

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

UNSTARRED QUESTION NO:2122
ANSWERED ON:09.03.2006
UNIFORM SALES TAX ON PETROLEUM PRODUCTS
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government has formulated any guidelines for implementation of uniform sales tax on petroleum products in all the States and Union Territories; and

(b) if so, the details thereof ?

Answer

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

(a)&(b): In order to contain the impact of high international oil prices on consumer prices of sensitive petroleum products, the following measures have been suggested to the States by this Ministry :-

(i) To maintain a Uniform Floor Rate (UFR) of nil sales tax on PDS kerosene as suggested by the Empowered Committee of the State Finance Ministers.

(ii) To rationalize the sales tax levied by the respective State Governments on domestic LPG, diesel and petrol by levying specific rates of sales tax instead of ad valorem taxes to avoid price spikes on account of rising prices of oil in the international market.