

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UNSTARRED QUESTION NO-233
ANSWERED ON – 19.11.2019

INCLUSION OF PETROLEUM PRODUCTS UNDER GST

233. SHRIMATI CHHAYA VERMA:
SHRI VISHAMBHAR PRASAD NISHAD:
CH. SUKHRAM SINGH YADAV:

Will the Minister of FINANCE be pleased to state:-

- (a) whether Government is considering to bring the petroleum products under Goods and Services Tax (GST);
- (b) the reasons to keep the petroleum products out of GST;
- (c) whether it is a fact that the various taxes on petroleum products by Central and State Governments are equal to their original price; and
- (d) the original prices of petroleum products and State-wise prices thereof after the levy of taxes by State and Centre?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) and (b) As per Article 279 A (5) of the Constitution, the Goods and Service Tax Council shall recommend the date on which the goods and services tax be levied on five goods namely petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel (ATF). As per the section 9(2) of the CGST Act, inclusion of these products in GST will require recommendation of the GST Council. So far, the GST Council has not made any recommendation for inclusion of petroleum products under GST.

(c) and (d) Prices of petrol and diesel have been made market-determined by the Government with effect from 26.06.2010 and 19.10.2014 respectively. Since then, the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of petrol and diesel in line with international product prices and other market conditions.

The prices of petroleum products are linked to the international product prices, exchange rate, tax structure, inland freight and other cost elements. The details of applicable taxes/duties petrol and diesel are given as under: -

(i) Excise duty: The Central Excise duty rates on petrol and diesel are ₹ 19.98 and ₹ 15.83 per litre respectively.

(ii) Sales Tax/VAT: Rates of VAT on petrol and diesel vary from State to State.
