



Ministry of Civil Aviation

Impact of GST on Airfares

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Under the GST regime the applicable tax rate on passenger tickets for economy class has been reduced from 6% to 5% (non-creditable for goods). The tax rate for business and first class has been increased from 9% to 12% (with input tax creditable for both goods and services procured by airlines). With regard to the UDAN Scheme, the applicable tax would also be 5% (non-creditable for goods) on the value of the passenger ticket excluding the subsidies provided by the Central Government and the State Governments. Moreover, since the maximum airfare or cap prescribed for the Regional Connectivity Scheme (RCS) seats is inclusive of the applicable GST and the same is reimbursable to the airline operator(s) concerned at actuals from the Regional Connectivity Fund, there would be no impact on fares charged from passengers booked on RCS seats.

This information was given by the Minister of State for Civil Aviation Shri Jayant Sinha in a written reply to a question in the Rajya Sabha today.

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