi welcomed US willingness to participate in cooperation within the "One Belt, One Road" strategy.

Xi also said that opportunities for Beijing-Washington economic and trade cooperation are broadening and China also plans to strengthen cooperation with the US in the law enforcement sphere, as well as in the fight against money laundering, drug trafficking and cybercrime.

The Chinese leader also stressed the importance of Chinese-US military ties, saying that the two sides should maintain the exchanges between their armed forces at all levels.

China's "One Belt, One Road" strategy was launched in 2013 and is aimed at developing infrastructure and strengthening ties between the Eurasian countries, focusing on the land-based Silk Road Economic Belt (SREB) and the 21st-century Maritime Silk Road.

In October 2016, Russian President Vladimir Putin said the Eurasian Economic Union (EAEU) could partner up with the Silk Road Economic Belt.

It may be mentioned here China-Pakistan Economic Corridor (CPEE) is a major and pilot project of the Belt and Road's initiative.

Washington-Beijing cooperation to this extent will pave the way of smooth execution of the CPEC.—INP

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Service provider:
Serious discrepancies in tax returns detected

SOHAIL SARFRAZ

ISLAMABAD: The Directorate General of Intelligence and Investigation Inland Revenue (IR) has detected a classic case of service provider, engaged in providing specialised services to its corporate clients, which caused huge revenue loss (Rs 95,648,120) to the national kitty through under-reporting, tax evasion and revenue leakage.

Sources told Business Recorder here on Saturday that the agency has detected serious discrepancies in income tax returns filed by a taxpayer engaged in providing specialised services to its corporate clients through professional managers who are trained to judge and gauge various aspects of storage and warehousing, detection of stacking concealment, counting, sampling and stock assessment in an efficient and effective manner. The expert team which analysed data, investigated the case and effectively detected the case included Amir Abbas Khan, Additional Director, Intelligence & Investigation (IR), Lahore; Saad Waqas, Deputy Director, Intelligence & Investigation (IR), Lahore; and Muhammad Junaid, IR Intelligence & Investigation (IR), Lahore.

The modus operandi adopted by the service provider revealed that it claimed major chunk of expense under the head by concealing proper strength of employed staff and avoiding legal/permissible mode of payment under the law to sabotage proper withholding of tax against the actual taxable salaries. Interestingly, the company has not filed the audited accounts under Companies Ordinance and only single page sheets of receipt and expenditure were filed which are dubious in their sanctity in the absence of balance sheets.

The discreet information gathering to determine the possible loss of revenue, under reporting, tax evasion and revenue leakage on the part of taxpayer divulges that the taxpayer got itself registered with the department for Income Tax and Sales Tax on 12/04/1997 and 24/08/2000 respectively, in the category of “Company” ‘Principal Business Activity’ has been declared as “Other Personal Service Activities N.e.c .” possessing ‘Activity Code’: 960900, with ‘Business Nature’ “Service Provider.” As per ‘taxpayer registration profile,’ the current jurisdiction over the case of the taxpayer rests with Corporate RTO, Lahore. Available information on FBR’s web-portal transpires that at the time of registration the company comprised three directors and their respective share ratio and capital deployed in the business depict clear picture.

The particulars of taxpayer retrieved from FBR’s web-portal indicate that taxpayer has filed its income tax returns for tax years 2011 to 2015 declaring results.

Through intelligence gathering, the directorate has congregated definite information from the website of the company that it provides a wide range of services including Muccadum, valuations, evaluation and authentications of un-built properties, evaluation of earth moving and port handling equipment, customs clearing & forwarding, searches and charge registration from Securities & Exchange Commission of Pakistan, multinational companies representation, physical address verification for credit cards & car leasing companies, car appraisals and stock inspections.

However, as per returns filed for tax years 2013 to 2015, the taxpayer has shown source of revenue from services i.e. Muccadum services, valuations services, evaluation services and customs clearing & forwarding services.

Perusal of declared version of the tax payer in context to data available on FBR’s web-portal revealed that taxpayer has claimed huge expense under the heads ‘salaries’ for all the years under consideration. The analysis of said expense vis-à-vis declared ‘gross receipts’ in the respective tax years depict the picture.

The examination of ‘withholding statements’ of the taxpayer under section 149 of the Ordinance available on FBR's web-portal has been made, which shows that the taxable salaries paid during the above tabulated period are scanty in comparison to the total claim under the head. Further perusal of 'withholding statements' transpires that the number of employees (inclusive three directors) against whom the tax was withheld u/s 149 were 21, 19, 13, 15 and 16 for the tax year 2011 to 2015. The rate of tax deduction against the salaries paid to the directors ranges from 5 percent to 7.5 percent, whereas in case of employees it varies from 0.25 percent to 5 percent.

It is explicit and unambiguous that the taxpayer is engaged in the business of provision of specialised services to its corporate clients through professional managers who are trained to judge and gauge various aspects of storage and warehousing, detection of stacking concealment, counting, sampling and stock assessment in an efficient and effective manner. It is manifested that these services could not be provided without permanently employed skilled staff, thus it rules out the element of hiring of daily wage workers of such competence for execution of such job. This scenario is vital indicator that the taxpayer has managed to claim the major chunk of expense under the head by concealing proper strength of employed staff and avoiding legal/permissible mode of payment under the law to sabotage proper withholding of tax against the actual taxable salaries. Moreover, as precautionary measure, perusal of statements filed by the taxpayer under section 165 of the Ordinance available on FBR's web-portal shows that no tax deduction has been shown against any payment for acquiring of any kind of outsourced services. This warrants action under sections 21 and 174 of the Ordinance with regard to admissibility, authenticity and genuineness of the expense claimed under the head.

The taxpayer has claimed considerable expenses under the heads 'rent' and 'business commission/professional charges' in all the years under consideration.

Sources said that no tax withholding has been shown in statements filed for the respective tax years under section 165 of the Ordinance against payment of above expenses. This warrants action under sections 21 and 174 with regard to their admissibility and genuineness besides, under section 161/205 for failure to collect and pay tax.

A considerable amount of tax deduction on cash withdrawals under section 231A and failure on the part of the taxpayer to collect and pay tax on said payments also warrant action under section 161/205 of the Ordinance. The information congregated by the directorate and scrutiny of tax deduction claimed in the returns are evident of huge clientage of the taxpayer. The declared receipts of the taxpayer are seemingly very scanty considering its clientage. This aspect needs proper deliberation and enquiries while making amendment of assessments.

As per scheme of taxation, the receipts against contract under section 153(1)(c) fall in the ambit of final taxation being full and final discharge of tax liability within the meaning of section 153(1)(c) read with section 169 of the Ordinance. This aspect needs thorough probe for correct implication of the provisions of law and to curtail the refund claimed by the taxpayer in returns filed for respective tax years.

As per requirement of Companies Law, the taxpayer has to file audited accounts for all the years under consideration. Perusal of information available on portal reveals that the needful has not done as single page sheets of receipt and expenditure have been filed which are dubious in their sanctity in the absence of balance sheets. It is notable that the paid-up capital of the company since its inception is Rs1,000,000 which is seemingly scanty to run the smooth operations of the company.

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WB team meets Dar, discusses schedule of engagements

ISLAMABAD: Country Director, World Bank, Patchamuthu Illangovan, along with his team, called on the Federal Finance Minister Ishaq Dar and discussed schedule of his engagements during his forthcoming visit to Washington for participation in the IMF and the World Bank Spring meetings was discussed.

The Country Director apprised the finance minister regarding the work being conducted by the World Bank team to support the efforts of the government for improving data collection methodologies and rebasing the national accounts, in order to present a more accurate picture of Pakistan's economy. The minister assured all necessary facilitation to the World Bank team for this task.

Plans for establishing the Pakistan Infrastructure Bank (PIB), in cooperation with the International Finance Corporation (IFC), were also discussed during the meeting. The minister said that, once established, PIB will complement the government's infrastructure initiatives by enhancing private financing and investment for infrastructure projects in the country.

Referring to the recently concluded Article-IV consultations with the IMF, the minister said that the government is making all necessary efforts to consolidate the economic gains made in the last three and a half years, and achieve higher, sustainable and inclusive economic growth. In this regard, he said that the government is committed to continuing the implementation of reforms in different areas of the economy.

The finance minister and the Country Director reaffirmed the commitment to further strengthen the partnership between Pakistan and the World Bank for the benefit of the people of Pakistan.

Finance Secretary, Secretary Economic Affairs Division, and other senior officials of the Finance and Economic Affairs Divisions also participated in the meeting.—PR

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First-ever digital policy in the offing

TAHIR AMIN

ISLAMABAD: Given the augmented demand and growth for the IT sector, the Ministry of Information Technology and Telecommunication has reformulated the National IT Policy and renamed it as “Digital Pakistan Policy 2017.”

The policy would be presented before the Cabinet’s Economic Coordination Committee (ECC) to get its approval after which it will be the first-ever digital policy of the country.

