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FBR releases fourth tax directory of MPs

SOHAIL SARFRAZ

The Federal Board of Revenue (FBR) Thursday released the tax directory of parliamentarians for fourth consecutive year as number of MPs who filed their returns in 2016 has gone up to 1,010 in 2016 compared to 996 in Tax Year 2015. Finance Minister Ishaq Dar launched the Parliamentarians Tax Directory for 2016 at the FBR headquarters. Addressing the launching ceremony, Dar said that in Tax Year 2016, the tax directory contains tax details of 1,010 parliamentarians against last year"s tax details of 996 parliamentarians from upper and lower houses, and provincial assemblies.

He said that Pakistan is the fourth country of the world which is issuing tax directory of its parliamentarians. He said it was the commitment of PML-N government to publish Tax Directory of general taxpayers and parliamentarians and today we fulfilled our commitment. "It is fourth time that our government is issuing taxpayers" directory and Pakistan is the only fourth country in the world to publish such kind of directory," he said. The FBR has given additional one month period to those parliamentarians who are still under the process of filing of their tax returns and declarations. There were speculations that the government may not publish the details this year, however approval of the Federal Cabinet has been take for this purpose.

As per Tax Directory, this directory has been tabulated from Returns filed manually and electronically (till 26-Jul-2017). Manually filed Returns have been entered into the system. Certain Parliamentarian, whose names are marked by *, have share income as Members of Associations of Persons. Since, Association of Persons pay tax as a separate entity, such share is not taxable in the hands of the Members, it said. According to the tax directory, public trust and accountability across the board are the hallmarks of any strong democracy. The actions of public representatives in any democracy serve as an example for its citizens. Similarly, tax compliance by Parliamentarians plays an important role in promoting a culture of tax compliance in any country. Studies have shown that citizens exhibit a higher motivation to pay taxes when their public representatives act as role models by being tax compliant.

In order to fulfill its commitment to transparency and accountability, the government published a tax directory of parliamentarians for the tax years 2013, 2014 and 2015. This step was widely welcomed and appreciated as a measure to introduce greater transparency and promote a culture of tax compliance in the country. In line with the tradition of the last three years, a similar effort has been made to publish a tax directory of the Honorable Parliamentarians for the tax year 2016. The directory contains tax details of members of the Senate of Pakistan and Members of the National and Provincial Assemblies. Ishaq Dar said that he would like to appreciate the efforts of the Federal Board of Revenue for compiling and publishing this tax directory, says the tax directory.

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PM has paid Rs 2.5 million tax

NAVEED BUTT

Prime Minister Nawaz Sharif paid Rs 2,524,213 tax while Pakistan Tehreek-e-Insaf (PTI) chief Imran Khan paid only Rs 159,609 tax during tax year 2016 compared to 2015 during which they had paid Rs 2,195,341 and Rs 76,244, respectively. According to Parliamentarians'' tax directory for the year ended 30 June 2016 issued by The Federal Board of Revenue (FBR), the tax paid by the Prime Minister increased by Rs 328,872 while Imran Khan''s taxes enhanced by Rs 83365 in a year.

Finance Minister Ishaq Dar paid Rs 4,617,328 during tax in 2016 compared to Rs 3,913,778 he paid in 2015 - an increase of Rs 703,550. Senate Chairman Raza Rabbani paid Rs 492,201 while National Assembly Speaker Ayaz Sadiq paid Rs 104, 853 taxes. The opposition leader in National Assembly Khursheed Shah paid Rs 124,215 tax and his counterpart in Senate Aitzaz Ahsan paid 13,854,833.

Awami Muslim League (AML) Chief Sheikh Rashid Ahmed paid Rs 505,966 while Jamaat-e-Islami (JI) Chief Siraj-ul-Haq paid Rs 34,941 taxes during the last financial year. Jamiat Ulema-e-Islam (JUI-F) Chief Maulana Fazlur Rehman paid Rs 50,181 and Muttahida Qaumi Movement Chief Farooq Sattar paid Rs 39, 758 taxes. Pashtunkhwa Milli Awami Party Chief Mehmood Khan Achakzai paid Rs 17,470 and Qaumi Watan Party Chairman Aftab Ahmed Khan Sherpao paid 1,797,016 taxes. Interior Minister Chaudhry Nisar Rs 1,192,618, Defence Minister Khawaja Asif Rs 831,986 and Railways Minister Khawaja Saad Rafique paid Rs 3,983,491 taxes.

As per the tax payments of other federal cabinet members, Minister for Defence Production Rana Tanveer Hussain Rs 262,874, Minister for Information Broadcasting, Minister for Law Zahid Hamid Rs 402,406, Minister for Petroleum and Natural Resources Shahid Khaqan Abbasi Rs 2, 659,183, Minister for Railways Khawaja Saad Rafique Rs 178,106, Minster for SAFRON Lieutenant General Abdul Qadir Baloch (retd) Rs 113,002, Minister for Planning, Development and Reform Ahsan Iqbal Rs 82,440, Minister for Kashmir & Gilgit-Baltistan Affairs Barjees Tahir Rs 109,036, Minister for National Food Security and Research Sakandar Hayyat Bosan paid Rs 869,813, Minister for Industries and Production Ghulam Murtaza Jatoi Rs 278,307, Minister for Human Rights Kamran Michael Rs 191,451, Minister for Parliamentary Affairs Sheikh Aftab Ahmed Rs 1,098,486 and Minister for Overseas Pakistanis and Human Resource Development Pir Sadruddin Shah Rs 204,057 etc.

Punjab Chief Minister Shahbaz Sharif paid Rs 9,531,060, Sindh Chief Minister Murad Ali Shah Rs 116,600, Khyber Pakhthunkhwa Chief Minister Pervaiz Khattak Rs 813,869 and Balochistan Chief Minister Sardar Sanaullah Zehri paid 1,411,000 taxes.

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Tareen tops list by paying Rs 53.67 million tax

AAMIR SAEED

MNA Jahangir Khan Tareen of Pakistan Tehreek-e-Insaf (PTI) topped the list of parliamentarians by paying Rs 53,677,426 tax followed by Senator Rozi Khan Kakar of Pakistan Peoples Party (PPP) who paid Rs 49,923,783 tax in 2016. According to Parliamentarians Tax Directory, Senator Taj Muhammad Afridi from Federally Administered Tribal Areas (Fata) paid Rs 35,284,413, Senator Muhammad Talha Mehmood of JUI-F paid Rs 32,495,268; Senator Aitzaz Ahsan of PPP paid Rs 13,854,833; Dr Muhammad Farogh Naseem of MQM paid Rs 20,233,725 taxes.

Other members of the Senate who paid the highest tax include: Senator Mohsin Aziz of PTI paid Rs 8,896,012; Senator Sajjad Hussain from FATA paid Rs 5,877,912; and Mir Kabir Ahmad of National Party paid Rs 5,497,855. In tax year 2015, Senator Taj Muhammad Afridi was the top taxpayer with Rs 41,712,425 followed by PTI"s Jahangir Tareen with Rs 37,607,528 tax. The Members of the National Assembly who paid the highest tax include: Jahangir Khan Tareen paid Rs 53,677,426; Sheikh Fayyaz Uddin of PML-N paid Rs 9,424,025; Isphanyar Bhandara of PML-N paid Rs 8,889,756; Hamza Shehbaz Sharif of PMLN paid Rs 7,038,777 and Asad Umar of PTI paid Rs 6,368,864.

In Khyber Pakhtunkhwa Assembly, Noor Saleem Malik of JUI-F paid Rs 25,622,102 followed by Sardar Zahoor Ahmad of PML-N paid Rs 11,529,321 and Amjad Khan Afridi of PTI paid Rs 6,432,672. In Punjab Assembly, the highest taxpayers are Shehbaz Sharif of PML-N with Rs 9,531,060; Chaudhry Arshad Javaid Warraich of PML-N paid Rs 8,933,167; Sheikh Alaudin of PML-N paid Rs 5,453,605 and Moonis Elahi of PML-Q paid Rs 5,186,489. In Balochistan Assembly the highest taxpayers are Akber Askaani of PML-N with Rs 2,649,290; Mir Hammal of Balochistan National Party paid Rs 2,047,048; Raza Muhammad Barrech of Pashtoonkhwa Milli Awami Party paid Rs 2,035,819 and Molana Abdul Wasay of JUI-F paid Rs 1,869,114.

In Sindh Assembly the highest taxpayers are Eng. Pesu Mal of PPP who paid Rs 8,689,390; Lal Chand Ukrani of PPP paid Rs 2,332,311 and Sharjeel Inam Memon of PPP paid Rs 2,185,304 in taxes.

