

SC questions UP's taxation of RIL

The Supreme Court on Tuesday sought the Centre's response to an appeal filed by UP government, which questioned the Allahabad High Court's interim order restraining it from levying 21% [value-added tax](#) on natural gas supplied by [Reliance Industries Ltd](#) to industrial units in the state.

RIL supplies 3.57 million standard cubic metres a day of gas to four fertilizer companies - IFFCO's Aonla and Phulpur units, Kribhco's Shahjahanpur plant, Indo Gulf Fertiliser's Jagdishpur unit and Tata Chemicals' unit at Babrala.

RIL's counsel Harish Salve told a bench of Justices Altamas Kabir and S S Nijjar that Reliance Industries was a mere contractor for the Centre in extraction of gas from the KG basin in Andhra Pradesh and pays central sales tax for the supply of gas in that state.

If Uttar Pradesh wanted to impose local taxes on the gas being supplied to the industrial units within the state, then it could lead to double taxation and RIL would have no option but to pass on the liability to the consumers, which are mostly in the core sector - infrastructure and fertilizer, he added.

Salve said it was a dispute between Centre and the state and could be better resolved through a discussion on which tax should be paid by RIL, the central sales tax or the local tax.

(Hindustan Times)