



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** that 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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Benefits

- Boosts government revenues
- Provide public services and other benefits to the citizens
- Windfall gains can repay interest-bearing consumer
- Invest the windfall proceeds in gold deposits

Read more: [Windfall Tax](#)

