

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 1423
(To be answered on the 15th December 2022)**

AVIATION TURBINE FUEL

**1423. SHRI PRATAPRAO JADHAV
SHRI DHAIRYASHEEL SAMBHAJIRAO MANE
SHRI SANJAY SADASHIVRAO MANDLIK
SHRI SUDHEER GUPTA
SHRI SUBRAT PATHAK
SHRI BIDYUT BARAN MAHATO
SHRI RAVI KISHAN
SHRI SHRIRANG APPA BARNE**

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether Aviation Turbine Fuel (ATF) account for a major portion of airlines cost structure in the country and if so, the details thereof;**
(b) whether some States are charging very high percentage of Value Added Tax (VAT) on ATF and if so, the details thereof, State-wise;
(c) whether the Union Government has requested the States to reduce Value Added Tax (VAT) on Aviation Turbine Fuel;
(d) if so, the response of various States in this regard, State-wise;
(e) whether the GST council has received any proposal to bring ATF under GST to ensure a level playing domestic field for aviation industry and to promote aviation sector; and
(f) if so, the status thereof?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में राज्य मंत्री

(GEN. (DR) V. K. SINGH (RETD))

(a) Yes, sir.

(b) The details of States charging high Value Added Tax (VAT) on ATF are at Annex.

(c) and (d) Yes Sir. The issue of reduction in Value-Added Tax (VAT) on

Aviation Turbine Fuel (ATF) was taken up with States/ Union Territories levying high VATs on ATF. As a result of these efforts, VAT on ATF has been reduced by the following States/ UTs in the range of 1-4%: (i) Andaman & Nicobar Islands, (ii) Uttarakhand, (iii) Jammu & Kashmir, (iv) Ladakh, (v) Himachal Pradesh, (vi) Tripura, (vii) Madhya Pradesh, (viii) Haryana, (ix) Uttar Pradesh, (x) Dadra & Nagar Haveli and Daman & Diu, (xi) Arunachal Pradesh, (xii) Manipur, (xiii) Jharkhand and (xiv) Mizoram. (xv) Gujarat and (xvi) Karnataka have reduced VAT on ATF to 5% and 18% respectively in their States.

(e) and (f) Certain representations/ references have been received in Ministry of Finance for bringing ATF under Goods and Services Tax (GST) regime. Article 279 A (5) of the Constitution prescribes that the Goods and Services Tax (GST) Council shall recommend the date on which the goods and services tax be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel (ATF). As per section 9(2) of the Central Goods and Services Tax (CGST) Act, inclusion of these products in GST will require recommendation of the GST Council. So far, the GST Council, in which the states are also represented, has not made any recommendation for inclusion of ATF under GST.

Annex

| S. No. | State | Aviation Turbine Fuel (ATF) normal rates |
|---------------|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1) | Tamil Nadu | 29% |
| 2) | Bihar | a) 29% b) 4% - Gaya Aviation Fuel Station |
| 3) | Rajasthan | a) 26% b) 5.50% when airlines maintain hub or connect two cities of Rajasthan c) 10% on sale of ATF to any airline for use in aircraft which connects any city of Rajasthan (other than Jaipur) by a scheduled commercial flight. |
| 4) | Delhi | 25% |
| 5) | Maharashtra | a) 25% - ATF duty paid Mumbai, Pune, Raigad b) 5% - ATF duty paid except Mumbai, Pune, Raigad |
| 6) | West Bengal | a) 25% + 20% additional tax on tax b) 0.84% + 20% additional Tax on tax for flights under Regional Connectivity Scheme (RCS) w.e.f. 21/9/2021 c) Nil for Bagdogra Aviation Fuel Station |
| 7) | Assam | 23.65% |
| 8) | Goa | a) 18% b) Goa Green Cess – 0.50% on Turnover excluding VAT |
| 9) | Karnataka | 18% |

Source: Indian Oil Corporation Limited (IOCL)