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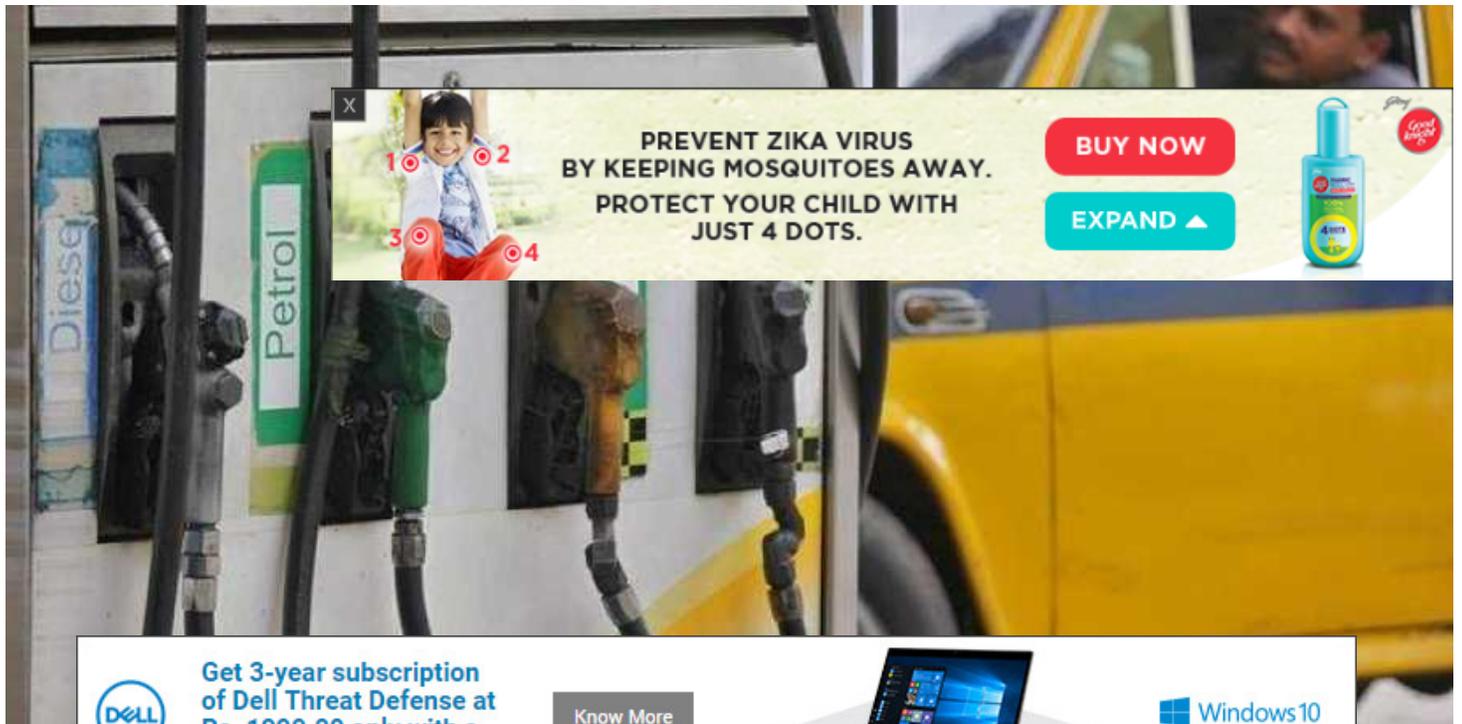

# Price hike: Bring petrol under GST to arrest surge, say experts

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**By M C Vaijyanthi & Sunitha Natti**

**Express News Service**

MUMBAI: Protests over rising fuel prices have made a few state governments announce tax cuts, though the Centre has stayed adamant on not cutting excise duty on petrol and diesel. Maharashtra emerged as the first state expressing a willingness to bring petroleum products under GST. While other states like Rajasthan and Andhra Pradesh chose to reduce taxes, industry experts suggest moving to GST could be a way forward.

Once GST is in and also has included petroleum products, it does not make sense to continue to multiple taxes which only adds to cascading effects on the cost of products, said Rohit Jain, Partner Economic Laws Practice. There is also a provision for having a special rate if need be for petroleum products and that should not be an issue, he added.

The VAT rates are as high as 39.12 per cent in Maharashtra on petrol, and Andhra Pradesh levies the highest VAT on diesel at 28.08 per cent. The VAT rates are also ad valorem which means every time the product price goes up the taxes also go up. “Ideally, it should be brought under GST. At some point of time, we have to bring all commodities under it. Currently, taxes on petroleum are close to 100 per cent (of fuel price) and the government is looking at reducing it to 65-70 per cent,” said Madan Sabnavis, Chief Economist, Care Ratings.

He added that GST’s highest slab is 28 per cent, which is too low and state and central governments will have to work out a rate structure. “Currently, Centre compensates states based on the 14 per cent growth in tax revenue. When it comes to petrol, each state has different rates. So how do you bring a rate and compensation structure that’s suitable to everybody? Right now, bringing petrol under GST is an idea and a possibility,” he explained.



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“Industry (refining industry) would welcome such a move. It would remove a lot of discrepancies that happen when different states have different rates,” said an oil industry official. He pointed out lower VAT in Haryana and its effects. The case of over 400 petrol pumps on the Gurgaon side of Gurgaon – Rajasthan border, and truckers carrying additional tank load of diesel from Haryana which could be at the cost of additional cargo load which they can otherwise carry.

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The advertisement is split into two main sections. The top section is a vertical banner for the Pureit Smart RO water purifier. It features the Hindalco Water logo at the top left, followed by the text 'PUREIT SMART RO NOW FOR FREE!' in large, bold, blue letters. Below this is a blue button that says 'GET ONE NOW'. The central image shows a white and blue Pureit water purifier with a red ribbon tied around its top. At the bottom of this section, it says '\*Terms & conditions apply.' The bottom section of the advertisement is for the NEXA Ignis car. It shows a close-up of the car's interior, specifically the gear shift and center console, which are finished in a vibrant blue color. The word 'NEXA' is written in large, white, serif font at the top of this section. Below the car image, it says 'THE CHOICE IS AUTOMATIC' and 'IGNIS NONE OF A KIND'. A blue button at the bottom right of this section says 'BOOK A TEST DRIVE'.

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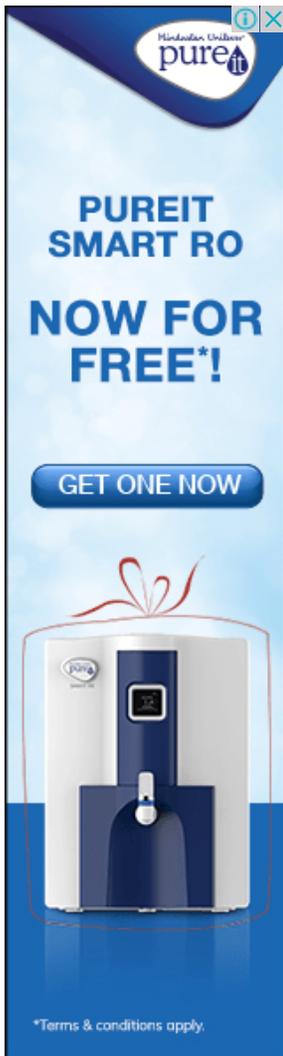
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