

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO : 43
(TO BE ANSWERED ON THE 1st December 2025)**

TAXATION ON AVIATION TURBINE FUEL

43. SHRI RAGHAV CHADHA

Will the Minister of CIVIL AVIATION be pleased to state:-

- (a) whether it is a fact that India levies some of the highest taxes on Aviation Turbine Fuel (ATF) globally, despite its critical role in civil aviation viability, and if so, the reasons therefor;
- (b) whether Government has taken any step to bring ATF under the ambit of GST to ensure uniform taxation across States, and if so, the details thereof;
- (c) details on the ATF pricing in India comparing to neighbouring aviation markets; and
- (d) whether Government has analysed the impact of ATF taxation on passenger traffic in Tier 2/ 3 cities, and if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION

(Shri Murlidhar Mohol)

(a) Presently, Aviation Turbine Fuel (ATF) attracts a rate of 11% central excise duty. Whereas, the central excise duty is only 2% for Regional Connectivity Scheme (RCS) flights. Different rates of value added tax (VAT) are levied on ATF by the States/Union Territories (UTs). The rates so levied by States/ UTs range from 0% to 29%. This issue of high VAT on ATF has been taken up with the States/ UTs by the Ministry of Civil Aviation resulting in reduction of VAT by 21 States/ UTs.

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

(c) & (d) Price of ATF has been made market-determined by the Government with effect from 01.04.2001. Since then, the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of ATF in line with international product prices and other market conditions. Government has facilitated the consultations between the airlines and OMCs on rationalisation of ATF pricing. Mean of Platts Arab Gulf (MOPAG) pricing has been adopted, bringing more transparency and parity between jet fuel prices globally and in India. Although ATF prices constitute a major aspect of airline operating expenses, airfares are also determined by various other factors like based on real time demand, competitive forces, seasonality and operational considerations.
