

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

UNSTARRED QUESTION NO:3073
ANSWERED ON:18.12.2008
REDUCTION OF TAX ON PETROLEUM PRODUCTS
Siddeswara Shri Gowdar Mallikarjunappa

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

- (a) whether the Government is considering to reduce tax rates on petroleum products;
- (b) if so, the details thereof; and
- (c) the time by which final decision in this regard will be taken?

Answer

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

(a)to(c) : Government has made the following reduction in the taxes/duties with effect from 5.6.2008 :

- (i) Customs Duty on crude oil from 5% to Nil.
- (ii) Customs Duty on Petrol and Diesel from 7.5% to 2.5%.
- (iii) Excise Duty on unbranded Petrol and unbranded Diesel by Re.1/- per litre.

The Central Sales Tax on inter-state sale or purchase of goods stands reduced to 2% with effect from 1.6.2008.

Ministry of Finance has informed that at present, there is no proposal under consideration of the Government to reduce Excise Duty rates on petroleum products.

Sales Tax is a State subject and any decision regarding reduction of Sales Tax has to be taken by the concerned State Governments.