The policy envisaged to become a strategic enabler, by making the full use of ICT, for an accelerated digitisation ecosystem, aiming to expand knowledge-based economy and to drive socio-economic growth.

A key goal of the policy is to create a digital ecosystem with infrastructure and institutional frameworks for the rapid delivery of next generation digital services, applications and content. It is aimed at moving away from piecemeal approach to a holistic technology strategy more focused on IT as a broad enabler of every sector of socio-economic development.

Currently no official data is available about the number of schools having access to broadband internet. Majority of the public schools are concentrated in rural areas, where universal connectivity can lower the barrier to education by utilising e-education platforms to improve quality and access, and help implement the “quality education” goal of the United Nations SDGs. The policy would encourage the use of ICT in public schools and ensure they are online and have a meaningful impact on the current education ecosystem within three years in a phased manner.

The policy also aims at generating sustainable innovation, entrepreneurship and employment opportunities for the nation’s rapidly growing technology savvy and entrepreneurial youth population to collaborate with international partners like Newton Fund to boost innovation partnerships.

According to the SBP statistics, the IT industry earned $560 million during FY 2015-16 in software exports and IT enabled services outsourcing. However, according to some industry analysts, the real figure of exports is in excess of $2.0 billion. The success of the IT industry and freelance sector, the ability of Pakistani IT workers to win international awards and the availability of a large highly qualified English-speaking workforce points to a huge potential for boosting software exports, increased outsourcing opportunities and a bigger domestic market.

The policy would help in promoting e-governance to make Pakistan the frontrunner in good governance through IT enablement at all levels to ensure efficiency, transparency and accountability by setting up integrated government databases and applications.

The MoITT said that it will develop an action plan along with relevant ministries and departments detailing the timeframe and outputs of the IT Policy.

The ministry said that it plays the role of an enabler and facilitator to provide necessary guidance where required, while other federal ministries, divisions and departments will take the lead role for the implementation of policy strategy falling within their domain.

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THE RUPEE: Rates stable

RECORDER REPORT
KARACHI: The rupee maintained a firm posture against the dollar on Saturday in the process of trading, dealers said.

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

The national currency, however, recovered 50 paisas versus the euro for buying and selling at Rs 112.00 and Rs 113.50 respectively, they said.

At the weekend, the dollar rose as a drop in the US unemployment rate for March despite a much lower-than-expected number of jobs created in the month kept the outlook for interest rates intact this year.

Investors still expect two more rate increases in 2017, analysts said, although the probability of a June hike has declined to 61 percent from more than 70 percent late on Thursday.

US non-farm payrolls increased by 98,000 jobs last month, the fewest since last May, as the retail sector shed employment for a second straight month, the Labour Department said. That was far short of the increase of 180,000 jobs expected by a Reuters poll of economists.

The unemployment rate, meanwhile, declined to 4.5 percent from 4.7 percent in February. "As long as we see the unemployment rate decline, we will see more rate hikes," said Cathy Barrera, chief economic adviser at ZipRecuiter in New York. "Since we just had one (hike), the Fed is just going to keep an eye on things and see what happens over the next few months.

Open Bid	Rs. 106.15
Open Offer	Rs. 106.35

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

According to currency dealers, no change in the value of the US dollar took place as it sustained its overnight trend of Rs 106.20 on buying counter. However, it registered appreciation and ended higher at Rs 106.70 on selling counter, they added.

Moreover, the local currency showed mixed patterns as it moved both ways versus the pound sterling. The British currency was bought and sold at Rs 130.60 and Rs 131.20 as compared to Friday's closing rates of Rs 130.90 and Rs 132.10 respectively, they said.

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

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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PAC characterised by inherent conflict of interest?

WASIM IQBAL & ABDUL RASHEED AZAD

ISLAMABAD: There is an inherent conflict of interest in the Charter of Democracy that allows the Leader of the Opposition to be the chair of the Public Accounts Committee (PAC) given that the backlog implies the PAC has focused on years when the opposition was in power.

The objective of the PAC being chaired by the leader of the opposition was to ensure accountability of the government but this would only have been possible had there been a backlog of no more than a year or so, so stated legal and parliamentary experts to Business Recorder.

President Supreme Court Bar Association Rasheed A. Rizvi told Business Recorder that chairing the PAC by Syed Khurshid Shah is against the 'spirit' of accountability and shows a clear 'conflict of interest' as the committee has been dealing with serious audit objections during the tenure of the Pakistan People's Party (PPP).

Rasheed A Rizvi suggested an independent and neutral person be appointed as chairman PAC.

Talking to Business Recorder, Chairman PAC, Khursheed Shah, however, said that he was heading the PAC as per constitution and being the chairman he had not discussed/reviewed the audit paras related to his Ministry but was reviewing/discussing all the audit paras during the PPP government's tenure.

Shah has settled several unlawful actions taken during the Zardari administration including the illegal hiring of nearly 7,000 as well as illegal rental power agreements that cost the exchequer Rs 86 billion.

The AGP's office presented as many as 15 audit objections over the rental power contracts signed by state-owned power companies. The PAC, under Shah, decided to take no action against the officials and ministers responsible for this with the Chairman arguing that the PAC should take no action until the Supreme Court renders its decision on the RPP contracts, even though the apex court has already rendered its verdict.

Khurshid Shah also gave a clean chit to some of the audit paras relating to former Oil and Gas Regulatory Authority (Ogra) chairman Tauqeer Sadiq despite objections by the AGP. Sadiq served as chairman Ogra during PPP government and had to face imprisonment for misappropriation and embezzlement.

A representative of a social forum overseeing the parliamentary affairs said that the track record of politicians is that they seldom take note of irregularities committed during their party's tenure.

Soon after the appointment of Syed Khurshid Shah, former Auditor General of Pakistan Akhtar Buland Rana refused to appear before the committee on grounds that Syed Khursheed had been a cabinet minister during the PPP tenure and, as such, could not take up audit reports concerning government spending during his party's administration.

First time in the parliamentary history of the country the former PPP-led coalition government had appointed the then leader of the opposition Chaudhry Nisar Ali Khan as chairman of the PAC in line with the Charter of Democracy. In November 2011, Chaudhry Nisar announced that he was resigning from the PAC in protest against the appointment of Akhtar Buland Rana as the country's new auditor general. He accused the PPP government of making the PAC ineffective due to this appointment.

Public Accounts Committee (PAC) has been unable to force 12 major public funded entities to be audited by the AGP: Supreme Court of Pakistan, Pakistan Telecommunication Limited (PTCL), Pak China Investment Company Limited (PCICL), Defence Housing Authority (DHA), National Bank of Pakistan, Agri Business Support Fund (ABSF), Punjab Industrial Estate Development and Management Company (PIE), Punjab Rural Support Programme (PRSP), Pakistan Ordinance Factories Welfare Trust Fund, Wah Noble Private Limited, Trust for Voluntary Organization (TVO) and People's Primary Health Initiatives (PPH Provincial Support Unit) Khyber Pakhtunkhwa.

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Income tax laws

Syed Imtiaz Abbas Hussain

Income tax in Pakistan is being executed by the Income Tax Ordinance 2001 (hereinafter referred to as "Ordinance") and Income Tax Rules 2002 (hereinafter referred to as "Rules"). A number of improvements have been witnessed in the ordinance and rules for more than a decade but these still need to improve because the income tax laws are not focused on economic priorities, tax revenue generation and revenue-effective taxpayers. Instead, tax machinery is wasting its time and energy in huge numbers of petty taxpayers specially of salaried and labour class with an exemption limit of Rs 400,000, creating a mess by making mandatory payment of wages even to the illiterate employees through crossed cheques, allowing expenditure per transaction for deduction from income over small and irrational amount of Rs 50,000 paid by crossed cheque. Tax officers and taxpayers are involved in withholding tax and tax refund culture which has a little or no impact on revenue generation but to only push corruption.

Few suggestions for rationalization and simplification of the income tax laws are as under:

Income tax on losses

Income tax on losses is being charged under the Ordinance and Rules is in violation of the Constitution which allows "tax on income" and not "tax on losses", while the Ordinance has clearly mentioned under Section 4 that "tax on taxable income" but practically charging income tax even on losses under Section 113 and Section 169 of the Ordinance.

Minimum tax/turnover tax (1% on gross turnover/sale) under Section 113 of the Ordinance was introduced to overcome emergency of government at that time, which should be for a transitional period of one year or two. But minimum tax has become a permanent feature and even its base is broadening every year, as a result, this tax is being charged on losses, which is again in violation of Constitution and is against the fundamental rights of a citizen.

Income tax collected or deducted as a final tax under Section 169 may also tantamount to charging income tax on losses. For example, suppliers/contactors/customs authority/bankers have deducted or collected income tax from the taxpayers amounting to Rs 60 million and actual loss for said tax year of the taxpayer after adjustment for add/back was Rs 15 million. So under the Constitution, such taxpayer should not be subjected to income tax but the

government has charged income tax from taxpayer amounting to Rs 60 million under the final tax regime.