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KPK MPA pays Rs 25.6 million tax

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Noor Saleem Malik, a member of Khyber Pakhtunkhwa provincial assembly has emerged the highest taxpayer with Rs 25.6 million among members of all four provincial assemblies. Malik was followed by Sardar Zahoor Ahmed, another MPA from KP provincial assembly, with Rs 11.5 million. Haji Qalandar Khan Lodhi paid the lowest tax of Rs 3,500. Of the 115 members of the Khyber Pakhtunkhwa Assembly, only one failed to file his tax returns. Chief Minister Pervez Khattak paid Rs 813,869.

Out of 65 members of Balochistan Assembly, 57 members filed their tax returns and only one of them paid less than Rs 1 million, which is unprecedented, compared to other provinces. Akber Askaani paid the highest, Rs 2.6 million, while Mir Aamir Khan Rind paid the lowest tax of Rs 950,614. Chief Minister Sardar Sanaullah Zehri paid Rs 1.4 million. Of the 371 members of the Punjab Assembly in the directory, 40 did not file the returns for 2016.

Sheikh Alaudin is the highest taxpayer with Rs 13.8 million, followed by Chief Minister Punjab Mian Muhammad Shehbaz Sharif Rs 9.531 million and Ch Arshad Javaid Warraich Rs 8.9 million. Ten members of Punjab Assembly who did not pay tax are Malik Taimoor Masood, Rai Muhammad Usman Khan Kharal, Muhammad Akbar Hayat Harraj, Ali Asghar Manda, Ali Salman, Chaudhery Ishfaq Ahmed, Fida Hussain, Rana Abdul Rauf, Mrs Sumaira Sami and Mrs Naseem Lodhi. The least income tax paid by an MPA is Chaudhry Muhammad Shafique, Rs 3,050.

Of the 168 members of the Sindh Assembly, only four filed nil statements but their names exist on the tax roll. Those are Abdul Sattar Rajper, Ali Nawaz Shah, Owais Muzaffar and Hargun Gas Ahuja. According to the tax directory, Chief Minister Murad Ali Shah paid Rs 5.1 million. Engineer Pesu Mal is the highest taxpayer in the assembly with Rs 8.6 million. The lowest tax paid is by Fayaz Ali Butt, Rs 1,095.

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At least 19 lawmakers didn"t pay any tax

TAHIR AMIN

At least 19 parliamentarians, including two members of National Assembly failed to pay any tax for the year that ended on June 30, 2016, according to the Parliamentarians Tax Directory released by the Federal Board of Revenue (FBR) on Thursday. According to FBR directory, 19 parliamentarians paid less than Rs 10,000 tax for the year ended June 30, 2016. At least 90 parliamentarians, including 16 senators and 10 MNAs failed to pay any tax for the year ended on June 30, 2014. However, the list was reduced and 26 parliamentarians, including seven senators and one MNA, failed to pay any tax for the year ended on June 30, 2015.

The two MNAs who paid "zero" tax during the period ended on June 30, 2016 included: Mohammad Raza Hayat Hiraj and Muhammad Tufail - both belong to ruling Pakistan Muslim League-Nawaz (PML-N). At least 11 members of Punjab Provincial Assembly - Malik Taimoor Masood, Rai Muhamamd Usman Khan Kharal, Ali Asghar Manda, Ali Salman, Muhammad Akbar Hayat Harraj, Chaudhery Ishfaq Ahmed, Fida Hussain, Rana Abdul Rauf, Sumaira Sami, Naseem Lodhi and Haseena Begum - paid "zero" tax during the said period.

About five members of Sindh Provincial Assembly who paid "zero" tax during the year ended June 2016, included Abdul Sattar Rajper, Ali Nawaz Shah, Noor Ahmed Bhurguri, Owais Muzaffar and Hargun Das Ahuja. According to the directory, one member of the Khyber Pakhtunkhwa Assembly whose data reflected "zero" tax payment is Saleh Muhammad. According to the Parliamentarians Tax Directory all the senators and all the 64 provincial members of Balochistan Assembly paid tax during the period under review.

The parliamentarians who paid less than Rs 10,000 included Fayaz Ali Butt (Rs 1,095) Muhammad Zubair Khan (Rs 1,240), Chauhdary Muhammad Shafique (Rs 3,050), Sardar Muhammad Bakhsh Khan Mahar (Rs 3,472), Haji Qalandar Khan Lodhi (Rs 3,500), Malik Nadeem Kamran (Rs 4,100), Malik Muhammad Iqbal Channar (4,100), Jehan Zeb Jamaldini (4,451), Khanzada Khan (5,460), former Justice Iftikhar Ahmad Cheema (Rs 5,997), Sardar Muhammad Yaqoob Khan Nasar (Rs 6,987), Shah Farman (Rs 7,000), Shah Ram Khan (Rs 7,000), Imtiaz Shahid (Rs 7,000), Ahmed Khan Baloch (Rs 7,000), Khalil Tahir Sindu (Rs 8,200), Sardar Sher Ali khan Gorchani (Rs 8,742), Inamullah Khan Niazi (Rs 8,975), Malik Muhammad Javed Iqbal Awan (Rs 9,740).

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Export slide:
Senate panel snubs MoC team for inaction

MUSHTAQ GHUMMAN

The Senate Standing Committee on Commerce headed by Syed Shibli Faraz Wednesday snubbed the Commerce Ministry team for its inability to stop the declining trend in exports. As the meeting commenced, only three officials of Commerce Ministry, Joint Secretary (Admin), Dr Nazim Latif, Director General (Trade Policy) who is also Joint Secretary, Muhammad Ashraf and one female Section Officer were available to brief and respond to questions of the committee. Standing committee noted that neither Commerce Minister nor Commerce Secretary or Additional Secretary were available.

Joint Secretary (Admin), however, explained that Secretary Commerce is on a tour abroad whereas no Additional Secretary is posted in Commerce Ministry. He also informed the committee that Commerce Minister was on his way to attend the meeting. The entire committee unanimously declared that the Commerce Ministry does not give respect and weight to it and decided to wind up the meeting after seeking viewpoints of each member of the committee. Chairman Standing committee in particular accused Commerce Secretary, Younus Dagha of not co-operating with the Committee, saying that the Ministry did not even bother to inform the committee secretariat about the Secretary"s non availability. Committee Chairman refused to accept any explanation from "junior" officers.

"Secretary has to brief the committee on facts and figures. There is no policy to promote trade and everyone is busy on unrelated matters and no one is giving attention to his/her duty. The entire system is directionless," he added. Shibli Faraz argued that the Commerce Ministry has failed to promote exports and expressed reservations at the Ministry"s decision to hire consultants to teach export enhancement methods" to Ministry officials without taking the Committee into confidence. Senator Ilyas Ahmad Bilour, Senator, Saleem Mandviwalla, Senator Saud Majeed and Senator Mufti Abdul Sattar were almost ready to wrap up the meeting in protest however the arrival of the Commerce Minister, Engineer Khurram Dastgir in the committee room brought some relief to Commerce Ministry"s officials.

Commerce Minister stated in an appeasing manner, "Mr. Chairman I have taken note of your observations and once the Secretary is back in the country I will personally deal with the grievances" of the committee." Senator Mandviwalla addressed the Minister saying "you come to the committee but Ministry officials don"t. Why is the Ministry so dismissive of the committee, what is their issue?" The committee also expressed annoyance at the absence of Director General Trade Organisation (DTGO) during the meeting. During discussion on trade statistics, Saleem Mandviwalla pointed discrepancy in trade figures of State Bank of Pakistan (SBP) and Pakistan Bureau of Statistics (PBS).

Commerce Minister said that discrepancy has been recorded in trade figures maintained by SBP and PBS. He quoted the exports figures of FY 2015-16 wherein procedural discrepancy of $ 1.25 billion was witnessed. He said that Commerce Ministry and SBP is not near any resolution of methodology so far. However, Chairman Standing Committee stated that it is a technical issue and it invariably arises due to LCs.

Commerce Ministry, in its brief given to the committee noted three categories of factors contributing to the decline in exports: (i) demand driven, (ii) supply driven and (iii) cross cutting factors affecting the entire export sector. Demand driven was defined as products that have been affected by demand which include rice, leather and textile goods. The export of basmati and non basmati rice varieties further declined by 13.63 percent in the current financial year. This mainly represented a shift in the demand from key markets like Saudi Arabia, UAE and Philippines, etc away from Pakistani rice, to other countries. An additional factor was the second successive good rice harvest in Africa, which kept a lid on import demand from the region. Similarly, cement exports continued their downward trend (by 25.94 percent)

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mainly due to lower demand from two markets - South Africa and Afghanistan. A slight consolation was continued strong demand for Pakistani cement from India; this partially offset the decline witnessed in the two other major markets. Moreover, increased construction activity has led to higher domestic consumption of cement.

