GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 3160
(TO BE ANSWERED ON THE 6th August 2026)

INCLUSION OF AVIATION TURBINE FUEL UNDER GST

3160. SHRI DUSHYANT SINGH

Will the Minister of CIVIL AVIATION

be pleased to state:-

(a) whether the Government has examined the potential benefits of bringing Aviation Turbine Fuel (ATF) under the ambit of the Goods and Services Tax (GST) to promote uniform taxation and operational efficiency in the aviation sector and if so, the details thereof;
(b) whether any consultations or indicative assessments have been undertaken regarding possible GST rate structures or other arrangements that may help maintain revenue stability for States in the event of inclusion of ATF under GST and if so, the details thereof;
(c) whether the Government has assessed the possible impact of such a measure on airline operating costs, airfares and expansion of air connectivity, particularly in Tier-II and Tier-III cities and if so, the details thereof; and
(d) the steps taken by the Government to facilitate consultations with States, airlines and other stakeholders on this matter?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

(Shri Murlidhar Mohol)

(a) to (d) The operating costs of airlines are dynamic and their individual components vary due to multiple factors which inter alia include, price of Aviation Turbine Fuel (ATF) in international markets, foreign exchange rates, excise duties and Value Added Tax (VAT), lease rentals etc. Although ATF prices constitute a major aspect of airline operating expenses, airfares are also determined by various other factors like real time demand, competitive forces, seasonality and operational considerations. An agenda item on bringing Aviation Turbine Fuel under Goods and Services Tax (GST) was tabled in the 55th GST Council Meeting held on 21st December, 2024. Several states expressed their views against the proposal. Therefore, the status quo i.e. keeping ATF out of GST regime has been maintained.

The Government has taken several measures to support the aviation sector and help keep air travel affordable, which include, one time budgetary support not exceeding Rs. 10,000 crores for Oil Marketing Companies (OMCs) to provide ATF price stablisation support to the Scheduled Indian Airlines due to exceptional fuel price volatility arising from the West Asia crisis. For domestic operations, ATF prices were capped at a maximum increase of 25% over the 1st March, 2026 base price, effective from 1st April 2026 for the months of April and May, 2026. Additionally, the issue of high VAT on ATF has been taken up with the States/UTs by the Ministry of Civil Aviation. As a result, 23 States/UTs have reduced VAT on ATF since September 2021. More recently, the State of Maharashtra & Delhi have reduced the VAT on ATF from 18% to 7% & 25% to 7% respectively for a period of 6 months.

******