Income tax not on income; but on deemed income

Income Tax collected or deducted from taxpayers are being treated as deemed income and accepted as final tax under Section 169 of the Ordinance irrespective of the fact that taxpayer is in loss, subject to Section 169(2)(e)&(f) of the Ordinance, which is against the principles of accounting, Companies Ordinance 1984/2016, International Accounting Standards (IASs)/International Financial Reporting Standards (IFRSs) and even against to some provisions of the Ordinance. (Refer Section 169 of the Ordinance, IAS No. 12 and other related IASs/IFRSs and Companies Ordinance 1984/2016);

Transitional advance tax provisions

The dictionary meaning of "transitional" includes "the period of time during which something changes from one state or stage to another", and usually in business and laws, the word transitional refers to the temporary phase. But Ordinance has made transitional advance tax provisions as a permanent by creating new Chapter XII, which covers Sections from 231A to 236J and even its base is being broadened every year.

Taxation on capital gains on immoveable properties

The Constitution excludes federal authority to tax capital gains on immoveable properties, which is a provincial subject. But the Ordinance is levying income tax on the gains arising on the disposal of immoveable properties under Section 37(1A), which is against the Constitution.

Income tax laws are not in accordance with

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IFRSs/IASs/Company Laws

As per Rule 32(2) of the Rules, the books of accounts, documents and records required to be maintained by a company in accordance with IASs and as required under the Companies Ordinance 1984/2016. But the Ordinance is not in accordance with Rules and has rejected IFRSs/IASs/Companies Ordinance 1984/2016 in connection with the following accounting treatments, as a result, there is a conflict within income tax laws and taxpayers faced problems in their tax planning:

a. Depreciation and carrying amount of fixed assets is being calculated in the Ordinance which is quite different from what is systematically and logically explained in IASs/IFRSs. It is suggested that depreciation and carrying amount of fixed assets as stated in audited financial statements should be allowed in the Ordinance and instead of giving special depreciation like initial depreciation; first year allowance, etc, a tax allowance/tax credit may be allowed, or alternatively to make working simple and straight, depreciation may be allowed on straight-line basis instead of reducing balance method which carry asset unnecessarily and immaterially for more than 22 years as did for pre-commencement expenditure under section 25 of the Ordinance. (Section 22, 23 , 23A and 23B of the Ordinance, IAS No 16 and other related IASs/IFRSs, Companies Ordinance 1984/2016);

b. Stock in trade/inventories is being computed in the Ordinance which is quite different from what is systematically and logically explained in IASs/IFRSs. It is suggested that inventories consumed and inventories carrying amount as stated in audited financial statements should be allowed in the Ordinance. (Section 35 of the ordinance, IAS No. 2 and other related IASs/IFRSs, Companies Ordinance 1984/2016);

c. Long-term contract is being treated in the ordinance which is quite different from what is explained in IASs/IFRSs. It is suggested that the contracts' work in progress and other related items as stated in audited financial statements may be allowed in the Ordinance. (Section 36 of the Ordinance, IAS No. 11 and other related IASs/IFRSs and Companies Ordinance 1984/2016);

d. The Ordinance has only allowed treatment of operating lease for lessors and lessees and has rejected more logical and systematic treatment of finance lease, which is allowed in IAS 17 and Companies Ordinance 1984/2016, while allowing few provisions of finance lease. It is suggested to allow lease treatments, which is on finance lease basis, as stated in audited financial statements in the Ordinance (Section 18(3), 22(12), 23(4) and 28(1)(b) of the ordinance, IAS No. 17 and other related IASs/IFRSs and Companies Ordinance 1984/2016);

Imbalanced treatment for non-residents having permanent establishment

Non-resident taxpayers having permanent establishments in Pakistan will be subjected to income tax as applicable to resident taxpayers subject to some restrictions as per section 105 of the Ordinance, but it is not justified to keep them away from benefit of final tax under Section 169 for collections and deductions of income tax under section 152(2A) of the Ordinance while there maintenance of permanent establishment in Pakistan has mitigated the risk of loss of tax revenue to the government. (Section 152, 105 and 169 of the Ordinance)

Certificate of collection or deduction of tax

The provisions of Section 164 and Rule 42 and "on-line certificate" designed by and available at FBR website relating to the issuance of certificate of collection or deduction of income tax are conflicting each other due to the following reasons:

a. As per Section 164(1) of the Ordinance, every person collecting or deducting income tax shall at the time of collection or deduction furnish to the person from whom the tax has been collected or deducted, a certificate, while under Rule 42(1), a certificate is required to be issued within 15 day after the end of the financial year and on request under Rule 42(2) a certificate may be issued before the end of the financial year;

b. Many particulars are missing in "on-line certificate" designed by and available at FBR website, which are required as per Form as set out in Part VII of the Second Schedule to these Rules, which includes (i) on ______ (Date of Collection/Deduction), (ii) Or during the period; from ____ To ____ (Period of

Collection/Deduction) and (iii) certification portion of the said Form and its all particulars are missing;

c. Form as set out in Part VII of the Second Schedule to these Rules is in line with Section 164 and not in line with Rule 42.

Ordinance referring provision of repealed ordinance

The Income Tax Ordinance 1979 has been repealed under Section 238 of the ordinance and some specific provisions of the repealed Ordinance have been saved under Section 239 of the Ordinance for some specific purpose. But it does not mean that the Ordinance will mention provisions of repealed Ordinance in definitions of terms etc used in the Ordinance. For example, under Section 2(29A) income year means income year as defined in the repealed Ordinance. So, Ordinance needs to be revisited with a view to deleting such references of repealed Ordinance and wherever possible to include active provisions in Ordinance to make the income tax laws simple.

Income Tax Authorities not properly mentioned in laws

Income tax authorities as mentioned under Section 207 of the Ordinance have not been properly replaced in Sections of the Ordinance and in Rules of the Rules as a result taxpayers are being misguided. For example still mentioning about Regional Commissioner under Section 130(4)(a) and mentioning Central Board of Revenue under Section 74(11) and Section 111(5) of the Ordinance and much more such mistakes in Ordinance and Rules. So board needs to revisit the entire Ordinance and Rules to correct such confusing and misguiding mistakes.

Mentioned about “such other executive or ministerial officers or staff” under Section 208(1) of the Ordinance, but nowhere in the Ordinance or Rules their functions and authority have been explained.

Tax structure is not in line with the economic priorities

The basic structure of income tax laws and sales tax laws are not in line with the economic priorities of the country as these have been totally distorted due to un-strategic exemptions, concessions, tax holidays, zero rating, additions and deletions to favour near and dear ones. Fortunately or unfortunately, the issues which need to be considered in framing these laws have never been strategically focused as a result we could not improve economy in a way it should be and even we could not resolved our economic issues in the right directions. So we need to restructure these laws in line with our economic priorities and our needs, especially in the areas of education, health, employment, industrialization, law and order, science and technologies, production, investments and savings and governance, etc. This restructuring should be just like zero budgeting that is from the scratch instead of add/back provisions in the Ordinance and Rules.

Irrational tax provisions

The taxpayers are not subjected to investigation under the Ordinance and Rules, but under Section 177(1) relating to audit, the word “investigation” has been used, which is just creating confusion and tantamount to harassment and corruption;

The taxpayers are not subjected to inspection under the Ordinance and Rules and even the designation of the Directorate General of Inspection and Internal Audit has been changed to Directorate General of Internal Audit. Then what is the rationale in including “Inspector Inland Revenue” under Section 207 of the Ordinance relating to income tax authorities?

According to Section 20 of the Ordinance, in computing the income of a person chargeable to tax under the head “income from business” for a tax year, a deduction shall be allowed for any expenditure incurred by the person in the year “wholly and exclusively for the purpose of business”. There is no rationale by adding “wholly and exclusively for the purpose of business” as it is practically impossible to proof it and it is just debatable and opening door for corruption.

Under Section 21 (m) of the Ordinance, any salary paid or payable exceeding Rs 15,000 per month other than by a crossed cheque or direct transfer of funds to the employee’s bank account will not be allowed to be deducted in computing the income of a person under the head “income from business”. The question is that what is the basis of taking the figures of Rs 15,000. To make it rationale and justifiable, it is suggested to take this figures equals to 1/12th of tax exempt limit of salary say Rs 33,333 or Rs 35,000 instead of Rs 15,000, then it will support the system. Further an unnecessary tension is created by including illiterate labor force who are in hundreds and thousands in manufacturing businesses, so to make the tax laws simple and straight it is requested to exclude manufacturing labors and clerical staff from this Section or alternatively enhance the exemption limit from Rs 15,000 to figure equals to 1/12th of tax exemption.

Any income of a newspaper employee representing local travelling allowance is totally exempted from income tax under Clause 40 of Part I of second Schedule attached to the Ordinance. To make it rationale, I suggest local travelling allowances of all types of media employees and sales and marketing employees must be totally exempted.

