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Government to push for cut in bio-diesel tax with GST Council

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The issue of a high Goods and Services Tax on bio-diesel and other clean energy products would be taken up with the GST Council in order to effect a reduction in the tax rate, the government said on Friday.

"Petroleum and Natural Gas Ministry and the Ministry of Power would together intervene with the (GST) Council to ensure that the GST rates on bio-diesel and other green energy products are reduced," Petroleum Minister Dharmendra Pradhan said at the Petroleum Ministry-organised 'Bioenergy Urja Utsav' event here on bio-fuels.

While petroleum as a category is still outside the ambit of GST -- the unified pan-India indirect tax regime that came into effect from July 1, biodiesel, ethanol and similar mixing agents have been put in the 18 per cent tax bracket. The other three GST slabs are 5, 12 and 28 per cent.

While crude oil, natural gas, aviation fuel, diesel and petrol are not included in GST, the issue of their inclusion is pending before the GST Council.

Pre-GST, bio-diesel attracted zero excise duty. The Biodiesel Association of India (BDAI) has represented that the high incidence of tax on the clean fuel will make it costlier than diesel and ultimately make it uncompetitive.

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"Higher GST rate on biodiesel contradicts the government's efforts to push this clean and green fuel," BDAI President Sandeep Chaturvedi said in a statement here.

"Now with assurance coming from the Ministry, we are hopeful that the government's intentions are clear and it would revive this green industry," he added.

The association said the industry had produced and supplied close to half a million tonnes of bio-diesel till date and is gearing up to deliver up to 1 million tonnes of the fuel by 2019.

--IANS

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