Supply driven included products like cotton and certain food products whose exports declined mainly due to low domestic production. Exports of raw cotton decreased by 47.14 percent, Cotton Yarn by 3.46%, Fruits by 10.57 and Vegetables 12.14 percent. Local demand of cement increased due to CPEC and enhanced PSDP allocation which reduced availability of surplus that could be exported.

Cross cutting factors were defined as long-term issues that have been hampering Pakistan''s export growth for the last few years which include: (i) the slowdown in the global trade in 2016 as the total world exports declined by 3.3 percent; (ii) lower rating in the competitiveness index with Pakistan ranking at 122 out of 140 economies in the World Economic Forum''s competitiveness index and 144 out of 190 economies in World Bank''s Ease of Doing Business index in 2016-17; (iii) shortage of energy supply, poor quality of infrastructure, out-dated technology, lack of export culture and weak contract enforcement mechanism; (iv) narrow export basket - six products account for 51 percent of total exports (fabrics, yarn, knitwear, rice, garments. bedwear); (iv) lack of market diversification - six markets account for 51 percent of national exports (USA, China, UAE, Afghanistan. UK, Germany);(v) lack of value addition - 74 percent of food items and 40 percent exports of textiles are primary commodities;(vi) policy conflict - Tariff policy, currency appreciation affecting competitiveness; (vii) policy disconnect - investment promotion out of sync with export-led growth; and (viii) policy vacuum - absence of agricultural and industrial policy vital for export-led production. Director General (Trade Policy), Muhammad Ashraf informed the committee that declining trend in exports has stopped and exports have shown 0.5 per cent growth during the last few months. He also stated that a rise in imports mainly contributed to increase in trade gap.

Talking about trade with India, Senator Ilyas Bilour questioned that with India imposing Non-Tariff Barriers (NTBs) on Pakistani products why is Pakistan not reciprocating, especially on off season fruits? Senator Saud Aziz, raised the issue of cotton import from India, which according to him, inflicted loss to ginners and subsequently to growers. He maintained that the government took the decision to import cotton from India under pressure from a specific lobby. He said, the government needs to allow import of only a specific staple which is critical for our textile industry. Three Senators, Mrs. Naseema Ehsan, Senator Mufti Abdul Sattar and Senator Haji Saif Ullah Khan Banghesh did not utter a single word during the meeting.

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Debt servicing:
SBP"s forex reserves plunge by $1.14 billion

RIZWAN BHATTI

The State Bank of Pakistan"s reserves declined sharply by over $1 billion during the first three weeks of this fiscal year, mainly due to external debt payment. Economists said that the beginning of current fiscal year is not pleasant in relation to foreign exchange reserves as these are rapidly moving down. However, they said the situation is not surprising as it was already being expected that reserves will decrease during FY18 following the rising debt servicing.

According to State Bank"s statistics, reserves held by State Bank posted a massive decline of $1.14 billion during the first three weeks of this fiscal year (FY18). The State Bank of Pakistan"s total foreign exchange reserves declined to $ 15 billion as on July 21, 2016 compared to $16.143 billion on June 30, 2017. During the first week ending July 7, 2017 of this fiscal year, the SBP"s reserves increased by $54 million to $16.197 billion. The SBP"s reserves sharply decreased by $718 million to $15.479 billion during the second week. During the third week of this fiscal year, the SBP"s reserves decreased by $476 million to $15.003 billion due to payments on account of external debt servicing and other official payments.

The country"s total liquid foreign exchange reserves fell sharply by $ 932 million during the first three weeks of this fiscal and the total liquid forex reserves held by the country reached below $20 billion mark. The country"s total liquid foreign exchange stood at $ 20.436 billion as on 21st July 2017 down from $ 21.368 billion as of 30th June 2017. The detailed analysis revealed that during the period under review, reserves held by banks surged by $ 208 million to reach $ 5.433 billion. Economists said the SBP reserves declined because of higher external debt payments. They said that Pakistan"s foreign exchange reserves are likely to further decline as two payments of the International Monetary Fund are scheduled for next month.

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THE RUPEE: Slight changes

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The rupee managed to keep almost present levels against the dollar on the money market on Thursday, dealers said. The rupee was trading versus the dollar for buying and selling at Rs 105.39 and Rs 105.40 respectively, dealers said.

INTER-BANK MARKET RATES: OPEN MARKET RATES: The rupee also did not show any change against the dollar for buying and selling at Rs 107.30 and Rs 107.50 respectively, they said. The rupee was trading in relation to euro for buying and selling at Rs 124.80 and Rs 124.80 respectively, they said.

In the fourth Asian trade, the dollar licked its wounds at 13-month lows against a basket of major currencies on Thursday after the U.S. Federal Reserve's more cautious wording on the inflation outlook bolstered views it might not hike interest rates again this year.

While the Fed said it expected to start shrinking its massive holdings of bonds "relatively soon", a phrase taken by many to mean an announcement in September, the central bank also noted weakness in US inflation more explicitly than before.

The dollar was trading against the Indian rupee at Rs 64.138, the US currency was available at 4.274 versus the Malaysian ringgit and the greenback was at 6.728 in terms of the Chinese yuan.

Open Bid	Rs. 107.30
Open Offer	Rs. 107.50

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

Bid Rate	Rs. 105.39
Offer Rate	Rs. 105.40

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

According to the currency dealers, the dollar commenced trading on its overnight trend of Rs 107.40 and Rs 107.50 as its buying and selling rates respectively. At the close, it gained by 10-paisa on buying counter and ended at Rs 107.30. However, it did not witness any change on selling counter as it maintained its opening trend of Rs 107.50, they added.

However, the local currency failed to sustain as it depreciated versus the pound sterling. The pound's buying and selling rates drifted from Wednesday's closing rates of Rs 139.00 and Rs 139.40 to Rs 139.80 and Rs 140.40 respectively, they said.

RUPEE IN ISLAMABAD AND RAWALPINDI: The dollar gained strength against the rupee at the open currency markets of Islamabad and Rawalpindi here on Thursday.

The dollar opened at Rs 107 (buying) and Rs 107.10 (selling) against last rate of Rs 106.40 (buying) and Rs 106.50 (selling). It closed at Rs 107 (buying) and Rs 107.10 (selling).

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Section 176 of IT Ordinance:

DIA starts obtaining taxpayers"" details for last 5 years

MUHAMMAD ALI

Directorate of Internal Audit (DIA) Direct Taxes - Inland Revenue (IR), Karachi has started obtaining taxpayers"" financial details for last five years under section 176 of Income Tax Ordinance 2001, raising disenchantment among registered persons; it was learnt here Thursday. According to the tax consultants and taxpayers, the Directorate has started obtaining financial details from taxpayers for last five years under section 176. They said that the exercise initiated by the Directorate was nothing but harassment to the registered persons, which may cast a negative impact on the board""s vision of taxpayers"" facilitation and broadening of tax base.

Tax consultants and taxpayers were of the view that the Directorate exercised the power of collecting financial details of the taxpayers conferred under SRO 660(I)/2007, which they termed as beyond its jurisdiction and tantamount to taxpayers"" harassment. They said that they were asked to submit the copies of tax returns of last five years, wealth statements, bank statements and personal expenses. They said that there were already two departments - Directorate Intelligence and Investigation IR and audit department, which were already functioning as monitoring departments and made detection of tax evasion, under-reporting and under-assessments, which may transpired due to inefficiency, corrupt practices and lack of adequate skills.

Now, the Directorate has initiated similar exercise however, being internal control of FBR, it was entitled to safeguard revenue leakages by checking the accuracy and reliability of departmental working to promote efficiency and encourage adherence to prescribed law and procedures, they said and added that submission of said records to three different departments for same purpose is cumbersome for the taxpayers.

Meanwhile, the FBR official website apprised that the board had granted specified functions, jurisdiction and powers to the Directorate General of Internal Audit through SRO660 and it shall have the powers specified in section 176 of the Income Tax Ordinance, 2001.