Clauses 51 to 53 of Part I of second Schedule attached to the Ordinance have covered all high-ups, including federal ministers except Prime Minister and Chief Ministers, which is not rationale, I suggest should be included categorically.

According to Section 12 (4) of the Ordinance "no deduction shall be allowed for any expenditure incurred by an employee in deriving amounts chargeable to tax under the head Salary". It means income tax will be charged on gross salary which is in violation of Constitution of Islamic Republic of Pakistan and against to the fundamental rights of a citizen of Pakistan. Tax should be charged on gross salary after deduction of at least necessary expenses of livelihood such as rent, food, cloth, utilities, domestic servants, children education, health, insurance etc which may be taken as a percentage of gross salary without going into its details and complications, as was done for existing rent allowance, medical allowance etc. It is how the government can do justice with white-collar people and mitigate abnormal effect of high inflation and corruption. High salaried taxpayers also deserve for these concessions as their rights, because earning high salary is not the crime otherwise they will serve in other country as non-resident Pakistani and government will lose tax revenue. Likewise, salary exempt limit should be reworked and revised, based upon above formulae say exempt up to Rs 600,000 instead of Rs 400,000 in a tax year. It is how huge number of salaried taxpayers will be eliminated and unnecessary work load of tax authorities will be reduced and they may be able to focus on material tax revenue targets.

According to Section 13 of the Ordinance and Rule 5 of the Rules, the value of conveyance provided by the employer to the employee shall be included in income of employee equal to 5% of the cost to the employer for acquiring the motor vehicle, when vehicle is partly for personal and partly for official use. This treatment does not sound good and rationale because if vehicle was purchased by employer in 2005 at the cost of Rs. 1 Million and employee will take its 5% Rs 50,000 in Tax Year 2011 while its WDV in this tax year is Rs 209,715 after 20% depreciation. It is suggested to make a depreciation slab for 10 years on straight-line basis, to apply 5% to make this treatment logical, simple and straight or alternatively linked it as percentage of salary.

What is rationale in stating, for the purpose of Section 21(d) of the Ordinance, that expenditure incurred on entertainment of customers and clients "at the person's business premises" under Rule 10(1)(c). Can't taxpayer take customers and clients outside business premises for hotel, etc?

Under Section 22(13) of the Ordinance, the cost of a depreciable asset being a passenger transport vehicle not plying for hire shall not exceed Rs 2.5 Million, which is also too low as compared to latest prices. Ordinance changed this Section by enhancing limit many times. What is rationale in capping limit? Is it necessary to amend this Section religiously instead of eliminating it on the basis of the fact that vehicle price shoot up manifold due to many factors and its impact on the government tax revenue is negligible and such elimination will make tax working simple.

Income tax on income from property is too much complicated, irrational and illogical so need to address the following to make the tax laws simple and rational:

Income from property is being subjected to income tax after deductions allowed only to companies under Section 15A of the Ordinance, so what is the rational in not allowing genuine deductions to individuals and association of persons, which discourage investments and savings climate in the country.

Prescribed person under section 155(3) for individual or association of persons means who are paying gross rent of Rs 1,500,000 in a year or more for deduction of tax at source, so what is the rationale in making the tax deduction slab under Section 155 specified in Division V of part III of the First Schedule attached to the Ordinance on gross rent from Rs 200,000 to exceeding Rs 2,000,000 in a tax year. So need to revise slab from Rs 1,500,000 in instead of Rs 200,000 in a tax year.

Individual and association of persons is to pay tax on income from property required under Section 15 is as per slab at the rate 5% to 20% specified in Division VIA of part I of the First Schedule attached to the Ordinance on gross rent exceeding from Rs 200,000 to Rs 2,000,000 in a tax year. What is the rational in making exemption limit up to Rs 200,000 in a tax year, which is too meagre covering monthly rent of just Rs 16,667 in this era of high inflation, it is suggested exemption limit should be at least Rs 600,000 in a tax year if without deductions to cover monthly rent of Rs 50,000.

It is suggested that income tax on income from property should be treated as a separate block for simplification purpose.

Section 153(1)(b) tax deducted at source relating to the rendering of or providing of service is treated as minimum tax under proviso Section 153(3)(b) except Sectors mentioned in Clause 94 of Part IV of the Second Schedule attached to the Ordinance, and not allowed as final tax under Section 153(3) and Section 169 of the Ordinance except electronic and print media for advertising services under proviso Section 153 (3)(e). Globally tax revenue generation from services are higher than goods and contracts, so such restrictions will discourage generation of revenue from service in Pakistan.

Apparent errors in income tax laws

Section 152(1AAA) of the Ordinance is, by mistake, referring Division IIIA of part III of the First schedule attached to the Ordinance instead of Division II(3) of Part III of First Schedule attached to the Ordinance as both Section 153A of the Ordinance and Division IIIA of part III of the first schedule attached to the Ordinance have been omitted.

Section 44(2)(c) relating to exemption under international agreements is showing, by mistake, “funds or grant” instead of “funds of the grant”.

Many mistakes in mentioning income tax authorities in different sections of the Ordinance and in rules of the Rules, which are referred above.

Section 195(3) of the Ordinance still showing Section 187(3), which was omitted by the Finance Act 2010.

Section 152(2A) showing clauses (i), (ii) and (iii) while Division II of part III of First Schedule attached to the ordinance is showing Clauses as a, b and c.

The accounts and documents required to be maintained under Section 174(3) is for six years while its relevant Rule 29(4) of the Rules is mentioning five years.

Conclusion

One will have to appreciate that the Income Tax Ordinance 2001 and related Income Tax Rules 2002 have been framed in such a way that all heads of income are well covered and every corner of income is complete in all respects but the problem is that these laws are not being implemented and monitored in its letter and in spirit due to many reasons.

I can say with confidence that if these laws implement and monitor in its letter and in spirit then tax-to-GDP ratio in Pakistan will jump manifold even with the existing exemptions, tax concessions, allowances and tax credit.

Tax machinery needs to cross check and reconcile at least last five years data of income tax collected and deducted, sales tax input and output and critically review financial statements of taxpayers. This exercise will undoubtedly unearth thousands of hidden revenue-effective taxpayers and unearth billions and trillions of tax revenue.

(The writer is a fellow member of Chartered Accountants of Pakistan and has an experience of 27 years in different capacities and contributes in journals and newspapers)

BUSINESS
RECORDER
Sunday, 9th April, 2017

Cotton market:

Spinners take little interest in fresh buying

RECORDER REPORT

KARACHI: Mills and spinners took little interest in fresh buying on the cotton market on Saturday, dealers said.

The official spot rate was unchanged at Rs 6750, they said. In ready session, over 1000 bales of cotton sold at Rs 7000, they said.

Some analysts said that in line with the international, the local cotton market, the local market adopted the same pattern as mills and spinners kept on the sidelines in the absence of fresh leads.

Cotton analyst, Naseem Usman said that there is a kind of dullness in the market after rising tension between the US and Syria.

The news of the US-Syria attack sent global markets . lower when it was announced, with the S&P 500 futures index falling as much as 0.5 percent. But most of the losses ebbed after US officials described the attack as a one-off that would not lead to wider escalation.

Besides, he observed that cotton yarn is also not in demand, which is causing financial losses for the traders.

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.

Weekly export sales data from the US government showed net upland sales totalled 270,000 running bales for the previous week, down 31 percent from the week before.

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.

The following deals were reported: 426 bales of cotton from Liaquatpur sold at Rs 6700 and 600 bales from Khanpur done at the same rate, 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 07.04.2017	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

Sunday, 9th April, 2017

Karachi Yarn Market Rate

RECORDER REPORT

KARACHI
Karachi Yarn Market Rates on Saturday (April 08, 2017).

CONES CARDED

10/1.

Popular Fibre
920.00

Diwan
950.00

Tritex
930.00

12/1

Nadeem Textile
1120.00

Indus
1160.00

Popular Fibre
1100.00

Bajwa
1150.00

16/1.

Nadeem Textile
1180.00

United
1190.00

Popular Fibre
1150.00

Abdullah Textile
1150.00

Indus
1220.00

A. A. Cotton
1200.00

Tritex
1170.00

Bajwa
1210.00

21/1.

Ishtiaq Tex
1240.00

Al-Karam (A.K)
1250.00

Suriya Tex
1250.00

United
1250.00

GulAhmed (G.Lite)
1260.00

Popular Fibre
1220.00

Shadman
1240.00

Indus Dyeing
1290.00

Abdullah Textile
1220.00

Lucky Cotton
1230.00

A. A. Cotton
1300.00

Diwan
1240.00

22/1.

Bajwa
1270.00

United
1260.00

24/1.

A. A. Cotton
1370.00

Tritex
1320.00

26/1.

AL-Karam
1370.00

Dewan
1320.00

Amin Text
1350.00

Shadman Cotton
1350.00

Diamond Int'l
1320.00

Popular Spinning
1300.00

Ishtiaq Textile
1320.00

Lucky Cotton
1320.00

A. A. Cotton Hosiery
1450.00

28/1

Abdullah Textile
1350.00

30/1.

