



Ref. No. FIPI/9
June 7, 2017

Shri P K Jain
Chief Commissioner (AR),
CESTAT, West Block 2
Sector 1, R.K. Puram
New Delhi

Dear Sir

Sub: GST on Liquefied Petroleum Gas

You are kindly aware that the issue of LPG packed in cylinders meant for domestic use (domestic LPG) being diverted for commercial activities has been engaging the attention of the Governments as well as the Oil Industry for many years.

One of the primary reasons for such diversion is the price differential between LPG supplied to domestic consumers and LPG supplied to non-domestic/ commercial consumers, solely due to the higher tax rates on LPG in cylinders meant for commercial activities.

The Basic Customs Duty on LPG for non-domestic/ commercial use is 5% (nil if it is meant for domestic use) and GST on supply is 18% (5% if it is meant for domestic use). This decision to subject supplies of non-domestic LPG to a higher rate of GST @ 18%, will lead to a situation where the current disparity in pricing between the various categories of LPG will continue post GST also.

In order to overcome this problem of diversion due to higher incidence of GST on commercial LPG in Cylinders, the Oil Industry requests that a uniform rate of GST @ 5% should be levied on every supply of LPG i.e. both domestic LPG and non-domestic / commercial LPG, so long as the supply is in cylinders of 14.2 or 19 KG. Such a uniform rate will help in reduction of diversion of domestic LPG for commercial activities.

The oil industry seeks a favourable consideration of the above request.

Thanking you,

Yours faithfully,

Rajiv Bahl
Director (Finance, Taxation & Legal)

Federation of Indian Petroleum Industry