When Contacted, Director DIA Dr Ghulam Murtaza said that we have the same powers, which were granted to the Directorate Intelligence and Investigation (DI&I)-IR but we were not exercising the whole powers. He said that Directorate was only exercising the sub-section (I) of section 176 under Income Tax Ordinance 2001 to facilitate the taxpayers; adding that the role of assessing officers were earlier given to taxmen under 1971 Ordinance but now ITO 2001 had empowered taxpayers for the same. Therefore, Directorate, which at that time used to monitor the assessment orders of the taxmen, is now scrutinizing self-assessment orders (returns) of the taxpayers under the Ordinance 2001 with widened scope.

Moreover, he said that Directorate through notices under section 176 of the Ordinance gave an opportunity to the taxpayers to clarify their position and if taxpayers enabled to make cleared its 70-80 per cent required documents then Directorate did not make any note against them for further action.

He also answered that if the Directorate obtained financial details of the taxpayers directly from system and made assessments and wrote notes then taxpayers would not only deprive from hearing opportunity but would also face audit or action under section 125A of the Ordinance. Director DIA further said that Directorate had issued nearly 400 notices during last financial year and recovered Rs 5-6 billion approximately while the revenue retrieval only in June was stood at Rs 4 billion through this exercise.

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Secretary textile assures exporters of resolving issues

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Secretary Textile Hasan Iqbal has said that Prime Minister Export Package was announced after deliberation with all stakeholders and associations and a package of Rs 180 billion was approved out of which Rs 140 billion was allocated for export while 40 billion was allocated for rebate/custom duty and other incentives.

Addressing the gathering of exporters and representatives of value-added textile associations gathered at Pakistan Hosiery Manufacturers & Exporters Association (PHMA) House on Thursday he said that package was planned to be spread over 18 months. Up to 30th June, 2017 Rs 8 to 9 billion of claims were received and the government has paid Rs 3 billion by 30th June. Whereas 26th July, another amount of Rs 4 billion, has been released by the Finance Division.

Hasan Iqbal was delighted to communicate that during the month of June, 2017 exports has been increased to 16 percent over June, 2016. He lamented that export activities were hampered during the month of May, 2017 due to strike of transporters which affected the export shipments. In respect to various suggestions to enhance exports, the Secretary sought proposals from PHMA and Pakistan Apparel Forum (PAF).

He appreciated that cotton crop has been increased and cotton cultivation has been expanded in Punjab and have also started in KPK and Balochistan. The government is committed to facilitate Value Addition in exports and believes in providing level-playing field. In this connection, the ministry has forwarded his recommendations to Commerce Ministry in respect to rationalization of Utilities Tariff at par with regional countries, he added.

He informed that ministry of textile is spearheading with the government of Sindh in respect to establishment of five combined effluent treatment plants in industrial areas of Karachi which will result almost 50 percent compliance to GSP plus conformance.

Secretary Textile assured that all the complaints received at the level of the ministry shall be disposed off the same day. He informed that the textile ministry was having meetings on monthly basis with the FBR in respect to timely release of refunds to textile exporters. He also assured to PHMA to look into the time-barred claims of exporters.

Earlier addressing the meeting Muhammad Riaz Ahmed, Zonal Chairman PHMA, said that to unearth reasons behind export decline the government should take on board all stakeholders particularly the associations as the exporters as they can very well explain about the cause of decline in exports. Hiring of Consultants to explore the reason of decrease in exports shall a futile exercise and waste of precious funds from EDF, he added. Prime Minister Export Package implementation is crucial to uplift exports and the government should take on board exporters to redress their problems to achieve a milestone in country's exports, he urged.

Muhammad Jawed Bilwani, Chief Coordinator PHMA & Chairman, Pakistan Apparel Forum appreciated the supportive role of Ministry of Textile Industry headed by Secretary Hasan Iqbal. Bilwani in his presentation gave a synopsis of last two decades of textile exports and highlighted the issues and problems faced by the value-added textile sector which contributed $11.08 billion (53 percent of total exports and 89 percent of total textile exports) and generates 42 percent of the total employment including female workers.

He informed the meeting that in 1990, textile exports of Pakistan stood at $3.67 billion, Bangladesh $0.98 billion and India $4.71 billion and in 2016 the export of Pakistan stood at $12.45 billion with 239 percent growth; Bangladesh $30.24 billion with 2,985 percent surge and India's textile exports are $36.63 with 677 percent growth. He said that in 1991, cotton production of Pakistan stood at 11.5 million bales, India at 10.6 million bales while in 2016 Pakistan stand at 10.7 million bales

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with 6.9 percent decrease, India stands at 34 with 220 percent growth.

He stated that the government has been time and again communicated about manifold challenges and problems confronted to exporters particularly liquidity crunch amid inordinate delays in refunds of Sales Tax; DLTL; DDT; Custom Rebates and we have demanded to released refunds forthwith. It is satisfying to note that Rs 3 billion were released under PM Export Package whereas Claims of Rs 7 to 8 billion have been processed by the SBP whereby the Central Bank is waiting for funds from Ministry of Finance to disburse payment to exporters accordingly. He also urged that all the matters related to exports and exporters shall be dealt by Federal Government and there should no intervention at level of provinces.

He voiced that exporters major demand to the Government is that the tariff of Electricity, Gas, Water and Wages the major inputs be brought at par with regional countries so that the exporters be able to compete in the Global market. On this occasion Rafiq Godil, Chairman, PAKSEA; Khawaja Usman, Chairman, PCFA; Saleem Parekh, PHMA; Sohail Ahmed, APBUMA; Aslam Karsaz, PHMA also participated in the meeting.

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Nine firms to take part in 'Intertextile Shanghai Home Expo'

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The nine Pakistani companies will participate in the forthcoming Intertextile Shanghai Home Exhibition being held in Shanghai, China from August 26, 2017. The four-day show is one of the region's most significant events that connect the entire home furnishings industry. The nine companies including Afroze Textile Industries, Al-Falah Textile, Bari Mills, Crescent Textile Mills, Feroz 1888 Mills & MK Sons Pvt Ltd Aviva carpets, Hamdan Traders and Stampede. Over 50 trade visitors from Pakistan are expected to visit Intertextile Shanghai.

This full spectrum of home textile products and accessories is provided by top manufacturers from Mainland China, as well as Asian and European countries. Products including upholstery fabrics and other home related items including bedding & toweling, carpets & rugs, sun-protection systems & curtain accessories, digital printing and original service designs & artwork will be on display. Top 10 foreign visitor countries including Korea, Japan, Russia, Iran, US, India, United Arab Emirates, Malaysia, Thailand and Singapore.

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Stable condition on cotton market

DR ZAFAR HASSAN

Stable condition reportedly continued on the cotton market on Thursday as prices mostly were maintained at their earlier levels. However the Karachi Cotton Association (KCA) reduced the ex-gin price of the Grade 3 cotton by Rs 50 per maund (37.32 Kgs) on an ex-gin basis and fixed at Rs 6300 per maund on Thursday. The new crop cotton (August 2017/July 2018) was said to be progressing mostly on normal basis besides a delay of about two or three weeks due to the continuing rain spell. Till now no large damage has been done to the crop except that there is some presence of moisture in the Sindh styles which are therefore, selling at discounts presently.

Rains could last another couple of weeks. Presently, six or seven ginning factories are pressing the new crop (2017/2018) in Punjab, where as upto 50 ginning factories are operative in Sindh where some interruption occurs in case of excessive rains. Lint from Sindh is somewhat discounted compared to the Punjab styles in case of extra moisture. Thus the current rates of lint from Sindh reportedly range from Rs 6300 to Rs 6350 per maund (37.32 Kgs), while in Punjab the cotton prices reportedly range from Rs 6550 to Rs 6600 per maund, according to the quality. Smaller spinning mills and the needy mills are mostly picking up the new crop and even pick up moist cotton with appropriate discounts.

Rains have till now been mostly beneficial to the crop (2017/2018) and could still yield between 12.5 to 13 million bales of cotton (155 Kgs) on ex-gin basis if no further damage occurs. This would mean that Pakistan could reap one million more bales of cotton in 2017/2018 compared to the outgoing season (2016/2017) if all goes well.

Domestic textile industry in Pakistan is suffering one of its worst periods due to faulty government policies as reported by the All Pakistan Textile Mills Association (APTMA). Therefore a sizeable portion of the domestic textile industry remains inoperative since the past several years. High taxes and also high cost of bank credit, lack of power supply besides high cost of imports and short supply of gas and power are hurting the Pakistan textile industry. In ready sales reported till Thursday evening, 200 bales of cotton from Kotri in Sindh were reported at Rs 6350 per maund (37.32 Kgs), while 200 bales from Chichawatni in Punjab sold at Rs 6675 per maund. Global cotton prices are also reported to be stable.