Amin Tex.
1450.00

BUSINESS
RECORDER
Sunday, 9th April, 2017

Al-Karam
1430.00

Jubilee Spinning
1350.00

GulAhmed (G.Lite)
1430.00

Lucky Cotton
1350.00

Diamond Intl
1400.00

A. A. Cotton Hosiery
1480.00

32/1

Abdullah Textile
1380.00

40/1

Lucky Cotton
1650.00

52/1

Lucky Cotton
1700.00

--

COMBED CONE

--

40/1

Indus CF
1740.00

20/2.

GulAhmed
1340.00

Amin
1350.00

Indus Dyeing
1360.00

Bajwa
1350.00

Shadman Cotton
1340.00

42/1

Abdullah Textile
1650.00

52/1

Abdullah Textile
1750.00

20/1. SLUB

Abdullah Textile
1300.00

30/1 SLUB

Abdullah Textile
1520.00

60/1.

Abdullah Textile
1750.00

70/1

Abdullah Textile
1850.00

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CHEES CONES

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10/1.

Kasim Tex
700.00

Latif Tex. (Latif)
700.00

Super
690.00

Abdullah Textile (OE)
690.00

16/1. (O.E.)

Kasim Textile
880.00

Masal
870.00

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RATES OF PAKISTANI/IMPORTED POLYESTER YARN (PER LBS) + GST

--

Imported 50/36 FDY
90.00

Local Mill
130.00

Rupali 75/78 FDY
NA

Import 75/72 FDY
72.00

Local Mill
82.00

Rupali 75/36/0 & 75/24 DTY
90.00

Imported 75/36/0 DTY
83.00

Local Mill
83.00

Rupali 75/128 INT DTY
100.00

Local Mill
115.00

Imported 75/72 INT DTY

BUSINESS
RECORDER
Sunday, 9th April, 2017

83.00

Local Mill
105.00

Imported 75/144 INT DTY
83.00

Local Mill
110.00

Rupali 300/96/INT DTY
80.00

Imported 300/96/INT DTY
70.00

Local Mill
66.00

Rupali 300/96/0 DTY
74.00

Imported 300/96 DTY
68.00

Local Mill
63.00

Rupali 75/24 INT DTY
100.00

Imported75/36 INT DTY
96.00

Local Mill
85.00

Rupali 150/48/0 DTY
76.00

Imported 150/48/0 DTY
71.00

Local Mill
70.00

Rupali 150/48 INT DTY
81.00

Imported 150/48 INT DTY
72.00

Local Mill
73.00

Imported 150/144 SIM
76.00

Local Mill
NIL

--

RATE OF BLANDED YARN

IN RUPEES
(PER LBS)

--

P.V. CONES

--

18/1 PV

A.A. Textiles
108.00

20/1 PVB

A.A. Textile
111.00

A. A. Cotton
110.00

24/1 P.V. BRIGHT

A.A. Tex.
116.00

Sana
109.00

A. A. Cotton (80:20)
115.00

26/1.PV Bright

A.A. Tex.
121.00

Sana
111.00

30/1 PV

A.A. Tex."Z" Twist
127.00

Sana
120.00

A. A. Cotton
126.00

26/1 P.V. (S.D.)

A.A. Textile
121.00

A. A. COTTON
128.00

36/1 PV (SD)

A.A. Textile
142.00

40/1. (PVB)

Sana
138.00

A. A. Cotton
145.00

A. A. Textile
146.00

46/1 PVSD

Ibrahim Fibre
170.00

28/1 PV SLUB

A.A. Clock Tower
150.00

30/1 PV SLUB

A. A. Cotton (PVB)
152.00

A. A. Cotton (PC)
155.00

A. A. Cotton SLUB (PP)
152.00

Sana SLUB (PP)
145.00

BUSINESS
RECORDER
Sunday, 9th April, 2017

Sana (PV)
150.00

Sana SLUB (V)
165.00

40/1 SLUB

Sana (V)
180.00

SEWING THREAD YARN

Sana

21/1 PP
84.00

30/1 PP
96.00

40/1 PP
105.00

50/1 PP
122.00

20/1 PVT

Sana
118.00

30/1 PVT

Sana
128.00

10/1 PP

A. A. Cotton
93.00

12/1 PP

A. A. Cotton
98.00

16/1 PP

A. A. Cotton
103.00

20/1 PP

Sana
110.00

Diwan
98.00

A. A. Cotton
110.00

Agar
96.00

26/1 PP

A. A. Cotton
115.00

30/1 PP

Agar
101.00

Anwar
109.00

Sana
120.00

Diwan
103.00

A. A. Cotton
120.00

34/1. (PP)

A. A. Cotton
99.00

40/1 PP

A. A. Cotton
133.00

60/1. (P.P)

Agar
124.00

Diwan
125.00

Anwar
130.00

A. A. Cotton
146.00

8/.1.

A. A. Cotton (52 48)
95.00

10/.1.

Zainab
115.00

A. A. Cotton
97.00

Lucky Cotton
135.00

12/1

A. A. Cotton
100.00

14/1

Zainab Tex
118.00

A. A. Cotton
105.00

16/1

AA SML Carded (52 48)
114.00

IFL (52 48)
120.00

A. A. Cotton
105.00

P.C. COMBED

20/1. PC

BUSINESS
RECORDER
Sunday, 9th April, 2017

A.A.SMLCARDED
123.00

Zainab (Combed)
123.00

A. A. Cotton (Carded)
112.00

A. A. Cotton CVC (65 : 35)
110.00

24/1. PC

A. A. SML Carded
123.00

Zainab (Combed)
128.00

A. A. Cotton
109.00

25/1

A.A. Cotton
117.00

30/1. PC (52 : 48)

Zainab Textile (combed)
138.00

Stallion
100.00

K. Nazir
112.00

Al-Karam
112.00

AA SML (Carded)
131.00

A. A. Cotton (Carded)
122.00

A. A. Cotton CVC (65 : 35)
114.00

36/1. PC

IFL Tex (Combed)
149.00

A. A. Cotton
140.00

40/1 PC

A.A. Textile (Combed)
157.00

45/1 PC

Zainab
170.00

10/1 CVC

A. A. Cotton (60:40)
100.00

12/1 CVC

A. A. Cotton (60:40)
107.00

16/1 CVC

A. A. Cotton (60:40)
112.00

20/1 CVC

A. A. Cotton (60:40)
118.00

AASML
114.00

24/1 CVC

A. A. Cotton (60:40)
123.00

Sana
146.00

AASML
111.00

30/1 CVC

A. A. Cotton
128.00

AASML
122.00

40/1 CVC

A. A. Cotton
140.00

40/.1. VISCOSE

Sana
160.00

Sana Acrylic
160.00

READY RATES OF
STAPLE FIBER IN
RUPEES

POLYESTER
K.G.

I.C.I. 1.D
126.00

I.C.I. 1.2 (SD)
126.00

I.C.I. Bright
128.00

Rupali 1.D
126.00

Rupali 1.2 (SD)
126.00

Ibrahim Fiber (SD)
126.00

Ibrahim 1.D
126.00

Ibrahim Fiber Bright
128.00

Ibrahim Trilobal Bright
128.00

BUSINESS
RECORDER
Sunday, 9th April, 2017

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VISCOSE
K.G.

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FCFC 44 MM Taiwan
250.00

FCFC 51 MM Taiwan
250.00

Grysum India
250.00

Thai Reyon 51 MM
250.00

S.P.V. Ind. 51 MM
Indonesia 250.00

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ACRYLIC FIBER
K.G.

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Monty 1.2x51 Italy
200.00

Acelon Korea 1.2x51
200.00

BUSINESS
RECORDER
Sunday, 9th April, 2017

Faisalabad yarn and fibre prices

RECORDER REPORT

FAISALABAD
Cotton yarn rates in rupees per 10 Lbs on Saturday (April 08, 2017).

