

**GOVERNMENT OF INDIA  
PETROLEUM AND NATURAL GAS  
LOK SABHA**

UNSTARRED QUESTION NO:4063  
ANSWERED ON:03.05.2007  
WAVING OF TAX DUES FROM REFINERIES  
Chowdhury Shri Adhir Ranjan;Singh Shri Uday

**Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:**

- (a) whether the oil refining companies have urged the Government to waive off tax dues from these companies on account of irrecoverable taxes;
- (b) if so, the details thereof;
- (c) the details of such irrecoverable taxes to which the oil companies have failed to recover;
- (d) whether a new strategy would be formulated to check such huge losses; and
- (e) if so, the details in this regard?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL)

(a)&(b): No, Sir. However, representations have been received by the Government to compensate the refineries for their under-recoveries on account of irrecoverable taxes.

(c): At present oil companies are suffering under-recoveries on account of Central Sales Tax on Inter State Sales of Petroleum products to Oil Marketing Companies; Entry Tax/ Octroi on receipt of crude by Refineries; and Irrecoverable Additional Tax/Surcharge on Sales Tax/VAT on sale of petroleum products by Oil marketing companies.

(d)&(e): Dr. Rangarajan Committee on pricing of petroleum products had recommended elimination of all irrecoverable taxes in view of their distortionary impact. Accordingly, it was taken up with concerned State Governments for abolition of irrecoverable taxes. Government of Kerala has since abolished Central Sales Tax on Petrol, High Speed Diesel, Liquefied Petroleum Gas and Kerosene.