

GST not applicable on Petrol and Petroleum Products

As on date, there will be no levy of GST on Petrol and other petroleum products. Mr. Arvind Subramanian, Chief Economic Advisor to the Government of India said on this Sunday, stated that Petrol and other petroleum product shall be outside the ambit of Goods and Services Tax (GST) regime after its roll out. At the same time, it must be noted that constitutionally petrol and other petroleum products will remain within the GST system. But, for time being it would be outside the GST regime.

It is pertinent to note that for the proper implementation of GST and microeconomics related thereto, the inclusion and levy of GST is a must. Because, a major chunk of collection of taxes by State as well as Centre, and inflation is governed by such products. Even RNR (Revenue Neutral Rate) is effected to a large extent by such products.

Therefore, ideally Petrol and other petroleum products should be included at an early date, so that GST can be implemented in its wider perspective. Here are five reasons why inclusion of Petrol and other petroleum products in GST is a must:

- a. Uniform taxation and abolition of other indirect taxation
- b. Lower Revenue Neutral Rate (RNR)
- c. To check inflation which will be there after implementation of GST in India
- d. To complete the chain and extend real benefit of GST
- e. To boost the GDP by 2%

The real intention of GST is to minimise the cascading effect created by multiple taxes in the existing system. If exceptions are carved out, then it may drastically effect the true spirit of GST reforms cum regime in India.