6-8/S Cone (Cotton)

ARY	500.00
Sher	430.00
Nelibar	710.00
Al-Falah	570.00
Chagi	440.00
Harm	440.00
Shaheen	440.00
Nelum	440.00

10/S Cone (Cotton)

Sufi	650.00
Model Soft	650.00
Adil	490.00
Neilum	520.00
Nelibar	700.00
Owais Karni	490.00
Gold Star	670.00
Qadri	550.00
Shaheen	490.00
Al-Falah	660.00
Zam Zam	480.00
A.T.M	510.00
Sun flower	490.00
Apple Soft	650.00
Apple Hard	630.00
Ton-Ton	620.00

10/S Cone (Soft)

Es Guard	970.00
S.B.	850.00
Nelibar	880.00
Kinoo	940.00
Malta	970.00
Ayesha	840.00

12-14/S Cone (Cotton)

Model	680.00
Qadri	630.00
Adil	660.00

16-18/S Cone (Cotton)

Nova	690.00
Chagi	680.00
Adil	680.00
Model	730.00
Neeli Bar	1090.00
Super Motia	780.00
Prince	710.00
Prince W	1090.00
Acro	1000.00
Apple	820.00
Malta	1000.00
Golden Eagle	880.00

20/S Cone (Cotton)

Zahidjee	1230.00
Anmool	1200.00
J.K.	1240.00
Khalid Shafiq	1110.00
Acro	1080.00

BUSINESS
RECORDER
Sunday, 9th April, 2017

Darulsalam 1180.00

Ravi 1100.00

Hadabia 1160.00

22/S Cone (Cotton Warp)

Crescent 1280.00

Yahya 1280.00

HAR 1290.00

Tayyab 1260.00

Polo 1250.00

Ulfat 1260.00

Super Moon 1220.00

24/S Cone (Cotton Warp)

Polo 1310.00

Prince 1300.00

Acro 1280.00

H.A.R. 1280.00

Silver Lines 1330.00

ATM 1300.00

Anmool 1320.00

30/S Cone (Cotton Warp)

Al Noor 1440.00

Crescent 1390.00

Acro 1380.00

Glamour 1370.00

Arain 1360.00

Nagra 1360.00

Gulistan 1375.00

Ujalla 1375.00

Khalid Shafique 1420.00

Shafi 1380.00

Chakwal 1375.00

Anmool 1390.00

Ittehad 1380.00

Hadabiya 1410.00

32/S Cone (Cotton)

Ahmad 1450.00

Malikwal 1430.00

Chand 1430.00

J.K. 1465.00

Target 1465.00

Hadabiya 1460.00

A Three 1465.00

Araian 1450.00

Acro 1450.00

Nafees 1390.00

H.H. 1430.00

40/S Cone (Combed Cotton)

JK 1720.00

JK Carded 1580.00

Acro 1680.00

Nishat 1780.00

Betray 1650.00

Ittihad 1740.00

Al-Nasar 1775.00

Ejaz 1760.00

Nafees 1780.00

Nisar 1780.00

Three-G 1660.00

Suraj 1830.00

MKB 1640.00

Ramzan 1700.00

Ahmad 1675.00

BUSINESS
RECORDER
Sunday, 9th April, 2017

Super Shaheen 1580.00

Darul Islam 1630.00

Four-G 1690.00

A. Three 1700.00

Azam 1660.00

Wasal Kamal 1660.00

Super Gold 1640.00

Jubilee 1630.00

Babri 1680.00

Sally 1690.00

52/S Cone (Combed Cotton)

Crescent 2200.00

Ittihad 2200.00

Suraj 2225.00

Babri com 2100.00

Tanveer 2200.00

Sultan 2025.00

Diamond 2100.00

Koiyal 2225.00

Malikwal 1960.00

Parado 2000.00

Four Star 2225.00

N.P. 2200.00

Prime Plus 1930.00

Saif 2070.00

Super Shaheen 1950.00

Nafees 2050.00

Habib 2050.00

Colony 1965.00

Umer auto 1700.00

Two-G 1900.00

60/S Cone (Combed Cotton)

Nishat 2475.00

J.K. 2450.00

Ittehad 2450.00

Kohinoor 2450.00

Koiyal 2475.00

Gujjar Khan 2550.00

Pagri 2525.00

Deen 2525.00

Alam 2500.00

72-74/S Cone (Cotton)

Prime 2525.00

Commander 2320.00

N.P. 2725.00

Tower 2550.00

80/S Cone (Cotton)

Gold King 2975.00

Super King 3075.00

Mapel Leef 3200.00

Amjad 2900.00

Azam 3000.00

Admiral 2950.00

Commander 2950.00

Four Star 3200.00

Rolex 3175.00

Diamond Gate 3175.00

Al Falah 3250.00

Chairman 3200.00

Battery 3250.00

Chairman 3200.00

BUSINESS

RECORDER

Sunday, 9th April, 2017

30-31/S Cone (Polyester Cotton)

Gold Star	139.74
Sun	130.56
JK	115.00
Bilal	105.00
Tahir Rafique	108.00
Zahidjee	108.00
Bashir	112.00
Shadman	109.00
Sarfraz	106.00
Cherry	106.00
Khalid Nazir	109.00
Wasal Kamal	105.00
North Star	104.00
Super Khuwaja	110.00
Anaar	116.00
Action	97.00
Marjan	110.00
Pak Panther-ll	106.00
Nayab	112.00
Kiran	113.00
NP	116.00
Mehtabi	106.00
Club	112.00
K.K.	110.00
Ruby	113.00
Metro	101.00

38/S Cone (Polyester Cotton)

Gold Star	150.96
Dawood	115.00
Amin-2	115.00
Multan	119.00
Golden	112.00
Kirshma	113.00
AD	111.00
Sarhad	112.00
Aslam	96.00
Corolla	110.00
Royal	109.00
Chairman (N)	113.00

40/S Cone (Polyester Cotton)

A.A.	159.12
Mehtabi	140.00
Shadab	140.00
Marjan	131.00

40/S Cone (AV)

Koiyal	169.00
Super LG	151.00
A.J.	158.00
Ahmad Fine	158.00
Asheana	206.04

40/2 Cone (AV)

Koiyal	177.00
Super LG	171.00
A.J.	170.00
Ahmad Fine	174.00

30/S Cone (CVC)

Ayesha	125.00
SUN	134.65
Kamal	124.00

26/S Cone (PV)

AA	122.40

BUSINESS
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Ashiana	121.38
MM	92.00
Blue Star	94.00
Super Jett	95.00
Shuttle	92.00
M-4	96.00
Bemisal	91.00
Ghouri	92.00
U-2	94.00
L.G.	104.00
U-7	87.00
Triple two	90.00
AJ Gold	93.00
Candle	93.00
Jaguar	94.00

34-36/S Cone (PV)

A.A.	143.86
Ashiana	142.80
Sapna	134.00
Blue Star	105.00
Super Jett	104.00
Shahzad-H	106.00
Shuttle	103.00
Bemisal	102.00
Shuttle less	105.00
Cheeta	99.00
Candle	103.00
Target	103.00
Dewan	103.00
Royal	97.00
Spin Cott	104.00
H.R.	102.00
S.S.	112.00
Tanveer	103.00

44-46/S Cone (PV)

A.A.	172.36
Ashiana	171.34
Sapna	151.00
Super Jet	120.00
Bemisal	119.00
Marghala	120.00
U-2	120.00
Cheeta	120.00
Target	119.00
S.S.	135.00

65/S Cone (PV)

Ashiana	223.38
U-2	178.00
Bemisal	179.00
Ghori	178.00
Cheeta	178.00
A.J Gold	178.00
Tanveer	169.00
Maqbool	180.00

34/S Cone PP

Zamin	90.00
Shadman	105.00
Ellahi	105.00
Dewan	87.00
U-2	90.00

60/S Cone PP

Zamin	111.00
Anwar	105.00
Taj Mahal	111.00

36-38/S Cone (Staple)

Diamond Gate	1640.00
Marghala	1620.00
Saif	1630.00

BUSINESS
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Four Star 1660.00

A.J. 1640.00

Fazal Cloth 1620.00

L.G. 1630.00

Super Gold 1630.00

Azam 1620.00

Best 1600.00

K.P.K. 1630.00

Colony 1640.00

Martial 1620.00

30/S Cone (Ecrylic)

Koial 155.00

Saif 157.00

Combine 128.00

40/S Cone (Ecrylic)

Koial 169.00

Saif 168.00

Combine 141.00

Pagri 168.00

DAWN
Sunday, 9th April, 2017

Policy demanded to avoid repeat of cotton crop failure

PARVAIZ ISHFAQ RANA

MULTAN: Workers separating trash from cotton flowers at a facility in this file photo.—Dawn

KARACHI: The government has been urged to formulate a new cotton policy to avoid losses suffered due to crop failure over the last two consecutive years.

Analysts say the key crop failure should be taken seriously also because it did not occur in any of the cotton-growing countries except Pakistan.

The cotton crop failure has far-reaching impact in the country where 60 per cent population lives in rural areas.

A short crop resulted in job losses to rural workforce, particularly women cotton pickers.

Pakistan's cotton production stood at 15 million bales in the 2013-14, which dropped to around 10m bales during the last two seasons. It translated into a shortfall of 10m bales in the last two years which, according to experts, cost the country around Rs500 billion. Moreover, the country also had to foot a huge import bill to meet the demand.

Dr Jassu Mal T. Leemani, chairman of Pakistan Cotton Ginners' Association (PCGA), told Dawn the biggest problem facing the cotton crop was the absence of support price for cotton.

"The government was giving support price and subsidy to other crops such as sugar cane and wheat, but not cotton. It encouraged growers to shift to those crops which ensure fixed and secured income", he said.

The sugar cane support price fixed by the government is Rs182 a maund (around 37 kilograms); besides, the government gives subsidy on the export of sugar.

