

Secretary, P&NG

D.O No.P-20023/3/2013-PP

Dated October, 2017

Please refer to my D.O. letters of even number dated 26th May, 2017 and 18th July, 2017 regarding reduction in Basic Customs Duty on LPG import to "NIL" for all importers and levy a uniform GST of 5% on both commercial and domestic LPG.

2. I would like to reiterate that the combined revenue to Central Government and State Government from sale of all types of LPG at 5% GST rate would be much higher than the revenue to the Government in pre-GST taxation regime. The estimated revenue worked out in this regard on sale of LPG is given as under:-

Particulars	Rs. Crore		
	Centre	States	Total
Pre GST	753	2408	3161
Proposed Post GST @ 5% on Domestic and Non-Domestic LPG	2123.5	2123.5	4247

3. The above table indicates that rationalization of GST on Domestic and Commercial LPG at a uniform rate of 5% would get more revenue vis-a-vis Pre-GST regime. By equalizing GST rates on both types of LPG, there will be no incentive to divert subsidized LPG for commercial use and the tax revenues may improve. Further during 2017-18, Government is expected to provide a subsidy of Rs. 18795.49 crore on sale of Subsidized Domestic LPG.

4. In view of above, I would request you to consider levy a uniform GST rate of 5% on both types of LPG (Domestic and Commercial) without any distinction.

With regards

Yours sincerely,

(K. D. Tripathi)

Dr. Hasmukh Adhia,
Secretary (Revenue)
Ministry of Finance,
North Block, New Delhi

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2. I would like to state that the current customs duty collection on import of LPG is only around Rs. 38 crore and the customs duty is being levied only on the private importers. This duty is a virtual barrier for private players, which repels them from LPG business.

4. In view of above, I would request you to reduce the basic customs duty on LPG imports to "Nil" for all importers, at the earliest.

With regards

Yours sincerely,

(K. D. Tripathi)

Dr. Hasmukh Adhia,
Secretary (Revenue)
Ministry of Finance,
North Block, New Delhi