On the global economic and financial front, shares prices have shot up on many bourses around the world after mostly lying in limbo for almost a decade following the Great Recession in 2008. Wall Street shoot up in shares prices has been described by analyst Matt Egan as being comparable to Raging bulls - even though today's record-high stock market isn't as outrageously expensive as it was in early 2000. It is being questioned whether the "stocks are too hot" at present. The obvious fear is "whether the second longest bull market in history has gotten a bit too hot."

Some analysts are wondering whether the current meteoric rises in equity prices have been pushed up beyond any reasonable heights and if the rise in the value of the equities has any reason of rationale. Of course there are other observers in the market who deem that the current rise in share prices on Wall Street is not tenable.

There are yet other operators in the market who cite strong corporate earnings that have provided a boost to all the three major indices on Wall Street, namely Nasdaq Composite, Dow Jones and the Standard and Poor's 500. Some eye-catching headlines in the media do indicate the excitement and euphoria prevailing in the sundry markets which provide the reason for their jubilation. The equity markets are also showing similar exultation in Europe and elsewhere in several parts in the world.

In the United States, "Strong earnings help as all three major indexes hit records". In Tokyo, stocks prices shot up "on Wednesday following a string of positive data from Europe and the United States as well as strong earnings while a jump in commodity prices lifted energy firms". European shares also rose as the earnings and strong results continued to pour in.

Other reports referred to a rise in new home sales in America during June to ten

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years high level even though the market was struggling to gain momentum over the previous three months. Record profits were also reported by Peugeot in France and Boeing in America whose shares climbed record high to nearly eight percent. Even the NSE index in India reportedly rose by 0.56 percent on last Wednesday and ended above 10,000 points for the first time ever.

However, there are analysts who are of the view that increase in equity values, in some cases to record levels due to some positive indicators are unreasonably high, but such share increases have also made them quite vulnerable. Even with sterling performance in many sectors of the economies of America and Europe, the central bankers like Janet Yellen of the Federal Reserve System in America and Mario Dragi of the European Central Bank are advising caution before America and Europe may increase that interest rates rapidly.

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Prices fall slightly

RECORDER REPORT

Prices fell slightly on the cotton market on Thursday in the process of modest trading, dealers said. The official spot rate was down by Rs 50 to Rs 6300, they said. In the ready session around 2000 bales of cotton changed hands between Rs 6350 and Rs 6650, they said. In Sindh, seed cotton rates were at Rs 2400-3000 per 40 kg, they said. In the Punjab, phutti prices were available at Rs 3000-3400 per 40 kg, they said.

Commenting on the present trend in the market, cotton analyst, Naseem Usman said that volume of business could not increase because many spinners failed to achieve their desired variety of cotton. But some leading mills and spinners were trying to cover their forward buying. At the same time, some leading buyers were expecting monsoon rains may push up rates, other experts said. It is most likely that if rains again started, this factor may cause hike in rates in the coming days, they said.

Adds Reuters: ICE cotton futures edged down on Wednesday ahead of weekly U.S. export sales data on Thursday. Cotton contracts for December settled down 0.43 cent, or 0.62 percent, at 68.4 cents per lb. Prices traded within a range of 67.76 and 68.9 cents a lb. Total futures market volume rose by 2,256 to 15,449 lots. Data showed total open interest gained 763 to 216,584 contracts in the previous session. The following deals reported: 1000 bales of cotton from Shahdadpur sold at Rs 6350, 400 bales from Tando Adam, 200 bales from Hyderabad all done at the same rates and 100 bales from Burewala at Rs 6650, 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 26.07.2017**	**Difference Ex-Karachi in Rupees**
37.324 Kgs Equivalent	6,300	135	**6,435**	**6,485**	-50
40 Kgs	6,752	145	**6.897**	**6.950**	-53

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Cotton hits over five-week high

RECORDER REPORT

ICE cotton futures hit more than five-week highs on Thursday as better-than-expected weekly export sales data from the US government suggested higher demand for the natural fibre. The December cotton contract on ICE Futures settled up 0.49 cent, or 0.72 percent, at 68.89 cents per lb. It earlier hit 69.72 cents a lb, the highest since June 19.

The US Department of Agriculture early on Thursday reported net upland sales of 28,300 running bales for the 2016/2017 crop year and net sales of 232,600 bales for 2017/2018. Exports of 326,800 bales were up 17 percent from the previous week, the report showed.

"One thing that people have been taking into consideration in addition to the export sales report is that sales for the auctions in China has recovered for the last couple of weeks," said Gabriel Crivorot, analyst at Societe Generale in New York. "That together with the export sales is a good indication of higher demand," he said. China sold 15,700 tonnes of cotton at an auction of state reserves, China's cotton industry website cncotton.com said on Thursday. Sales amounted to 53.99 percent of the 29,100 tonnes of cotton available at the auction.

On Monday, cncotton.com reported that China would prepare an additional batch of 410,000 tonnes of cotton for its daily state auctions, lending weight to expectations state sales would be extended to ease tight supplies. Total futures market volume rose by 7,470 to 23,099 lots. Data showed total open interest gained 342 to 216,926 contracts in the previous session. The Thomson Reuters CoreCommodity CRB Index, which tracks 19 commodities, was up 0.94 percent.

New York cotton

RECORDER REPORT

The fluctuations observed during the day:

	Current Session						Prior Day		
	Open	High	Low	Last	Time	Set	Chg	Vol	Set
Oct'17	69.33	72.02	69.33	70.50	14:45 Jul 27	70.50	1.48	200	69.02
Dec'17	68.53	69.72	68.01	68.89	14:45 Jul 27	68.89	0.49	11250	68.40
Mar'18	68.20	69.15	67.60	68.44	14:45 Jul 27	68.44	0.32	3336	68.12

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The downside of dollar borrowing

RECORDER REPORT

According to the Economic Affairs Division (EAD), which tabulates inflows into the country from all sources, the government's reliance on borrowing from foreign commercial banks rose to a whopping 4.3 billion dollars in 2016-17 - borrowing that is at commercial rates with a very short amortization period that no doubt accounted for net outflows instead of net inflows from the second quarter of last fiscal year. This money was borrowed for balance of payment (BoP) support. In other words, with a continuous decline in exports (attributed to lower commodity prices in the international market by the Pakistan government with donor agencies/exporters claiming that the major reason is an overvalued rupee and delay in refunds) and remittances (due to the ongoing recession in oil exporting countries where the bulk of our emigrant force is employed) and rising imports (an outcome of an overvalued rupee) the Dar-led Finance Ministry opted to borrow from whatever source available at whatever cost to the economy to shore up reserves rather than to focus on measures to encourage exports and discourage imports. It should be a matter of serious concern for our parliamentarians, especially those in the opposition, that the reliance on short-term borrowing from the external commercial banking sector has gathered momentum subsequent to the September 2016 completion of the three-year Extended Fund Facility by the International Monetary Fund (IMF) - a reliance which accounts for net outflows instead of net inflows by December last year and which has the potential to enhance the country's indebtedness to unsustainable levels.

Two other disturbing policy measures need to be highlighted. First and foremost, the Finance Ministry, as per EAD, surpassed the budgeted reliance on foreign assistance for last year - from 819.6 billion rupees to 996 billion rupees - reflecting a rise of nearly 22 percent which, in turn, reflects the failure of the government to either meet its budgeted revenue or budgeted expenditure. It is also relevant to note that the end of the year figure projected for borrowing from foreign commercial banks as noted in the budget documents for the current fiscal year was lower at 389 billion rupees or in effect the government's budgetary estimates released end-May when the budget was presented to parliament this year are off by nearly 13 percent which makes further mockery of the data presented in our budget documents.

Secondly and equally disturbingly, the rise in reliance on commercial borrowing is reflective of the fact that sources of multilateral and bilateral assistance have shriveled up in relation to expectations when the budget was presented less than two months ago. One reason is the Trump administration's refusal to reimburse Pakistan for the Coalition Support Fund (CSF) as releases under this head now require a certification by Secretary of Defense Jim Matthis that Pakistan is taking sufficient action against the Haqqani network, a certification that was refused by Matthis. Additionally, there appears to be a consensus amongst multilaterals that the government has abandoned the reform agenda (with the do-more mantra on energy and tax sector reforms resurfacing in recent reports by the IMF and the United Nations Development Programme). And without the Fund's active support for the reform agenda, without or without an ongoing programme, multilaterals as well bilaterals hesitate to extend budgetary support though project-specific assistance continues. To conclude, there is a need for the federal cabinet and the parliament take urgent cognizance of the rise in reliance on very expensive loans which should be procured after extremely careful consideration rather than to simply balance the books due to failure to keep within the unrealistic budgeted projections of revenue and expenditure.