Mr Leemani, who is also the country's biggest cotton exporter, said that around 30pc cotton area in Punjab has gone under sugar cane or maize cultivation. At the time of independence, around six million acres of land used to come under cotton cultivation, which has now shrunk to 4.5m acres.

In Sindh, the area under cotton cultivation remains unchanged at 1.5m acres.

He also admitted that poor ginning was also causing huge loss to the country as the 1952 technology of saw-gin was damaging cotton quality and the length of its fibre.

The new cotton policy should also come up with incentives for ginners so that they could be encouraged to shift to modern ginning technology.

The electricity to the ginning industry should also be given on minimum rates as was being offered to the textile industry, he added.

Karachi Cotton Brokers Forum chairman Naseem Usman Osawala also warned that any delay in giving incentives and support price or subsidy to the next cotton crop would be detrimental.

DAWN
Sunday, 9th April, 2017

SBP borrowing dollars to arrest fall in reserves

SHAHID IQBAL

KARACHI: Currency dealers said on Saturday the State Bank of Pakistan (SBP) has been buying dollars from local banks and borrowing from overseas commercial banks to maintain foreign exchange reserves at the current level of $21.5 billion.

The government is trying to arrest the fall in foreign exchange reserves that have been declining since October last year.

Recently, Finance Minister Ishaq Dar said the reserves will grow to $23bn by the end of the current fiscal year. Reserves of the SBP fell 2.5bn to $16.5bn in the last six months. The country's overall reserves declined by the same amount over that period, which shows the reserves held by private banks recorded no decline.

Currency experts said it is the best time for borrowing from commercial banks. Low interest rates globally have made borrowing highly attractive for governments like Pakistan to shore up their reserves.

Reserves took a hit because of heavy repayments on external debt, unprecedented increase in imports that widened the trade deficit to $20bn in 2015-16 and rising oil prices in international markets.

"This is not unusual for the central bank to influence currency markets, control exchange rates and purchase dollars from the local market. This has been its practice for many years," said Atif Ahmed, a currency dealer in the interbank market.

The SBP reported recently that the country has been borrowing from foreign commercial banks. The low interest rate and revaluation of the exchange rate offset the impact of commercial borrowings.

While inflows from multilateral institutions declined in the first half of 2016-17, the government borrowed substantially from commercial banks. In addition to $1bn raised through sukuk, the government also borrowed $900 million from foreign commercial banks, said a report by the SBP.

The currency revaluation gains reduced the growth in external debt, which increased by just $130m, although the government raised $2.7bn from sukuk, commercial borrowings and loans from China.

"Tight control over money laundering practically destroyed the hundi and hawala business, which brought stability in the exchange rate. Ultimately, the flow of dollars normalised the currency market," said Anwar Jamal, a currency dealer in the open market. He added that the reserves held by commercial banks, which amount to $5bn, have a notable impact on the exchange rate.

He said borrowing dollars from foreign commercial banks is favourable for the country. In addition, the depreciation of international currencies against the dollar is also good for Pakistan, he noted.

The SBP reported that the country gained $2.1bn as a result of the revaluation of currencies, which offset the impact of commercial borrowings from foreign banks. The major contribution to the overall revaluation gains was from the depreciation of the yen against the dollar.

DAWN
Sunday, 9th April, 2017

Commodities

Slow cotton trading

THE NEWSPAPER'S STAFF REPORTER

KARACHI: Trading activity on the cotton market remained slow on Saturday in line with a downtrend on world markets.

Brokers said tense situation arising out of US attack on Syria sent shock waves around the world commodity markets where prices came crashing down.

Under the lead of New York cotton market, major world markets including those of India and China came under pressure and closed easy. This also directly influenced local market, brokers said.

Around 21 per cent increase in cotton sowing and US Department of Agriculture's weekly reports suggesting 33pc fall in exports further depressed cotton prices.

The Federal Cotton Committee placing next crop production at around 14.44 million bales, however, had little impact on the market.

However, reports coming from Punjab indicate that cotton sowing would be delayed and would not be possible before the end of this month because wheat harvesting was still going on.

The Karachi Cotton Association kept its spot rates unchanged. Activity on the ready counter remained slow with 426 bales reported from Liaquatpur at Rs6,700 per maund (around 37 kilograms) and 600 bales from Khanpur at Rs6,700.

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**

THE NEWS
Sunday, 9th April, 2017

FBR weighs sensitizing non-filers by publishing their names

KARACHI: The Federal Board of Revenue (FBR) is likely to issue a directory of non-filers of income tax returns in May – much like the list of active taxpayers – in order to sensitise them of their liabilities, sources said on Saturday.

The sources said the objective is to inform the taxpayers of their lawful binding to file returns under Income Tax Ordinance 2001.

“This exercise would help FBR broaden the tax base,” said a source.

Presently, FBR is issuing only active taxpayers list, which enables a return filer to avail the reduced rate of withholding tax rates under various heads.

FBR has variant withholding taxes on filers and non-filers when they perform financial transactions.

Government slapped 0.6 percent withholding tax on non-cash banking transactions by non-filers in July 1, 2015. The rate was decreased to 0.3 percent and later increased to 0.4 percent.

An official said the number of non-filers significantly increased after the introduction of different tax rates, encouraging certain segment of the classes to file their income tax returns.

Number of return filers for tax year 2016 is currently around 1.1 million, which is expected to increase to around 1.5 million by June 2017, officials said.

But, the number of return filers is relatively low compared with four million taxpayers who have been issued the national tax number.

FBR may issue the non-filers’ directory on the basis of data collected from withholding agents. The board has already developed a digital directory of withholding agents, who deduct withholding taxes.

The official said Income Tax Ordinance 2001 bounds certain classes of taxpayers to file returns, including a company or an individual driving taxable income, non-profit organisation, welfare institution, an individual or an entity owning land, house or flat of certain measuring area, an individual who owns motor vehicle above 1,000cc, a holder of commercial or industrial connection, and a member of registered business and professional association.

Some stats made available with The News showed that FBR obtained record of 2.9 million industrial and commercial electricity connection holders, who are required to file annual returns. Likewise, one million individuals, in the salary class, have been identified out of the tax net despite having taxable income.

The data further showed that 271,800 individuals made transactions of motor vehicles above 1,000cc. FBR gleaned information of 0.82 million non-filers from motor vehicle registration authorities of various cities. The board obtained information of around half a million real estate transactions made by non-filers from provincial authorities in Karachi and Lahore.

As a whole, FBR collected record of five million transactions and most of the people involved in the transactions are non-filers of income tax returns.

THE NEWS
Sunday, 9th April, 2017

Govt. likely to bound energy investors to lay transmission lines

LAHORE: Government is mulling a proposal to pass on a responsibility of laying power transmission line to the energy investor in order to share the cost as well as accelerate pace of a project's execution, sources said on Saturday.

The sources said the new mechanism will bound new power producers to lay transmission line from their own resources to connect their projects with the nearest grid network.

They said the power ministry and the National Transmission and Despatch Company (NTDC) may formally take up this issue with the relevant authorities within the next couple of weeks.

"Actually, it is a principal responsibility of a (power) developer to ensure connectivity with the national transmission network as per the regulations," said a source, having knowledge of the country's energy sector rules.

More than dozens power projects are under construction. The government envisaged the development of around 17,000 megawatts of power plants as early harvest projects under the $57 billion-China Pakistan Economic Corridor by 2018.

And, NTC is executing every project. The company is burdened with the herculean task of connecting all of these projects in succession in a short span.

The source said the government earlier decided to connect under-construction power projects with the grid through NTDC in a bid to meet demand and supply gap.

The NTDC's management, therefore, was tasked to lay transmission lines to the far flung areas, including Thar. The company has already erected transmission lines for linking several under construction power projects.

Sources said the company would continue to lay main transmission lines across the country for augmentation purposes in addition to strengthen the system's backbone.

According to the new proposal, the official said each new power producer would be bound to bear the cost of transmission line, which will later be handed over to NTDC as operation of such infrastructure is not easy for power developer/producer.

Sources said such arrangement of sharing responsibility of laying transmission lines makes sense and is a logical solution to the growing cost of power transmission.

They said the procedural delays due to peculiar nature of official working environment always hinder work badly.

The contract awarding process for a transmission line requires close to one year. Moreover, there is also a dearth of required human resource, they added.

Official said a little work on reforming the process has been done. A workable solution of this problem is to assign responsibility to developer/power producer to take steps for power evacuation. Such arrangement would tend to smoothen the synchronisation of a newly produced power with the ultimate consumers, allaying apprehension of paying capacity charges due to delay in laying of the transmission lines.

Sources said the proposed arrangements would result in increasing cost of new power generation projects, putting an extra burden on new investor.

They said investors may initially consider this as a negative development. However, it seems that such arrangement would be a logical step and may result in timely execution of associated transmission line project, they added.

THE NEWS
Sunday, 9th April, 2017

World Bank vows support for Pakistan Infrastructure Bank

ISLAMABAD: The World Bank on Saturday offered Pakistan its support to realise the dream of 'Pakistan Infrastructure Bank' as well as to help the country improve its economic data complication system.

