

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO : 1254
(TO BE ANSWERED ON THE 3rd July 2019)

ATF TAX BURDEN ON INDIAN AIRLINES

1254. SHRI SANJAY SINGH

Will the Minister of CIVIL AVIATION be pleased to state:-

- (a) whether it is a fact that the Aviation Turbine Fuel (ATF) is charged at 14 per cent excise duty by the Central Government and as high as 29 per cent tax rate by the State Governments;
- (b) whether it is also a fact that ATF can be brought under the GST regime to lower the ATF tax burden on the Indian carriers;
- (c) if so, the details of the considerations and the stakeholders thereof; and
- (d) if no consideration has been made, the reasons therefor and the measures Government will undertake to lower the ATF tax burden?

ANSWER

MINISTER OF STATE (IC) IN THE MINISTRY OF CIVIL AVIATION

(Shri Hardeep Singh Puri)

- (a) Central Excise Duty on Aviation Turbine Fuel (ATF) has been reduced from 14 per cent to 11 per cent with effect from 11 October 2018. A few State Governments levy Value Added Tax (VAT) or Sales Tax as high as 29 or 30 per cent at some airports.
 - (b) to (d): Article 279A(5) of the Constitution provides that Goods and Services Tax (GST) Council shall recommend the date on which GST shall be levied on petroleum crude, high speed diesel, motor spirit, natural gas and ATF. Therefore, the decision to include ATF under GST rests with the GST Council. No decision has been taken in this regard.
- Government has constantly responded to aviation stakeholder needs and interests which include airline carriers and general aviation. Various measures have been taken to facilitate and enable growth and sustainability of aviation sector, which include the reduction of Central Excise Duty applicable on ATF from 14% to 11%, reductions in VAT/ Sales Tax on ATF by various State Governments over time, including on RCS-UDAN (Regional Connectivity Scheme-Ude Desh ka Aam Naagrik) flights, and rationalisation of a number of tax-related provisions applicable on various transactions carried out by various stakeholders.