

Sectoral

Oil & Gas

1. What is Export Parity Price (EPP)?

Export Parity Price represents the price which oil companies would realize on export of petroleum products. This includes FOB Price and advance license benefit (for duty free import of crude oil pursuant to export of refined products).

2. What is Import Parity Price (IPP)?

IPP represents the price that importers would pay in case of actual import of product at the respective Indian ports. This includes FOB Price, Ocean freight, Insurance, Customs duty, Port dues etc.

3. What is Bio-diesel and Bio-diesel policy?

Bio-diesel is a fatty acid containing similar properties to petroleum diesel fuels, which can be a substitute of High Speed Diesel (HSD). MoP&NG announced a bio-diesel policy in October 2005 to encourage the production of bio-diesel. Under this policy, effected from 01.01.2006, OMCs are allowed to blend 5% of bio-diesel (B100) meeting the fuel quality as per BIS with high speed diesel. With renewed focus on Bio-fuels, the Government, on 16 January 2015, allowed direct sale of biodiesel by manufacturers/suppliers of biodiesel/their authorized dealers and Joint Ventures (JVs) of OMCs as authorized by MoP&NG to all consumers. On 10 August 2015, the Government has allowed sale of Bio-diesel (B100) by private manufacturers to bulk consumers. Also, retailing of bio-diesel blended diesel by Public.

4. What is the major difference between BS III and BS IV types of petrol and HSD?

Major difference in the grades of fuels is in terms of quantity of total sulphur present and aromatic content. For petrol, maximum permissible sulphur quantity and aromatic content (% volume) are kept at 150 (mg/kg) (ppm) and 42% respectively for BS-III whereas 50 mg/kg (ppm) and 35% respectively for BS IV. In HSD, quantity of maximum permissible sulphur in BS III types is maintained at 350 mg/kg

(ppm) and 50 mg/kg (ppm) for BS IV.

5. Whether GST is applicable on any subsidy extended by Government to the Oil Companies?

As per Section 15(2)(e) of the CGST Act, 2017 value of supply shall include subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments. Any subsidy received from the Government will hence not be taxable and would not be leviable to GST.

6. Does the drilling contractor require to have offshore GST registration or can operate through Maharashtra GST Registration?

As per GST Law, if the location of supplier and place of supply is in different State, then IGST would be applicable. In this case, the location of supplier being in the State of Maharashtra and Place of Supply being in Offshore, the IGST may be discharged through Maharashtra GST registration. Further, the goods such as drilling rig, spares, consumables etc. required for such drilling services in offshore, may be transferred under cover of Delivery Challan as such movement is not a supply.

7. If a foreign bidder comes to India for execution of works contract and has no permanent resident/business in India, do such bidder need to obtain GST Registration in India?

If the foreign bidder is required to come to India for execution of LSTK works contract, then as per Sec 24 of CGST Act, such Foreign Bidder would be required to obtain Registration mandatorily in India. Such registration would be required even if such bidder is not having permanent resident/business in India.

8. What would be the GST applicability if RO dealer supplies lube at free of cost?

Since lube is supplied at free of cost (therefore no consideration involved), it would not be treated as supply (as per section 7 of CGST Act, 2017) under GST and hence, not leviable to GST. However, input tax credit of GST paid on such lube at the time of purchase is required to be reversed u/s 17(5)(h) of CGST Act, 2017.

9. What is the Ethanol Blended Petrol?

Ministry of Petroleum & Natural gas in the year 2006 directed the Oil Marketing Companies (OMCs) to sell 5% Bio Ethanol Blended petrol as per BIS specification in the entire country except the North Eastern states, Jammu & Kashmir, Andaman Nicobar islands and Lakshadweep, with effect from 1 November 2006. Currently this programme is being carried out in 21 States and 4 UTs with immediate target to achieve 10% ethanol blending in Petrol. This blended petrol is known as ethanol blended petrol.

10. Whether TIN number under VAT would be abolished? What will be the rate of GST on 5 KG FT cylinder?

1) TIN number under VAT to the extent of 5 specified petroleum products will be continued. 2) GST Rate on on domestic supply of LPG will be 5% and for purposes other than domestic it will be 18%.

11. What do Refinery Gate Price/Refinery Transfer Price (RGP/ RTP) signify?

This is the price paid by the Oil Marketing Companies to domestic refineries for purchase of finished petroleum products at refinery gate.

12. What is Motor Spirit (MS)?

Motor spirit means any hydrocarbon oil in the range of C4-C12 (excluding crude mineral oil) obtained broadly by fractional distillation of crude oil which meets the requirements of Bureau of Indian Standards specification (BIS) No. IS-2796 and is suitable for use as fuel in spark ignition engines. It is basically a light distillate with boiling point range at 30-210 Degree Celsius and density range of 720-775 Kg/m³ at 15 Degree Celsius. However for further details, please refer BIS specifications, link.

13. Can you broadly elaborate on mode of utilization and sector specific use of furnace oil /LSHS and LDO?

Major use of furnace oil (FO) /LSHS and LDO is as a fuel in Power, Fertilizer, petrochemicals and steel sectors. Some of the fertilizer plants consume FO as feed stock also. Other industries engaged in manufacturing of cement, paper, pharmaceuticals, Synthetic fibers etc. also consume FO/LSHS as fuels. LDO (Light Diesel Oil is broadly used for low RPM engines primarily employed in industry,

transport and power sectors.

