

### **Ogra recommends up to six percent raise in petrol prices**

The Oil and Gas Regulatory Authority (Ogra) recommended the government up to 5 to 6 percent increase in the prices of petroleum products for December 2018. The Ogra has proposed an increase of Rs 6.21 per litre in the price of motor spirit (petrol), Rs 2.00 per litre in high speed diesel (HSD), kerosene oil by Rs 9.91 per litre and increase of Rs 7.79 per litre in the price of light diesel oil (LDO).

In a summary regarding calculation of all POL products on the basis of existing tax rates forwarded to the Ministry of Energy (Petroleum Division), the Ogra has recommended upward revision in oil prices, sources said. If the government accepts this recommendation, petrol prices would go up from the existing Rs 97.83 per litre to 104.04 per litre.

The regulator has also recommended an increase of Rs 2.00 in the price of high speed diesel. HSD is widely used in transport and agriculture sector. With this increase, its price would go up to Rs 114.94 per litre from the existing Rs 112.94 per litre. Similarly Ogra has proposed kerosene oil price be increased by Rs 9.91 per litre from existing Rs 86.50 per litre to Rs 96.41 per litre.

The regulator has also suggested Rs 7.79 per litre increase in LDO prices. If the government accepts the recommendation of the Ogra, its price would go up from existing Rs 82.44 per litre to Rs 90.23 per litre.

At present, the price of crude oil has hit the lowest in the international market. In view of this, the petroleum prices were expected to be decreased in Pakistan as well for December. The US crude oil is being traded below \$50 per barrel while Britain's crude oil is being traded at \$50.5 per barrel with a 2 percent decrease. The price of crude oil has decreased by 25 percent in a month in the international market.

The government adjusted sales tax on petroleum products for month of November in order to provide relief to the people. At present, the rate of sale tax is at the lowest. From November 1, 2018, the sales tax on motor spirit remained unchanged at 4.5 percent, sales tax on kerosene oil remained unchanged at 1.5 percent and sales tax on light diesel oil remained unchanged at zero percent. However, the government decreased the applicable sales tax rate on HSD from the current 17.5 percent to 12 percent.

The government for two months (September-October) kept the petroleum products' prices unchanged. The revised GST rates for petroleum products stood at the two months low. As per the FBR SRO, the GST on petrol was decreased from 9.5 percent to 4.5 percent. The same on HSD slashed from 22 percent to 17.5 percent. The GST on kerosene oil came down to 1 percent and that on LDO to zero percent. On the other hand, the Petroleum Levy (PL) was slightly revised upward from Rs 9.68/litre to Rs 9.99/litre in case of petrol.

### **RECORDER REPORT**