

Council's Fri meet to mull fuel under GST

PTI ■ NEW DELHI

The GST Council might on Friday consider taxing petrol, diesel and other petroleum products under the single national GST regime, a move that may require huge compromises by both central and state governments on the revenues they collect from taxing these products.

The Council, which comprises central and state finance ministers, in its meeting scheduled in Lucknow on Friday, is also likely to consider extending the time for duty relief on Covid-19 essentials, according to sources in the know of the development.

GST is being thought to be a solution for the problem of near-record high petrol and diesel rates in the country, as it would end the cascading effect of tax on tax (state VAT being levied not just on the cost of production but also on the excise duty charged by the



Centre on such output).

In June, the Kerala High Court, based on a writ petition, had asked the GST Council to decide on bringing petrol and diesel within the goods and services tax (GST) ambit. The sources said bringing petrol and diesel within GST would be placed before the Council for discussion in the light of the court asking the Council to do so. When a national GST subsumed central taxes such as excise duty and state levies like VAT on July 1, 2017, five petro-

leum goods – petrol, diesel, ATF, natural gas and crude oil – were kept out of its purview for the time being. This is because both central and state government finances relied heavily on taxes on these products. Since GST is a consumption-based tax, bringing petro products under the regime would have meant states where these products are sold get the revenue and not ones that currently derive the most benefit out of them because of them being the production centre.