

Windfall Tax

Source: ET

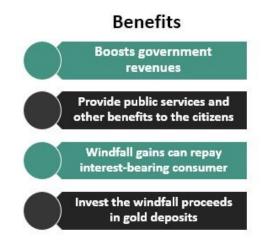
Recently, the Indian government has **increased** the **windfall tax** on domestically produced **crude oil** from Rs 3,250 per tonne to Rs 6,000 per tonne.

- A Windfall Tax is a type of tax that is levied on companies or individuals who
 have unexpectedly and/or dramatically gained large profits, often due to external
 factors beyond their control.
 - It is commonly levied on industries such as oil, gas, and mining.
 - The purpose is to **capture a portion of the extraordinary profits th**at companies make and **redistribute it for public good**.
 - It is a strategic measure to promote transparency and fairness and responsible economic practices in the energy industry.
- This hike will impact the profits of oil companies operating in India and reduce their earnings.
- India first implemented windfall profit taxes on 1st July 2022, aligning with other countries that tax excessive profits of energy companies.
- The tax rates are reassessed every 2 weeks, taking into account international crude prices from the preceding fortnight.

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