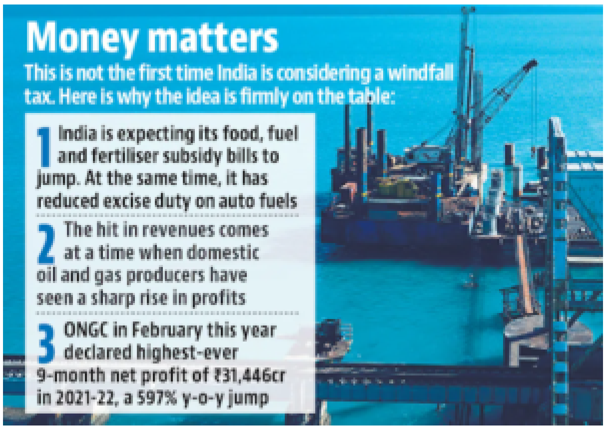
Windfall Tax

July 4, 2022

In news- The Union government has recently imposed an **export tax on petrol, diesel and jet fuel** and joined nations like the UK in imposing a **windfall tax on crude oil produced locally.**

About the windfall tax-

- In a bid **to regulate domestic crude oil producers from importing crude** and then selling it at international parity prices, a windfall tax has been imposed.
- It also aims to **address the issue of fuel shortage in the country.**
- The government stated that the **domestic crude producers sell crude to domestic refineries at international parity prices.** As a result, the domestic crude producers are making windfall gains.
- Taking this into account, a **cess of Rs 23,250 per tonne by way of special additional excise duty or windfall tax** has been imposed on crude.
- **A special additional excise duty (SAED) of Rs 6 per litre has also been imposed** on exports of Aviation Turbine Fuel.
- Also, **the Directorate General of Foreign Trade (DGFT) has imposed an export policy** condition that exporters would be required to declare at the time of export that 50% of the quantity mentioned in the shipping bill has been/ will be supplied in the domestic market during the current fiscal.



Impact-

- These measures would **not have any adverse impact on domestic retail prices of diesel and petrol.** Thus, domestic retail prices would remain unchanged.
- At the same time these measures will **ensure domestic availability of the petroleum products**.
- The move will not just **fetch more revenue to the exchequer but also discourage companies from exporting petrol and diesel**, and thereby help ease the fuel situation in the domestic market.