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Current Affairs search results for: "Windfall tax reduced on domestic crude oil and tax on ATF slashed"

1. Government cuts windfall tax on crude oil as global oil prices eases (Oct. 3, 2022)

The government of India has announced a cut in the [windfall tax](#) on the domestically produced crude oil on 2 October 2022 after the fall in the international crude oil prices.

The windfall tax on domestically produced crude oil has been reduced to Rs **8000 per tonnes** from earlier Rs 10,500 per tonne.

Similarly the government has reduced the **export duties on diesel to Rs 5 per liters** from earlier Rs 10 per litre.

The export duty on **Jet aviation fuel was also reduced to 0%**.

The special taxes on the oil sectors were imposed by the government on 1 July 2022 after a steep increase in the price of crude oils in the International market. The special taxes were imposed as the government claimed that the oil companies were earning abnormal profits.

The finance minister Nirmala Sitharaman had promised that the government will review the taxes every fortnight and reduce the taxes if the International oil prices come down.

The duties were partially adjusted in the previous five rounds on July 20, August 2, August 19, September 1 and September 16 and were removed for petrol.

2. Windfall tax reduced on domestic crude oil and export tax on ATF slashed (Sept. 17, 2022)

The Union Ministry of Finance has issued a notification on 16 September 2022 slashing the windfall taxes on the domestically produced crude oil and has also reduced the taxes on the export of diesel and Aviation Turbine Fuel (jet fuel).

IMPORTANT FACTS -

Why was Special taxes imposed by the Government :

- Government of India imposed windfall taxes on the domestically produced crude oil and imposed special taxes on the on export of petrol,diesel on 1 July 2022 after the crude oil prices shot up in the international market.
- At that time ,Nirmala Sitharaman had said that India imports around 83% of its crude oil and pays a high price for it . The oil companies after importing crude oil at high prices export the petroleum products like petrol ,diesel earning huge profits. This has resulted in a shortage of petroleum products in certain parts of the country.
- To encourage the companies to sell their products in India export duties were imposed.
- Also windfall taxes were imposed to collect extra revenue for the government to provide subsidies for the poor.

- The Finance minister Nirmala Sitharaman had promised that the government will review these special taxes every 15 days and reduce it if the international prices of oil comes down.
- With the recent drop in the crude oil prices in the international market the government has reduced the taxes .

New Tax rates :

- The tax on domestically-produced crude oil has been reduced to **Rs 10,500 per tonne** from Rs 13,300 per tonne.
- The levy on the export of **diesel** was reduced to **Rs 10 per litre** from Rs 13.5.
- Also, the tax on Aviation Turbine Fuel (ATF) exports was cut to **Rs 5 a litre** from Rs 9 per litre.

Who will be affected by these taxes :

- While private refiners Reliance Industries Ltd and the Russian owned Nayara Energy are the principal exporters of fuels like diesel and ATF, the windfall levy on domestic crude targets producers like state-owned Oil and Natural Gas Corporation (ONGC) and Vedanta Ltd.

ADDITIONAL INFORMATION -

Windfall Tax :

- It is a special tax which is imposed on companies which earn abnormal profits due to sudden increase in the price of the goods they sell .
- In India domestic crude oil price **is linked with the international prices** . With the increase in the international price the domestic price increases automatically resulting in abnormal profit for crude oil producing companies like ONGC ,Oil India limited and Vedanta limited.