

[HOME](#) / [BUSINESS](#) / [ECONOMY](#)

Govt hikes windfall tax on crude oil, export of diesel, ATF

Crude oil pumped out of the ground and from below the seabed is refined and converted into fuels like petrol, diesel and aviation turbine fuel

February 05, 2023 12:59 pm | Updated 08:52 pm IST - New Delhi

PTI

[COMMENTS](#)

[SHARE](#)

[READ LATER](#)



Steam emits from a crude oil refinery in Kochi, Kerala. File (representation image) | Photo Credit: AP

The government has hiked windfall profit tax levied on domestically-produced crude oil as well as on the export of diesel and ATF, in line with firming international oil prices, according to an official order.

The levy on crude oil produced by companies such as Oil and Natural Gas Corporation (ONGC) has been increased to ₹5,050 per tonne from ₹1,900 per tonne, the order dated February 3, said.

Crude oil pumped out of the ground and from below the seabed is refined and converted into fuels like petrol, diesel and aviation turbine fuel (ATF).

The government has also hiked the tax on export of diesel to ₹7.5 per litre from ₹5, and the same on overseas shipments of ATF to ₹6 a litre from ₹3.5 a litre.

The new tax rates came into effect from February 4.

The levy on both domestic crude oil and fuel exports is now off the lows it had hit last month.

Tax rates were cut at the last fortnightly review on January 17, following softening in global oil prices. International oil prices have since then firmed, necessitating the hike of a windfall tax.

India first imposed windfall profit taxes on July 1, joining a growing number of nations that tax super normal profits of energy companies. At that time, export duties of ₹6 per litre (\$12 per barrel) each were levied on petrol and ATF and ₹13 a litre (\$26 a barrel) on diesel.

A ₹23,250 per tonne (\$40 per barrel) windfall profit tax on domestic crude production was also levied.

The export tax on petrol was scrapped in the very first review.

The tax rates are reviewed every fortnight based on average oil prices in the previous two weeks.

Reliance Industries Ltd, which operates the world's largest single-location oil refinery complex at Jamnagar in Gujarat, and Rosneft-backed Nayara Energy are primary exporters of fuel in the country.

The government levies tax on windfall profits made by oil producers on any price they get above a threshold of \$75 per barrel.

The levy on fuel exports is based on cracks or margins that refiners earn on overseas shipments. These margins are primarily a difference between the international oil price realised and the cost.