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- CoM ALSO APPROVES EXTENSION OF SUHELEWALA MINOR IN JALALABAD AT A COST OF RS. 1.35 CRORES

Sultanpur Lodhi, September 10: In a significant decision aimed at encouraging industries to shift to the eco-friendly gas, the Punjab Council of Ministers on Tuesday decided to cut down VAT on Natural Gas, in Gaseous State other than Compressed Natural Gas, from 14.3% to 3.3%.

Chairing the cabinet meet, Chief Minister Captain Amarinder Singh said the move would help cut down on industrial pollution in the state.

At present, the rate of VAT on Natural Gas is 13%+10% surcharge i.e. 14.30% in Punjab. The major consumer of Gas is National Fertilisers Limited (NFL), which uses the gas at its plants at Bathinda and Nangal. Natural Gas is also consumed in very small quantity by select industries and the transport sector.

Before March 2015, VAT rate on Natural Gas was 5.5%+10% surcharge i.e. 6.05%. From March 2015 onwards, VAT rate on Natural Gas was increased from 6.05% to 14.3%. Due to increase in VAT rate, NFL started interstate billing of Natural Gas, due to which VAT collection on Natural Gas decreased. The VAT collection on natural gas from the years 2014-15 to 2018-19 came down considerably - from Rs. 105.77 crore to Rs. 5.67 crore, which had further shown a steep decline to Rs. 1.84 crore till June 2019, during financial year 2019-20.

It may be noted that NFL is purchasing natural gas worth Rs. 300 crore per month from Gujarat, on which CST of Rs. 45 crore per month at the rate of 15% is being paid to that state. In case the VAT rate on natural gas is decreased, the natural gas supplier may start billing of natural gas to NFL from Punjab, which can lead to increase in PVAT collection on natural Gas, said an official spokesperson, explaining the rationale behind the Cabinet decision.

In another decision, the Cabinet also approved the extension of Suhelewala distributory, Jalalabad, at a capital outlay of Rs. 1.35 Crore under the medium irrigation (Plan) Budget grant.