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Perjury and tax default

HUZAIMA BUKHARI AND DR IKRAMUL HAQ

In the nomination papers filed by Nawaz Sharif on March 31, 2013 with the Election Commission of Pakistan (ECP), he did not mention in column 8 ('my current occupation') employment with Capital FZE-showing his entitlement of salary of AED 10,000. It really does not matter whether he actually drew salary or not. The disclosure of employment was necessary. Secondly, he retained this position even after taking oath as Prime Minister of Pakistan for the third time on June 5, 2013 (Nawaz Sharif was Chairman of Board of Capital FZE-FZE stands for 'Free Zone Establishment'-from August 7, 2006 to April 20, 2014. The non-disclosure of fact of employment in nomination papers, holding the position in violation of oath of office of Prime Minister and non-payment of tax on emoluments attract Article 63(1)(l) and Article 63(1)(O) of the Constitution of Pakistan.

In the 29-page written reply submitted by Nawaz Sharif in the Supreme Court after the judgement was reserved by the three-member Implementation Bench, it is claimed that fact of Residence Visa (Iqama) was disclosed through attaching a copy of passport as "there was no separate column in the nomination forms for any such information to be provided by the candidate contesting the election". This claim is incorrect. Column 8 was for this purpose and the fact of employment should have been mentioned there. This act of concealment of employment is also evident from the fact that bank account maintained in the UAE by Nawaz Sharif as necessary requirement for obtaining Iqama as Chairman was also not disclosed. The claim made in the written reply that Nawaz Sharif was neither a shareholder nor a director or a secretary of Capital FZE may be correct but undeniably he was an employee as Chairman of Board.

Whether an individual or a company, a single shareholder can register a Free Zone Establishment (FZE) in Dubai's Jebel Ali Free Zone (Jafza). An FZE is essentially a Limited Liability Company within the Free Zone. FZCo is essentially a Limited Liability. Partnership within the Free Zone, with the liabilities of the company is limited to the paid up capital. A FZCo has a legal personality distinct from that of its shareholder and it has the capacity, rights and privileges of a natural person.It is claimed in the reply that the post of Chairman of Board of Capital FZE was ceremonial. This is totally incorrect. As an employee, Chairman under the UAE corporate law [Articles 3, 4, 5 and 12 of the Governance Rules)] has additional duties as compared to directors that include: "ensuring efficiency of the board's discussions and performance; having prime responsibility for the drafting of agendas for board meetings; maintaining good communication between the board and the shareholders; and promoting positive relations between the non-executive and executive directors and ensuring the former's participation; and non-executive directors have specific duties, including those requiring them to show independence in board meetings; give priority to the interests of the Company and shareholders in the event of a conflict of interest; participate on the audit committee of the Company; follow up on the Company's performance, monitor achievement of performance objectives and draft associated reports; and enhance the performance of the board and committees through use of their individual skills and diversity."

Before accepting the post of Chairman, Nawaz Sharif was to obtain a briefing on the history and strategy of the Company; understand the major drivers of performance and key performance indicators; get a SWOT (Strengths, Weaknesses, Opportunities and Threats), analysis of the Company; get a background/resume on the other directors and key members of the management team; understand relationships and roles within the management team; understand who werethe key suppliers or customers; understand the status of relationships with employees and unions; obtain an industry briefing; get the auditors' input and perceptions on historical accounts and disclosure issues; and understand key legal relationships, any past or current litigation and issues with compliance and regulators. How could his role have been ceremonial and unpaid? The salary was also paid in his account under the

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law otherwise Iqama could not have issued.

As resident (stay from 01-07-2012 to 30-06-2013 was more than 182 days) in tax year 2013, Nawaz Sharif was also supposed to offer for tax his total world income, including salary from Capital FZE, whether received or not as per the following provisions of the Income Tax Ordinance, 2001:

Section 11(5):

"The income of a resident person under a head of income shall be computed by taking into account amounts that are Pakistan-source incomeand amounts that are foreign-source income".

[Note: In Tax Year 2013, Nawaz Sharif was liable to tax both for Pakistan and foreign-source incomes being resident in Pakistan and under section 69(3) he had to offer salary for tax that was made available to him]

Section 102:

"Any foreign-source salary received by a resident individual shall be exempt from tax if the individual has paid foreign income tax in respect of the salary".

[Note: Nawaz Sharif admittedly did not pay any tax in the UAE and hence could not claim exemption in Pakistan]

The non-disclosure of salary income attracts disqualification as per ratio laid down by Supreme Court in Muhammad Siddique Baloch v Jehangir Khan Tareen [PLD 2016 Supreme Court 97] that "a person who is untruthful or dishonest or profligate has no place in discharging the noble task of law making and administering the affairs of State in government office".

In the case reported as Hameed Akbar Khan vs. Election Appellate Tribunal and others [PLD 2013 Lahore 548], while interpreting Article 63(1)(O) of the Constitution of Islamic Republic of Pakistan,1973, which envisages a default in payment of government dues and utility expenses for over a period of six months at the time of filing of nomination papers, it was held that if the dues were paid before filing of the nomination papers then such disqualification is cured but nothing was paid till filing of nomination papers and payment of such dues consequent to filing nomination papers, cannot cure the default. It means that default in the case of Nawaz Sharif is not curable as he did not discharge his tax liabilities as mentioned above till March 31, 2013-the day he filed his nomination papers.

(The writers, Advocates and partners in Huzaima, Ikram & Ijaz, are Adjunct Faculty at Lahore University of Management Sciences)

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Nepra notifies reduced upfront tariff for Thar coal-based plants

Khaleeq Kiani

THAR: An excavator carries out the works in the desert, which contains one of the world's largest untapped coal deposits. The new upfront tariff for power plants using Thar coal is slightly lower than the last one that expired earlier this year.—Dawn file photo

ISLAMABAD: The National Electric Power Regulatory Authority (Nepra) announced on Thursday a fresh upfront tariff for power projects based on Thar coal that is slightly lower than the last tariff that expired in January.

The decision came after almost four months as the regulator conducted a public hearing on March 28 to examine if it would be appropriate to replace a highly attractive upfront tariff with a benchmark tariff for reverse competitive bidding.

In its decision based on the opinion of all stakeholders, Nepra slightly reduced the rate of return and attempted to attract super-critical technology and said the new tariff would remain effective for two years or a maximum of 5,000 megawatts of generation capacity, whichever came first.

Revises IRR on equity for future projects to 18pc from 20pc

The overall project cost was assumed at an average of $1.2 million per megawatt. Nepra set a 30-year levelised tariff of 7.3356 cents per unit and 7.42 cents per unit for single units of foreign financing and local financing, respectively, to be based on wet cooling technology.

Likewise, it said 7.223 cents per unit and 7.31 cents per unit for single units on air-cooling technology with foreign financing and local funding, respectively.

Nepra set an upfront tariff of 7.23 cents per unit for wet-cooling-based double units on foreign financing and 7.32 cents per unit on local financing.

For double unit air-cooling technology, the 30-year tariff was fixed at 7.132 cents per unit and 7.228 cents per unit through foreign financing and local financing, respectively.

Nepra had announced the previous tariff for Thar power projects in July 2014 for two years. It was notified by the federal government on Jan 20, 2015. That tariff expired on Jan 19.

The existing rates, criticised at the time by independent analysts for being expensive, entailed the upfront rate of 8.33 US cents per unit for foreign-funded plants of 660MW and 9.57 cents for locally funded projects. Likewise, the upfront tariff for foreign-funded projects of 1,100MW was set at 7.99 cents and 9.13 cents per unit for locally funded projects. The projects were based on 20 per cent return, which practically translated into 35pc return on equity over the operational life of the project.

Nepra said all stakeholders, including the power ministry, Sindh government, Sindh Board of Investment and project investors supported the upfront tariff regime as opposed to the competitive bidding regime for the development of power projects in Thar. The power ministry said that although reverse bidding was the best option, its applicability to Thar was limited because there were only three available sites with three sponsors having licences for the mines.

The Sindh government as well as the provincial Board of Investment requested for the re-notification of the lapsed tariff with two-year extension. The project developers also showed reservations on the competitive bidding regime and requested for another upfront tariff for future power project development.

