

POL price change implies downward adjustment in tax

The government's decision not to raise rates by as much as recommended by Oil and Gas Regulatory Authority implies that there has been some downward adjustment in tax. Whether sales tax and/or petroleum levy has been adjusted downward would become clear after the notification has been issued.

Ogra based on existing taxes - sales tax 17 percent across the board on all petroleum products and Petroleum Levy of Rs 10 on HSD, Rs 8 on petrol, Rs 6 on kerosene, and Rs 3 light diesel - recommended the following price for POL products:

On Friday, Ogra recommended an increase of Rs 11.17 per litre (10.02 percent) in the price of high speed diesel (HSD), Rs 11.92 per litre (12.83 percent) in the price of petrol, Rs 6.65 per litre (7.70 percent) in kerosene oil and Rs 6.49 per litre (8.37 percent) in light diesel oil.

Oil and Gas Regulatory Authority's recommended the upward price of petrol to 104.80 per litre from the existing price of Rs92.89 per litre, HSD from the existing 111.43 per litre to Rs122.60 per litre, kerosene oil from 86.31 per litre to Rs92.96 per litre and LDO from Rs77.54 per litre to Rs84.03 per litre. The government has approved the following rate rise: Petrol and diesel prices were increased by Rs6 per litre while kerosene and light diesel oil (LDO) were jacked up by Rs3 per litre.

With the decision, the ex-depot price of high speed diesel (HSD) was set at Rs117.43 per litre. The price of motor spirit (petrol) was fixed at Rs98.89 per litre. The ex-depot price of kerosene oil was increased to Rs89.31 per litre and price of LDO was increased to Rs80.54 per litre.

Had the government followed the recommendations of Ogra it would have raised revenue by approximately Rs 1 to Rs 2 billion for April as the higher the international price the higher the revenue collected. No notification was issued till the filing of this report.

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