**GST HEADLINES**

 **October 24, 2016**

**Pradhan asks States to Help Bring Petro Products under GST**

 ***[Source: Business Standard]***

**Pradhan asks States to Help Bring Petro Products under GST**

Oil Minister Dharmendra Pradhan today nudged the states to agree on bringing all petroleum products under the Goods and Services Tax (GST) regime.

Speaking at the Global Investors Meet here, he said petroleum is currently under 'state list' for the purpose of taxation under GST.

"GST Council will decide on this (taxation of petroleum products). On behalf of the industry, I would request the states to allow petroleum products to be brought under GST taxation," he said.

As per the GST Constitutional Amendment Bill, petroleum products like LPG, kerosene and naptha would attract GST.

However, other products - crude oil, natural gas, petrol, diesel, high speed diesel and aviation turbine fuel - have been excluded from GST for initial years. Hence, these products will continue to be taxed in the hands of the states as they are being taxed at present.

The GST Council, which consist of Union Finance Minister and state counterparts, will decide on the date of inclusion of these products in the GST basket and rates thereon.

Pradhan also asked Madhya Pradesh Chief Minister Shivraj Singh Chouhan to support bringing all petroleum products under the Goods and Services Tax (GST) regime.

"In the last 3-4 years, there is a healthy growth of petroleum products in Madhya Pradesh. I will request the Chief Minister that he should agree to (petro items coming under) GST. There would be no loss to the state on account of taxation of petroleum products," he said.

With two different kinds of taxation structure, in the new regime the oil and gas industry would have to comply with both the current tax regime as well as GST.

According to experts, GST would have a negative impact on the oil and gas industry due to compliance with dual taxation regime and non-creditable tax costs.

Pradhan said petrol consumption in rural areas is growing by 10 per cent every year.

On the occasion, there were total seven MOUs signed today for setting up solar power plants and oil marketing and infrastructure facility in the state.

Neyveli Lignite Corp (NLC) and Madhya Pradesh New and Renewable Energy Department (MPNRED) signed an MoU to set up 1,000 MW solar power plant, followed by an agreement between IOC, OIL India and Madhya Pradesh Urja Vikas Nigam Ltd (MPUVN) for 500 MW solar facility, NTPC and MPNRED for 500 MW solar power plant, PTC and MPNRED for 500 MW facility and NHDC Ltd and MPNRED for 140 MW solar project.

Besides five MoUs on solar projects, there were two agreements signed for oil marketing and infrastructure facilities. One MoU was signed between BPCL and MPNRED for setting up an ethanol plant and the other by IOC and MP Trade and Investment Facilitation Corporation (TRIFAC) for developing oil marketing infrastructure in the state.

State-run companies like NTPC, Neyveli Lignite will work towards making the state a solar power hub.

Pradhan said there are 1.65 lakh houses in the state and 56 lakh family had LPG connection till 2014.

"In the last two years, we have added 30 lakh more, and in the coming two years in MP, 50 lakh more LPG connections will come," he said.

*Disclaimer: The news in the GST Corner is purely according to the information available in public domain and does not necessarily reflect the views of ICSI. Any person wishing to act on the basis of this document should do so only after cross checking with the original source.*