

Update on recent prices and duties on crude oil and petroleum products

Background

Government revised prices and duties on crude oil and petroleum products

Recently, with the price of crude oil in the international markets breaching all time highs of US\$135 per barrel with little signs of cooling off, the Government of India announced a mix of measures to combat the spiraling oil prices. The measures taken by the Government included price revision and duty rejig in crude oil and petroleum products.

The price of Motor Spirit ('MS') has been increased by Rs 5 per litre, Rs 3 per litre for High Speed Diesel ('HSD') and Rs 50 per Liquefied Petroleum Gas ('LPG') cylinder.

Besides price revision, the Government also revised certain duty rates on crude oil and petroleum products. Excise duty on MS and HSD has been cut by Rs 1 per litre. Customs duty on crude oil has been reduced from 5 percent to nil, for MS and HSD the duty has been brought down from 7.5 percent to 2.5 percent and duty on all other petroleum products has been reduced from 10 percent to 5 percent.

Post the revision of prices and central levies on MS and HSD, several State Governments have made a downward revision in VAT/ sales tax on petroleum products.

Revision in excise and customs tariff on crude oil and petroleum products

Revision of duties on crude oil

- Basic customs duty on Petroleum Crude Oil covered under HSN 2709 has been reduced from 5 percent to Nil

Revision of duties on MS and HSD

- Basic customs duty on MS and HSD covered under HSN 2710 11 and 2710 19 30 respectively has been reduced from 7.5 percent to 2.5 percent. Additional duty of customs on MS and HSD levied under various Finance Acts remain at Rs 2 per litre
- Excise duty specified under the Central Excise Tariff on MS intended to be sold without a brand name covered under HSN 2710 11 has been reduced

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from

Rs 6.35 per litre to Rs 5.35 per litre

- Excise duty specified under the Central Excise Tariff on HSD intended to be sold without a brand name covered under HSN 2710 19 30 has been reduced from Rs 2.60 per litre to Rs 1.60 per litre
- Excise duty specified under the Central Excise Tariff on MS and HSD other than those intended to be sold without a brand name remain unchanged
- Additional / Special Additional duties of excise on MS levied under various Finance Acts remain at Rs 8 per litre. Similarly, Additional duties of excise on HSD levied under various Finance Acts remain at Rs 2 per litre

Revision of duties on other petroleum products

- Basic customs duty on all other petroleum products covered under HSN 2710 to 2715 have been reduced to 5 percent

The above changes are effective June 4, 2008.

Revised Excise and customs duty rates for MS and HSD

S. No	Levies	Crude Oil	MS	HSD	Other petroleum products
1	BCD	Reduced from 5% to Nil	Reduced from 7.5% to 2.5%	Reduced from 7.5% to 2.5%	Reduced from 10% to 5% (this excludes MS and HSD)
2	Excise duty		Reduced from Rs 6.35 per Litre to Rs 5.35 per Litre for unbranded MS	Reduced from Rs 2.60 per Litre to Rs 1.60 per Litre for unbranded HSD	

Revision in VAT/ sales tax on MS

Post revision of prices and central levies on MS, several State Governments have made a downward revision in VAT/ sales tax on MS. The revised rates have been provided in the table below:

S. No	States	VAT / Sales Tax rates prior to revision	Revised VAT / Sales Tax rates	Source
1	West Bengal	Sales Tax: 25% + Cess: Rs.1000/KL + Additional Tax on Sales Tax : 20%	Sales Tax: 20% + Cess: Rs.1000/KL + Additional Tax on Sales Tax: 20%	Government Press release
2	Uttar Pradesh	VAT: 26%	VAT: 23.62%	Government press release
3	Bihar	VAT: 27%	VAT: 24.5%	Government press release

Industry Groups:

<http://www.bmrtax.com/industryGroups.php>

Competencies:

<http://www.bmrtax.com/competencies.php>

Publications:

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Key Personnel:

