

## *Windfall tax on crude oil reduced; levy on export of diesel, ATF hiked*

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*The Central government has reduced the windfall tax on crude oil to 9,500 a tonne from 11,000, showed an official notification. The change is effective from 2 November, and the reduction in the tax is over 13%. The windfall tax levied as special additional excise duty is aimed at absorbing the super-profits earned by domestic crude oil producers and is revised every fortnight.*

*However, the government raised the special additional excise duty on the export of aviation turbine fuel from 3.5 a litre to 5 a litre. Also, the special additional excise duty on the export of diesel has been increased from 12 a litre to 13 a litre,*

*The cut in the windfall tax on the sale of locally produced crude oil comes at a time when global oil prices have largely remained tepid at around \$95 per barrel.*

*At the time of writing the article, the January contract of Brent on the Intercontinental Exchange was trading at \$94.89 per barrel, higher by 2.24% and the December contract of West Texas Intermediate (WTI) on the NYMEX was trading at \$88.53 a barrel, higher by 2.31% from its previous close.*

*The volatility in the oil prices continues as the fresh Covid restrictions across Chinese cities have raised demand concerns as China is the second largest importer of crude in the world and talks of a price cap on Russian gas have ensured that supply fears persist. Weaker economic data from China and an increase in oil production in the US are expected to keep the prices subdued going ahead. According to monthly data from the US Energy Information Agency (EIA), oil production in the US rose to nearly 12 million barrels per day in August, the highest since the onset of Covid-19.*