



Government of Goa  
Department of Commercial Taxes  
Vikrikar Bhavan,  
Panaji - Goa - 403001

Ph: 0832-2229430

email: [commctax.goa@nic.in](mailto:commctax.goa@nic.in)  
[ho-ctax.goa@nic.in](mailto:ho-ctax.goa@nic.in)

CCT/ 26-4/2017-2018/ 1870

Dated: 20<sup>th</sup> August, 2018

CIRCULAR  
(No. 17 / 2018-19 - GST)

**Subject: Clarification regarding applicability of GST on the petroleum gases retained for the manufacture of petrochemical and chemical products – regarding.**

References have been received regarding the applicability of GST on the petroleum gases retained for the manufacture of petrochemical and chemical products during the course of continuous supply, such as Methyl Ethyl Ketone (MEK) feedstock, petroleum gases etc.

2. In this context, it may be recalled that clarifications on similar issues for specific products have already been issued vide circular Nos. 06/2017-2018-GST dated 07<sup>th</sup> February, 2018 and 19/2017-2018-GST dated 07<sup>th</sup> February, 2018. These circulars apply mutatis mutandis to other cases involving same manner of supply as mentioned in these circulars. However, references have again been received from some of the manufacturers of other petrochemical and chemical products for issue of clarification on applicability of GST on petroleum gases, which are supplied by oil refineries to them on a continuous basis through dedicated pipelines, while a portion of the raw material is retained by these manufacturers (recipient of supply), and the remaining quantity is returned to the oil refineries. In this regard, an issue has arisen as to whether in this transaction GST would be leviable on the whole quantity of the principal raw materials supplied by the oil refinery or on the net quantity retained by the manufacturers of petrochemical and chemical products.

3. The GST Council in its 28<sup>th</sup> meeting held on 21<sup>st</sup> July, 2018 discussed this issue and recommended for issuance of a general clarification for petroleum sector



that in such transactions, GST will be payable by the refinery on the value of net quantity of petroleum gases retained for the manufacture of petrochemical and chemical products.

4. Accordingly, it is hereby clarified that, in the aforesaid cases, GST will be payable by the refinery only on the net quantity of petroleum gases retained by the recipient manufacturer for the manufacture of petrochemical and chemical products. Though, the refinery would be liable to pay GST on such returned quantity of petroleum gases, when the same is supplied by it to any other person. It is reiterated that this clarification would be applicable mutatis mutandis on other cases involving supply of goods, where feed stock is retained by the recipient and remaining residual material is returned back to the supplier. The net billing is done on the amount retained by the recipient.

5. This clarification is issued in the context of the Goods and Service Tax (GST) law only and past issues, if any, will be dealt in accordance with the law prevailing at the material time.



(Dipak M. Bandekar)

Commissioner of State Tax, Goa

Note: Similar circular will be issued under the Central Goods and Services Tax Act, 2017 by Tax Research Unit, Department of Revenue, Ministry of Finance, Government of India, New Delhi, vide circular no. 53/27/2018-GST dated 09/08/2018.