Nepra concluded that the previous upfront tariff paved the way for the development of Thar coal mines and hence another upfront tariff. It said the objective was to achieve the optimal mine size of 20m tonnes in the shortest possible time. This was utmost important as the fuel cost component, accounting for approximately 50pc of the total tariff, would substantially come down as soon as the optimal mine size is achieved and led to overall tariff reduction, it said.

It also concluded that any delay in the expansion of mine will not be in the interest of consumers and will rather be detrimental. Keeping in view the comments of the stakeholders, stage of mine development and stated reasons, the authority decided to announce the upfront tariff for this phase with revised benchmarks for future power projects on Thar coal.

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The new upfront tariff will be for a capacity of up to 5,000MW or two years, whichever is earlier.

The authority decided to announce separate tariffs for air cooling and wet cooling technologies to encourage efficiency.

The power ministry also noted that the benchmark interest rate had now come down to 5.75pc from 9.5pc in 2014, which should mean tariff rationalisation as uncertainties surrounding Thar coal-based power plants have reduced considerably.

Accordingly, Nepra decided to revise the internal rate of return (IRR) on equity for the future power projects in Thar to 18pc from 20pc. The offered IRR of 18pc on equity is still higher among all other technologies.

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Govt considers slashing utility rates for exporters

Parvaiz Ishfaq Rana

KARACHI: The government is considering bringing utility tariffs for the export-oriented industry on a par with those of regional players to restore the country's competitive edge in international trade.

Ministry of Textile Industry Secretary Hassan Iqbal told exporters at the Pakistan Hosiery Manufacturers Association on Thursday he has already approached other stakeholders, including the Ministry of Petroleum and Natural Resources and Ministry of Water and Power, in this regard.

The secretary said the high cost of input is the biggest issue confronting the export-oriented industry. "This should be brought down to provide the export sector with a level playing field," he said.

He said once the ministries concerned rationalise utility tariffs, they will be presented to Prime Minister Nawaz Sharif for approval.

Responding to a question by Pakistan Apparel Forum Chairman Jawed Bilwani, the secretary said the issue of the combined effluent plant falls in the domain of the Ministry of Environment. However, his ministry has been in constant contact with the Sindh government over this issue, he said.

He said all stakeholders were on board when the premier's incentives package for exporters was announced. But their objection to the condition of a 10 per cent incremental increase in exports in 2017-18 for getting the duty drawback seems to be valid, he added. Mr Iqbal assured exporters that the prime minister will be requested to review this condition.

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Reserves down by $394m

The Newspaper's Staff Reporter

KARACHI: Pakistan's total liquid foreign exchange reserves amounted to $20.4 billion on July 21, down $394 million or 1.9 per cent from a week ago, the State Bank of Pakistan (SBP) said on Thursday.

Reserves of the SBP decreased $476m to $15bn due to payments on account of external debt servicing and other official payments, a statement by the central bank said.

Net foreign exchange reserves held by commercial banks amounted to $5.4bn on July 21, slightly up from the preceding week.

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Slow phutti arrivals hit trading

The Newspaper's Staff Reporter

KARACHI: Trading activity declined on the cotton market on Thursday due to slow phutti (seed cotton) arrivals amid complaints of high moisture content.

The availability of quality cotton has become difficult particularly when most of the phutti arriving from Sindh cotton fields is reported to have high moisture due to intermittent rains.

In Punjab, phutti arrival has yet to gear up and only a few ginning mills have started operations. Though arrival of phutti by now should have been in full swing from lower Sindh due to early sowing but rains continue to disturb its picking.

It could not be ascertained as to why official spot rates of the cotton were cut down by Rs50 to Rs6,300 per 40kg, while rates on ready counter remained at overnight level.

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	**6,300**	**135**	**6,435**
40 Kgs	**6,752**	**145**	**6,897**

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MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	105.30	105.50	107.30	107.50
UK	138.49	138.75	140.00	141.00
Euro	123.78	124.02	124.80	125.80
S.Arabia	28.08	28.13	28.45	28.70
UAE	28.67	28.72	29.10	29.35
Japan	0.9497	0.9515	0.9534	0.9734

*forex.com.pk **ECAP

KIBOR

Karachi Interbank offered rates

	Bid	Offer
Three months	5.88	6.13
Six months	5.89	6.14
One year	5.96	6.46

LIBOR

Special US dollar bonds for July 26

Three months	1.31389 %
Six months	1.45722 %

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Minister Dar vows greater openness in financial matters

ISLAMABAD: The government unveiled the tax directory of members of national and provincial assemblies fourth year in a row to demonstrate its commitment towards transparency, good governance and fighting corruption, finance minister Ishaq Dar said on Thursday.

"During the present government's tenure, we have been publishing the tax directory of our parliamentarians for the last three years," Dar told a workshop on the Open Government Partnership (OGP), an international platform committed towards making governments more open, accountable and responsive to citizens.

Florencio Butch Abad, OGP envoy and founding member, Joe Powell, deputy chief executive officer at OGP, Joanna Reid, head of UK's Department for International Development and others attended the workshop.

Pakistan has already met the eligibility threshold for membership of OGP by meeting 15 out of the 16 criteria. Late last year, the government also submitted the letter of intent for the country to join the OGP.

"Pakistan would be happy to partner in OGP, as it will help Pakistan promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance," finance minister said in a statement.

Finance minister said the country has made unprecedented progress in improving fiscal transparency through public availability of information and reliable fiscal reporting.

"Pakistan is one of the very few countries in the world to publish such a directory," he added. "It is our government's strong view that tax compliance by parliamentarians plays an important role in promoting a culture of tax compliance across the country, because the actions of public representatives in any democracy serve as an example for its citizens."

Minister Dar said an important requirement of joining OGP is to develop a National Action Plan which would be the product of a co-creation process in which government, civil society and the private sector would identify ambitious commitments and a roadmap to foster transparency, accountability and public participation in government processes.

"To this end, OGP provides a domestic policy mechanism through which government and civil society establish an ongoing dialogue on the design, implementation and monitoring of the commitments made by them," he added. "In order to develop the National Action Plan, the Economic Affairs Division has organised a number of awareness and consultative meetings in Islamabad, as well as the provincial capitals."

The national action plan is based on fiscal transparency, access to information, public officials' asset disclosure, citizen engagement/civil liberties, use of digital, access to justice, strengthening accountability and improving business environment.

In September 2016, Pakistan also became a signatory to the Organisation for Economic Co-operation and Development's Convention on Mutual Administrative Assistance in Tax Matters. The government also signed the revised version of exchange of information in order to curb tax evasion, after three years long negotiations with Swiss authorities.

"We are cognizant of the fact that transparency, good governance and elimination of corruption will play a vital role in Pakistan's economic success in the future," finance minister said. He said the fiscal deficit has been reduced from 8.2 percent in FY2013 to 4.6 percent in FY2016, through higher revenue collection, revoking of concessionary statutory regulatory orders and curtailing of non-development expenditure. Tax collection rose around 73 percent in the last four years as compared to growth of 3.38 percent only in FY2013. Foreign exchange reserves are sufficient for import cover of more than four months as compared to only a few weeks of import cover in 2013, he added.

Dar said the country achieved growth of 5.3 percent in the last fiscal year, ended on 30 June, 2017, the highest in a decade. The economy's size has surpassed $300 billion for the first time ever. Currently, per capita income stands at $1,629 as compared to $1,334 four years ago, a 22 percent increase. Inflation is expected to be 4.38 percent in FY2017 as compared to annual average of 12 percent between FY2008 and FY2013.

Minister said Pakistan also completed all 12 reform steps of

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the International Monetary Fund's extended fund facility program signed in September 2016 for the first time in our history. Federal public sector development program (PSDP) worth Rs1,001 billion for the current fiscal year is more than three times PSDP of Rs324 billion in FY2013, he added.

Dar said Price Waterhouse Coopers projected Pakistan to be amongst the 20 largest economies of the world by the year 2030. A recent Harvard study has also indicated that Pakistan's economy will have 6 percent growth in the next 10 years, second highest in South Asia, he added.

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'Export package to be released within a year and half'

KARACHI: Ministry of Textile federal secretary Hassan Iqbal has said that the Prime Minister's package of Rs180 billion, announced in January 2017, would be provided as incentives to the whole export-oriented industry within a year and half.

Addressing the members of various textile associations at Pakistan Hosiery Manufacturers Association (PHMA) House on Thursday, the federal secretary said Rs140 billion would be given to the export-oriented industry as incentives, while Rs40 billion would be provided in various rebates. "Industry could not understand the package clearly," he said.

Earlier, textile exporters said it was a package of Rs400 billion, of which only Rs38.6 billion were released. The secretary said Rs3 billion were released in different rebates before June 30 despite of no sanctioned budget for them while Rs4 billion were released by the finance division on July 26.

