

PL on petrol raised by 42 percent

The federal government raised petroleum levy (PL) on petrol by 42 percent and high speed diesel by 126 percent effective 1 January 2019. Oil and Gas Regulatory Authority (Ogra) had proposed a reduction in price of POL based on a 17 percent across the board levy of sales tax. This was accepted by the federal government, however it then raised PL to partially meet the Rs 170 billion shortfall in the revenue collections during the first six months of the current year.

FBR sources confirmed that it has notified standard rate of 17 percent sales tax on four petroleum products including motor spirit from January 1, 2019. Sales tax on motor spirit has been increased from 8 percent to 17 percent; high speed diesel oil 13 percent to 17 percent; kerosene oil 2 percent to 17 percent and sales tax on light diesel oil increased from 0.5 percent to 17 percent.

Ogra recommended the following price reductions with the government deciding not to pass on the full impact of the decline in the international price of oil to consumers: (i) petrol with Ogra recommending a reduction in price of Rs 9.50 while the government notified a reduction of Rs 4.86 per litre; (ii) Ogra recommended a reduction of Rs 15 per litre in high speed diesel however the government notified Rs 4.26 per litre; (iii) kerosene oil by Rs 0.25 and (iv) light diesel oil (LDO) by Rs 2.00 per litre

These are the two major products from which revenue is generated. HSD sales across the country are now over 900,000 tonnes per month while petrol's monthly consumption is around 650,000 tonnes of petrol. Sales of kerosene and LDO are static at around 9,000 tonnes per month.

The government has fixed the PL on Motor Spirit (MS) @ Rs 14 per litre (14 percent) and High Speed Diesel (HSD) @ Rs 18 per litre (126 percent increase) for the month of January 2019. The PL on Kerosene Oil was fixed @ Rs 6 and Light Diesel Oil (LDO) @ Rs 3 per litre.

Ogra had proposed the government charge PL on MS @ Rs 10 per litre and Rs 8 on HSD. It also proposed PL at Rs 6 per litre on Kerosene Oil and Rs 3 per litre on LDO.

The ex-depot price of HSD was cut by Rs 4.26 per litre to Rs 106.68 from Rs 110.94 per litre. Likewise, the ex-depot price of petrol has been set at Rs 90.97 per litre, down by Rs 4.86. Also, the ex-depot kerosene price has been fixed at Rs 82.98 per litre instead of Rs 83.50, down by 52 paise. The price of light diesel oil (LDO) has been reduced to Rs 75.28 per litre from Rs 77.44, down by Rs 2.16 per litre.

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