Tamil Nadu Reduces VAT on Aviation Turbine Fuel

The Tamil Nadu government announced a reduction in the Value Added Tax (VAT) on aviation turbine fuel (ATF) at Chennai and other regional airports.

Aviation Turbine Fuel (ATF) is a specialized type of petroleum-based fuel used to power aircraft, and its pricing is heavily influenced by state-levied Value Added Taxes (VAT).

KEY EXAM POINTS

- The Tamil Nadu government reduced the Value Added Tax (VAT) on aviation turbine fuel at **Chennai airport** from **29%** to **16%**.
- The VAT for scheduled airlines fuelling at airports other than Chennai has been significantly reduced from **29%** to **1%**.
- The tax rate was slashed from **5%** to **1%** for scheduled airlines operating aircraft with a maximum take-off mass of less than **40,000 kg** at non-Chennai airports.
- This policy decision partially fulfills the long-standing demand raised by the **Union government** and the civil aviation sector.
- **Aviation turbine fuel** accounts for a major share of operational expenses for airlines, with state-imposed VAT acting as a key cost determinant.

DID YOU KNOW..!?

Value Added Tax (VAT) on petroleum products and aviation turbine fuel is levied by state governments under constitutional provisions.

The **UDAN** (Ude Desh ka Aam Nagrik) regional connectivity scheme incentivizes states to lower VAT on ATF to promote regional air routes.

Tamil Nadu's economy relies heavily on industrial manufacturing, IT services, and robust transport infrastructure including international airports at Chennai, Coimbatore, Madurai, and Tiruchirappalli.

Goods and Services Tax (GST) Act excludes five petroleum products, including aviation turbine fuel, enabling states to levy VAT on them independently.

The **Directorate General of Civil Aviation** (DGCA) functions as the statutory body regulating civil aviation in India under the Ministry of Civil Aviation.

State revenue generation through commercial taxes includes stamp duty, state excise, motor vehicle tax, and **Value Added Tax** on select petroleum items.

REVISION FLASHCARD

Tamil Nadu reduced VAT on aviation turbine fuel at Chennai airport from 29% to 16% and to 1% at non-Chennai airports.

Syllabus Relevance: Highly relevant for TNPSC Group 1 and Group 2 Economics syllabus concerning state taxation policies, revenue sources, and economic development.

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