Iqbal said, "Exports in June increased by 16 percent, which could have increased in May too, but remained low because of the transporters strike."

The secretary of the Ministry of Textile also said cotton production would be higher this year, as crop area increased by around 24 percent in Punjab, and Sindh also did well with completing the targeted sowing despite of having more sugar mills. This year, cotton has been sown in Khyber Pakhtunkhwa and Balochistan provinces as well.

Iqbal said Pakistan could not ban export of raw cotton and yarn, as Pakistan's textile sector was involved in 12 different chains of textile exports and banning such items was not possible.

He agreed that cost of production was higher in Pakistan as compared to the competing countries and added that exporters should be given a level playing field.

Talking on refunds stuck with the Federal Board of Revenue (FBR), he said the board had informed that the refunds of below Rs1.0 million were scheduled to be provided by July 15, while higher refunds would be cleared by August 14 this year.

Earlier, Jawed Bilwani, convener, Pakistan Apparel Forum, gave a detailed presentation comparing Pakistan's textile sector exports and cost of production with the competitors.

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Cotton down

Karachi

Slow trading was recorded at the Karachi Cotton Exchange on Thursday, while spot rates decreased Rs50/maund.

The spot rates fell to Rs6,300/maund (37.324kg) and Rs6,752/40kg. Ex-Karachi rates also dropped to Rs6,435/maund and Rs6,897/40kg after an addition of Rs135 and Rs145 as upcountry expenses, respectively.

Textile industry federal secretary said Pakistan's cotton production is likely to increase this year, as Punjab is successful in increasing the area under cultivation by 24 percent.

Sindh kept its cultivation area intact despite an increase in sugar mills, while cotton is being produced in Balochistan and Khyber-Pakhtunkhwa, as well.

KCE recorded four transactions of 1,700 bales from the new crop at a price of Rs6,350 to Rs6,650/maund. Trading included 1,000 bales from Shahdadpur, 400 bales from Tando Adam, 200 bales from Hyderabad and 100 bales from Burewala.

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Govt. assures textile exporters of resolution of grievances

APP

KARACHI - Federal Secretary for Textile Hassan Iqbal on Thursday assured the representatives of value-added textile sector of resolving their grievances relating to his ministry and also to campaign for them to get relief from other concerned government departments as well.

The government had released Rs4 billion on July 26, for payment of refund claims by exporters and industrialists, and the amount would be paid soon, he said.

The Secretary was speaking at a meeting with representatives of various value-added textile associations led by Muhammad Jawed Bilwani, Chief Coordinator of Pakistan Hosiery Manufacturers and Exporters Association (PHMA) and Chairman Pakistan Apparel Forum, here at PHMA House.

Other leading textile exporters included Rafiq Godel, Khwaja M. Usman, Saleem Parekh and Riaz Ahmed.

Muhammad Jawed Bilwani and Chairman, PHMA South Zone, Riaz Ahmed briefed the Secretary Textile on the issues facing the value-added textile sector and the textile industry in general. These mostly related to Federal Board of Revenue and high cost of inputs; making them uncompetitive in the international market which had caused decline in the country's exports.

They gave presentations comparing the cost of inputs and growth of textile industry and the exports against Pakistan's regional competitors including China, India, Bangladesh, Sri Lanka and Vietnam. The business leaders said that Pakistani businessmen had made investments in Sri Lanka, Bangladesh and other countries finding more incentives there.

They urged the government that utilities tariff be separated for export oriented industries on the pattern of fertilizer and agriculture sectors. This would increase the rate of conversion of cotton or value-addition boosting the textile exports of the country.

They also demanded the payment of all the refund claims of the business community especially the exporters so that they could continue their business operations and the exports of the country might not be affected further.

They also demanded the release of the remaining amounts linked to first textile policy and the second textile policy, and under the Prime Minister's Exporters Package.

Federal Secretary for Textile Hassan Iqbal said that the government intended to pay off the refunds at the earliest possible.

The government and the textile ministry were trying their best to strengthen textile sector, which had big share in the country's economy.

FBR had assured that Rs 20 billion would be paid as refunds before August 14, 2017, he added. He informed that during June 2017, textile exports had gone up by 16 percent and hoped that textile exports would be increased.

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Nepra cuts upfront tariff for Thar coal project

Authority sets tariff of 7.23 cents/unit for wet-cooling based double units on foreign financing, 7.32 cents/unit on local financing

Fawad Yousafzai

Islamabad - The National Electric Power Regulatory Authority (Nepra) on Thursday announced a fresh upfront tariff for Thar coal power generation project and set an upfront tariff of 7.23 cents per unit for wet-cooling based double units on foreign financing and 7.32 cents per unit on local financing.

Similarly, Nerpa also set 7.223 cents per unit and 7.31 cents per unit for single units on air-cooling technology with foreign financing and local funding, respectively. For double unit air-cooling technology, the 30-year tariff was fixed at 7.132 cents per unit and 7.228 cents per unit through foreign financing and local financing, respectively.

Separate tariffs for wet and air cooling plants were set because of water scarcity at Thar which is a major bottleneck in the development of power projects in Thar. Besides, the decision to announce separate tariffs for air cooling and wet cooling technologies was taken to encourage efficiency in technology. One of the solutions to the problem of water shortage is the use of air cooling technology instead of wet cooling technology. Stakeholders including MW&P supported the idea of air cooling technology. The authority has decided to announce separate tariffs for air cooling and wet cooling technologies.

It is pertinent to mention here that previously Nepra had announced single tariff for Thar power projects in July 2014 for two years and it was notified by the federal government on January 20, 2015. That tariff was expired on January 19, 2017.The previous upfront rate was of 8.33 cents per unit for foreign-funded plants of 660 megawatts and 9.57 cents for locally funded projects. Likewise, the upfront tariff for foreign-funded projects of 1,100MW was set at 7.99 cents and 9.13 cents per unit for locally funded projects. The projects were based on 20 percent return which practically translated into 35 percent return on equity over operational life of the project.

In its fresh decision, after taking the opinion of all the stakeholders, the Nepra has reduced the rate of return and attempted to attract super-critical technology and said the new tariff will remain effective for two years or a maximum of 5000 MW of generation capacity, whichever came first. The capital cost in the previous upfront Thar coal tariff was determined on the basis of European boiler; however, in the fresh determination the specific cost associated with European boilers is being withdrawn. Sponsors shall be free to select boilers of any origin. Similarly, the Ministry of Water and Power had also reported that interest rate had now come down to 5.75pc from 9.50pc in 2014 which should mean rationalisation in tariff when the uncertainties in investment on Thar Coal based power plants have reduced considerably. Similarly, Ex-member planning Syed Akhtar Ali Shah commented that a major issue in case of Thar coal tariff is the allowed IRR of 20pc on equity which is translated to 35.4pc ROE in operational years. Nowhere in the world such a high return has ever been allowed.

Consequently, the Nepra decided to revise IRR on equity for the future power projects in Thar to 18pc instead of 20pc. The offered IRR of 18pc on equity is still higher among all other technologies. The overall project cost was assumed at an average of $1.2 million per megawatt. The Nepra set a 30-year levelised tariff of 7.3356 cents per unit and 7.42 cents per unit for single units of foreign financing and local financing respectively to be based on wet cooling technology.

The Sindh government had requested for re-notification of the lapsed tariff with two years extension. The project developers also showed reservations on competitive bidding regime and requested for another upfront tariff for future power project development. The Nepra concluded that previous upfront tariff paved the way for development of Thar coal mines and hence another upfront tariff. It said the objective was to achieve the optimal mine size of 20 million tons in shortest possible time which was utmost important as the fuel cost component accounting for approximately 50pc of the total tariff will substantially come down as soon as the optimal mine size is achieved and led to overall tariff reduction.

Nepra also concluded that delay in expansion of mine shall not be

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in the interest of the consumers rather shall be detrimental. Keeping in view the comments of the stakeholders, stage of the mine development and the stated reasons, the authority has decided to announce upfront tariff for this phase with revised benchmarks for future power projects on Thar coal. The new upfront tariff shall be for a capacity of up to 5,000 MW or two years, whichever is earlier.

Similarly, Keeping in view the proposal presented by the ministry of water and power and Shanghai Electric regarding the environmental aspect, the authority has decided to allow only those projects which use super critical technology or above and the use of subcritical technology shall not be allowed. The authority has decided to approve minimum efficiency level of 39pc for wet cooling technology and 37pc for air cooling technology.