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4	Maharashtra	For delivery within Brihan Mumbai, Thane and Navi Mumbai VAT:28%+ Re.1/Litre Others VAT: 27%+ Re.1/Litre	For delivery within Brihan Mumbai, Thane and Navi Mumbai VAT:26%+ Re.1/Litre Others VAT: 25%+ Re.1/Litre	Notification
5	Goa	VAT: 22%	VAT: 20%	Financial Express report dated June 7, 2008
6	Orissa	VAT: 20%	VAT:18%	Notification
7	Gujarat	VAT: 26% + Cess: 2%	VAT: 23% + Cess: 2%	Notification
8	Kerala	Sales Tax: 29.01% + Social Security Cess @1% on Sales tax	Sales Tax: 26.03 + Social Security Cess @1% on Sales tax	Notification
9	Assam	VAT: 25.75%	VAT: 25.75% less exemption @1 Re/Litre	Notification
10	Chandigarh	VAT: 22% + Cess: Rs.10/KL	VAT: 20% + Cess: Rs.10/KL	Economic Times report dated June 11, 2008
11	Uttarakhand	VAT: 25% less Tax Rebate: Rs.0.78/Litre	Tax reduced by Rs. 0.50/Litre	Financial Express report dated June 11, 2008

Revision in VAT/ sales tax on HSD

Post revision of prices and central levies on HSD several State Governments have made a downward revision in VAT/ sales tax on HSD. The revised rates have been provided in the table below.

S.No	States	VAT / Sales Tax rates prior to revision	Revised VAT / Sales Tax rates	Source
1	West Bengal	Sales Tax: 17% + Cess: Rs.1000/KL + Additional Tax on Sales Tax : 20%	Sales Tax: 12.5% + Cess: Rs.1000/KL + Additional Tax on Sales Tax : 20%	Government press release
2	Uttar Pradesh	VAT: 21%	VAT: 16.16%	Government press release
3	Bihar	VAT: 20%	VAT: 18.36%	Government press release
4	Tamil Nadu	VAT: 23.43%	VAT: 21.43%	Notification

5	Maharashtra	For delivery within Brihan Mumbai, Thane and Navi Mumbai VAT:28% Others VAT: 25%	For delivery within Brihan Mumbai, Thane and Navi Mumbai VAT:26% Others VAT: 23%	Notification
6	Goa	VAT: 21%	VAT: 19%	Financial Express report dated June 7, 2008
7	Jharkhand	VAT: 18%	VAT: 14.5%	Notification
8	Haryana	VAT: 12%	VAT: 8.8%	Financial Express report dated June 7, 2008 and draft notification
9	Orissa	VAT: 20%	VAT: 18%	Notification
10	Gujarat	VAT: 24% + Cess:3%	VAT: 21% + Cess:3%	Notification
11	Kerala	Sales Tax: 24.69 + Social Security Cess @1% on Sales tax	Sales Tax: 22.49 + Social Security Cess @1% on Sales tax	Notification
12	Assam	VAT: 15.5%	VAT: 15.5% less exemption @1 Re/Litre	Notification
13	Uttarakhand	VAT: 21% less Tax Rebate: Rs.0.38/Litre	Tax reduced by Rs. 0.50/Li	Financial Express report dated June 11, 2008

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International Tax Review's annual Asia Tax Forum 2008, in Singapore on June 5-6, 2008

International Tax Review, a Euromoney Legal Media Group publication, hosted the annual Asia Tax Forum on June 5-6, 2008, in Singapore. Leading Asian Tax and member Firms – BMR Advisors, India; KhattarWong, Singapore; and Kojima Law from Japan, supported the event.

The annual Tax forum saw participants comprising heads and regional heads of tax of leading companies in Singapore, Japan, North America and Europe. The event also saw the coming together of tax executives, officials and advisers from the Asian continent to discuss and debate the latest developments and issues in tax, including transfer pricing, financing structures and cross border tax structuring.

For more details, please [click here](#).

BMR rated a Great Place to Work

BMR has been rated among the best 50 workplaces in India. The Great Place to Work® Institute, India, in collaboration with The Economic Times, conducted an employee survey across various organisations in India as a part of the "Best Workplaces in India" – 2008 Study. The Study is conducted in over 30 countries and is a highly respected workplace.

As a Firm, BMR participated in this survey to gain a better appreciation of the employee perception of its workplace environment, both in absolute terms and in the context of industry benchmarks. The findings of the survey have placed BMR among the top 50 great places to work in India.

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