



Ministry of Finance

GST rate structure for Petroleum and Oil Sector

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To reduce the cascading of taxes arising on account of non-inclusion of petrol, diesel, ATF, natural gas and crude oil in GST and to incentivise investments in the E&P (exploration and production) sector and downstream sector, the GST Council in its 22nd meeting held on 6th October, 2017 has made the following recommendations for GST rate structure for Specified Goods and Services:

- i. Offshore works contract services and associated services relating to oil and gas exploration and production in the offshore areas beyond 12 nautical miles shall attract GST of 12%;
- ii. Transportation of natural gas through pipeline will attract GST of 5% without input tax credits (ITC) or 12% with full ITC;
- iii. Import of rigs and ancillary goods imported under lease will be exempted from IGST, subject to payment of appropriate IGST on the supply/import of such lease service and fulfilment of other specified conditions.

Further, GST rate on bunker fuel is being reduced to 5%, both for foreign going vessels and coastal vessels.

Notifications to give effect to the above proposals will be issued shortly.

DSM/KA

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