

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE**

LOK SABHA

UNSTARRED QUESTION NO.2933

TO BE ANSWERED ON MONDAY, AUGUST 7, 2023/SRAVANA 16, 1945 (SAKA)

EXCLUSION OF OIL AND GAS

2933. SHRI GAURAV GOGOI:

Will the Minister of FINANCE be pleased to state:

- (a) the reasons for excluding oil and gas sector from the sectors for crucial cross-utilization of input tax credit as introduced by the Goods and Services Tax (GST) regime;
- (b) whether the Government plans to include oil and gas sector in the next annual budget for crucial cross-utilization of input tax credit as introduced by the GST regime; and
- (c) if so, the details of such plans and if not, the reasons therefor?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (c): Under the GST regime, a registered person is entitled to take credit of input tax charged on any supply of goods or services or both which are used or intended to be used in the course or furtherance of business. As such, under the GST regime, a registered person can avail credit of input tax paid under the GST laws only and not in respect of taxes paid under any other law. Further, where the goods or services or both are used by the registered person partly for effecting taxable supplies including zero-rated supplies and partly for effecting exempt supplies (which includes non-taxable supplies), the amount of credit is restricted to so much of the input tax as is attributable to the said taxable supplies including zero-rated supplies. Since, GST is currently not levied on the supply of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel, the said condition applies to a registered person in oil and gas sector also, and so input tax credit is not allowed.

The GST Council, in which the states are also represented, has not made any recommendation for inclusion of these goods under GST. Further, there is no proposal to bring crude petroleum, petrol, diesel, ATF and natural gas under GST. In view of this, the above existing restriction on utilization of input tax credit will continue for Oil and Gas Sector.
