

kcmFlash

Indirect Tax

September 11, 2025

Government Permits Revised MRP Declaration on Unsold Stock Following GST Rate Revision

Background & Context

In a significant move aimed at facilitating smoother transition for businesses following the recent Goods and Services Tax (GST) rate revisions recommended during GST Council Meeting on September 3, 2025, the Ministry of Consumer Affairs, Food and Public Distribution has issued a letter dated September 9, 2025, granting permission to manufacturers, packers, and importers of pre-packaged commodities to declare revised Maximum Retail Prices (MRP) on unsold stock and outlining the guidelines for declaration of revised MRP due to GST rate changes.

Guidelines

1. The guidelines permit manufacturers/ packers/ importers of pre-packaged commodity to declare revised MRP on unsold inventory subject to following conditions:
 - i. The original MRP must continue to be displayed, and the revised MRP must be declared separately
 - ii. The difference between the original and revised MRP must correspond to the change in GST rates
 - iii. Disclosure such information through following modes:
 - At least two Advertisement in one or more newspapers,
 - Circulation of notices to Dealers, the Director, Legal Metrology at Centre level and Controllers, Legal Metrology at State levels.

2. It is further clarified that any unused packaging material prior to GST revision may be consumed till December 31, 2025, after corrections in MRP through use of an additional label or sticker/ stamping/ online printing.

KCM View

This move is welcomed across the industries as a pragmatic step that promotes consumer transparency, reduced packaging waste and efficient inventory management. An implementation of this would also presents certain challenges as under for high-volume sector industries like FMCG, Retail and businesses that operates under a dealership model:

- Operational disruptions including time intensive re-labelling process,
- Increased compliance requirements and documentation,
- The need to carefully assess cost-benefit implications,
- Potential exposure to anti-profiteering scrutiny.

Balancing regulatory expectations with day-to-day business efficiency will be the key to successful execution.

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For further analysis and discussion, you may please reach out to us.

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