Country Director Patchamuthu Illangovan at the World Bank, during a meeting with finance minister Ishaq Dar, apprised him of the work being done by the Bank's team to support the efforts of the government for improving data collection methodologies and rebasing the national accounts to present a more accurate picture of the economy.

Dar and Illangovan reaffirmed the commitment to further strengthen the partnership between Pakistan and the World Bank.

Plans for establishing the Pakistan Infrastructure Bank (PIB), in cooperation with the International Finance Corporation, were also discussed during the meeting.

"Once established, PIB will complement the government's infrastructure initiatives by enhancing private financing and investment for infrastructure projects in the country," finance minister said in a statement.

Finance minister's schedule of engagements during his forthcoming visit to Washington for participation in the International Monetary Fund (IMF) and the World Bank spring meetings was also discussed during the meeting.

Minister Dar said the government is making efforts to consolidate the economic gains made in the last three and a half years, and achieve higher, sustainable and inclusive economic growth."The government is committed to continuing the implementation of reforms in different areas of the economy," he said, referring to the recently concluded Article-IV consultations with the IMF.

The IMF staff, at a meeting with minister Dar in Dubai early this month, said Pakistan's economy has improved, but is facing challenges in the energy sector.

The IMF urged the finance ministry to continue the reforms promised under the Fund's $6.7 billion loan progamme in order to achieve economic stability and growth. The country has graduated from the three-year programme.

It said economic growth in the current fiscal year is expected to reach five percent and current account deficit at 2.9 percent, while fiscal deficit was forecast at 4.1 percent of GDP. The inflation was projected at 4.3 percent. The Asian Development Bank, however, said the country would be able to achieve the budget deficit target of 3.8 percent of GDP for the current fiscal year, but it cautioned the government against overspending ahead of elections.

Manila-based lender, in its Asian Development Outlook 2017, forecast the current account deficit at 2.1 percent of GDP in 2016/17. The country's growth is expected to edge up to 5.2 percent in FY17 and 5.5 percent in FY18. The forecast was same as the previous predictions in the last year's outlook.

ADB outlook further projected Pakistan's inflation at four percent in FY17 on rebound in oil prices, higher domestic demand and expanded domestic borrowing from the central bank.

THE NEWS
Sunday, 9th April, 2017

SECP registers 819 companies in March

ISLAMABAD: The Securities and Exchange Commission of Pakistan (SECP) registered 819 new companies during the month of March, witnessing an increase of 34 percent as compared to same month of preceding year, numbers released by the commission showed on Saturday.

According to the stats in the statement, the commission registered 5,858 new companies during the first nine months of current fiscal year, representing a growth of 33 percent compared to the corresponding period last year.

The corporate watchdog pointed out that a growing trend in company incorporation was the direct result of numerous facilitation measures undertaken by the commission.

Around 86 percent companies were registered as private limited companies, while around 11 percent as single member companies, the statement said and added three percent were registered as public unlisted, associations (not-for-profit), and foreign companies.

The data revealed the services sector took the lead with the incorporation of 106 companies, construction with 99, followed by trading with 92, IT with 84, tourism with 45, education with 32, textile with 28, transport with 27, food and beverages with 26, engineering with 23, corporate agricultural farming with 20 real estate development with 19, pharmaceutical and power generation with 18 each, cable and electric goods and communication with 17 each, auto and allied with 15, healthcare with 14, fuel and energy with 13, paper and board with 11, while 95 companies were registered in other sectors. Moreover, nine foreign companies were also registered by the CROs in Lahore, Karachi and Islamabad.

Furthermore, foreign investment was reported in 52 new companies, which drew inflows from, Australia, Canada, Cayman Islands, China, Denmark, Germany, Italy, Japan, South Korea, Lebanon, Singapore, Turkey, the UK, and the US.

Also, during the month, the highest number of companies, i.e. 260, was registered at Islamabad Company Registration Office (CRO), followed by 258 and 177 registered in Lahore and Karachi respectively.

On the other hand, the CROs in Peshawar, Multan, Faisalabad, Quetta, Sukkur and Gilgit-Baltistan registered 41, 33, 19, 13, 3 and 15 companies respectively.

THE NEWS
Sunday, 9th April, 2017

'Pakistan can become world's 20th biggest economy'

KARACHI: Pakistan has an immense potential to become the world's 20th largest economy by 2030, a UK lawmaker said on Saturday, terming the country as a land of opportunities.

"Pakistan has a huge potential as there is a plenty of business opportunities in the country, particularly in Karachi, which is why UK parliamentarians are keen to strengthen and deepen relations with Pakistan," British Parliamentarian Rehman Chishti said during a visit to the Karachi Expo Centre on the second day of 'My Karachi Exhibition'.

The Karachi Chamber of Commerce and Industry organised the event.

Chishti was heading a seven-member delegation of UK lawmakers.

He said reality about Pakistan is totally different from perception. "Karachi is a safe place for travel."

On China-Pakistan Economic Corridor (CPEC), the UK lawmaker said they are reviewing all the aspects of the corridor and it seems that it has a potential for British investment. "CPEC offers great investment opportunities for United Kingdom across all the sectors," said Chishti, who is also the chairman of British Parliamentary Committee on Pakistan.

He said the lawmakers would ensure that investment reaching Pakistan from UK would equally be distributed among the provinces, referring to the meetings of British parliamentarians with chief ministers of Sindh and Punjab.

The British parliamentarian said both the countries enjoy strong trade ties. "UK is looking forward to investment opportunities in services, goods, banking and security and tourism sectors."

More than 100 British businesses are presently doing business in Pakistan, including well-known brands, namely Standard Chartered, GlaxoSmithkline, Shell, Toni and Guy, Debenhams and Unilever.

Tesco PLC, the British transnational grocery and general merchandise retailer, has recently entered Pakistan.

Chishti said British prime minister would visit Pakistan within the next few months and UK trade minister will also be visiting the country within the next couple of weeks.

"British foreign minister and home minister have already visited Pakistan and our Prime Minister will also be arriving here as it is our desire to further deepen the existing relations between both the countries," he said.

Around 1.1 million British Pakistanis are living in UK. "It is our willingness to engage these British Pakistanis in promoting trade and investment between the two countries," said the foreign dignitary.

THE NEWS
Sunday, 9th April, 2017

Cotton firm

Karachi

Dull trading was witnessed at the Karachi Cotton Exchange on Saturday, while spot rate remained unchanged.

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

One analyst said uncertainty prevailed in the market amid bombings in Syria, which affected the international markets; China, India and US closing in negative numbers. Local traders are also waiting Panama verdict, he said.

New crop sowing has started in Punjab, as wheat harvesting is still awaited, he said. “Sowing is in full boom in Sindh.”

Karachi Cotton Exchange recorded only two deals of 1,026 bales at a price of Rs6,700/maund. Deals included 426 bales from Liaquatpur and 600 bales from Khanpur.

The Nation on Web
The Nation
Sunday, 9th April, 2017

Exporters fear loss as duty drawback payment delayed

Our Staff Reporter

LAHORE - The value-added textile exporters are exposed to heavy financial losses as they have passed on the benefit of cut in cost to the international buyers immediate after the announcement of PM incentive package to the export-oriented industry but not a single penny has been released so far in this regard.

This was stated by Pakistan Hosiery Manufacturers Association (PHMA) Chairman Adil Butt while expressing his concern on undue delay in refunds payment to the exporters.

Prime Minister Nawaz Sharif had announced incentives worth Rs180 billion in a bid to boost Pakistan's sagging exports, declaring 7 percent duty drawback rates for value-added textile exporters, he said.

“The international buyers’ local representatives, who are fully aware of all government policies, demanded the cut in prices of our goods with the same ratio declared by the government. And we have to pass on this benefit to them to keep Pakistan goods competitive in the world market. But it is unfortunate that payment of duty drawback is being delayed constantly.”

The PHMA chairman said that the exporters will defiantly go into losses if the Federal Board of Revenue (FBR) does not release funds, as they have already sold their items on 5-6 percent less margin. He said that the value-added textile exporters would not meet their export commitments due to severest liquidity crunch.

He termed the liquidity crunch as major hurdle in promotion of exports. The textile industry had been facing unprecedented crises for many years and consequently, a sizeable textile capacity had been impaired, he said.

He said exports in terms of quantity and value could not get momentum and remained below the bar. He said the GSP plus facility had brought the new hope of significant jump in textile exports but lack of necessary funds could hurt the outcomes of this duty relief.

He said that the government would have to set its priorities right and accord preferential treatment to textile sector to get full advantages of duty waiver facility and save the industry and the economy.

He appealed the government to release funds to the central bank for immediate payment of duty drawback of taxes to the hosiery exporters.

He also condemned the FBR for rolling back all sales tax refund payment orders (RPOs) issued to the export-oriented sectors.

He urged Prime Minister Nawaz Sharif 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 the exporters against the already issued RPOs could save the industry.