

Any increase or decrease in PL rates must be approved by parliament: research

An increase/decrease in Petroleum Levy (PL) rates must be approved by the parliament and the 42 percent rise in petrol and 126 percent on high speed diesel was approved in the April 20-16 budget presented by the PML-N administration.

Research carried out by Business Recorder revealed that the April budget approved by parliament stipulated a raise of up to Rs 30 per litre on all POL products however the PL was not raised at that time. In the September supplementary budget PL was not raised however the decision to raise PL rates effective 1 January 2019 were approved by the parliament through amendment of petroleum products (petroleum levy) ordinance 1961.

The Supreme Court judgment of 2013 disallowing an administration from unilaterally raising PL without parliamentary approval, therefore, does not apply to the recent raise in PL.

An increase of up to Rs 30 per litre on petroleum products was approved by Pakistan Muslim League-N administration in Finance Act 2018 by bringing amendment in Petroleum Levy Ordinance 1961 and the increase was not undone by the present government.

Pakistan Tehreek-e-Insaf (PTI) government has not made any amendment in the supplementary Finance Bill presented by the Finance Minister Asad Umar in September 2018 to undo the increase in the rates of PL. The Minister announced in the Parliament in his wind up speech that Petroleum development levy will be capped at collection of 189 billion for the current fiscal year.

Ministry of Petroleum and Finance expressed ignorance as what would be the collection if this rate continued and contended as the PL charges are not fixed and vary according to prices of petroleum products; therefore, it is not possible to predict the collection of PL for the entire fiscal year.

In Finance Act 2018, increase in PDL rates on High Speed Diesel from Rs 8 to Rs 30 per liter approved, while PL on Motor Spirit was approved from Rs 10 to Rs 30 per litre. It also approved an increase on Superior Kerosene Oil from Rs 6 per liter to Rs 30 per liter, from Rs 3 per liter to Rs 30 per litre on light diesel oil. Thus, the rates have been considerably enhanced on the said levy through the Finance Bill 2018.

Federal Government raised petroleum levy (PL) on petrol by 42 percent and high speed diesel by 126 percent effective 1 January 2019, which official claims is not unconstitutional as parliament has already allowed a limit to the executive with respect to increase the levy.

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.