

GST Alert 1/2025-26

Date 16.09.2025

Revision of MRP due to change in GST Rates

I. Change in GST Rates on goods & Services [effective from 22.09.2025]

The 56th GST Council Meeting was held on 3rd Sep 2025 which resulted in GST Rate reduction on many goods and services, it has also been clarified that new rates would become effective from 22.09.2025. To ensure that ultimate benefit of reduction in GST rates is passed on to the consumers, certain clarifications and relaxations have been provided by the government.

II. Revision in MRP

Many of the goods on which rates have been reduced are covered under Legal Metrology Act, 2009 (LMA). As GST rates on many such MRP goods have been reduced and therefore it is mandatory to reduce MRP of these goods. However, there are practical issues in implementing this change as changing of MRP in all packs is near impossible. To give relief Ministry of Consumer Affairs, Food and Public Distribution has issued notification no. I-10/14/2020-W&M dated 9.09.2025. Before we explain the measures announced by this notification please that:

- This alert is applicable only if your goods are liable for affixing MRP on it, if that is not the case please ignore this alert.
- This alert is applicable only for goods where GST rates have been reduced or increased effective from 22.09.2025 and not otherwise.
- **This alert is applicable only to Manufacturer, Packers and Importers of pre-packaged goods liable for MRP affixing, it is not applicable to any person other than the 3 mentioned above.**



Following is a gist of these relief measures:

1. The government has allowed **manufacturers, packers and importers** of pre-packaged goods to **revise MRPs on their unsold stock**.
2. This revision of MRP can be done on all goods which were packaged before the rate reduction becomes effective and can be done till such stock is exhausted by sale or otherwise.
3. Declaration of the revised retail sale price (MRP) shall be made by any one of the following ways:
 - Stamping or
 - Putting sticker or
 - Online Printing
4. While revising the MRP, following conditions are compulsory:
 - a. Original MRP shall continue to be displayed and the revised price shall not overwrite on it.
 - b. In case of tax reduction, the new MRP must reflect the reduction.
 - c. In case of tax increase, the revised MRP must not exceed the extent of actual increase in tax.
 - d. Manufacturer, packer or importer must do the following as well:
 - a. Give at least 2 advertisements in one or more newspapers.
 - b. Give notice to inform their dealers / distributors ideally in writing. Notification doesn't prescribe mode of notice, so email system can be used but written communication would be better in case any issue



arises in future.

c. Give written notice to inform

i. State Controllers of Legal Metrology, and

ii. Director of Legal Metrology (Central Govt.)

5. Existing packaging material (printed with old MRPs) which is there in stock can be used up to 31st December 2025 or till the same is exhausted after making necessary corrections.

6. It is pertinent to note that retailers who buy goods from manufacturers, packers or importers are not required to make any change in MRP, but they are required to sell at the revised retail price as notified by the supplier.

III. How to calculate change in price

Pertinent question that arises is how to calculate the revised price where GST rates have been reduced, following table explains the formulae to be adopted:

Particulars	Rate	Calculation	Notation	Calculation
Old Price (Inclusive of GST)			A	100.00
Old GST Rate & GST Amount	18%	$100 / 1.18 \times 18\%$	B	15.25
Basic Price (Old)		$100 - 15.25$	$C = A - B$	84.75
New GST Rate and Amt	5%	$84.75 \times 5\%$	$D = C \times 5\%$	4.23
New Sale Price (Inclusive of GST)		$84.75 + 4.23$	$E = C + D$	88.98
Effective Reduction in Price		$100 - 88.98$	$F = A - E$	11.02%



Following table gives a gist of percentile change in various rate change scenarios, this may be used:

Existing GST Rate	New GST Rate	Difference in Rate	% Change needed in MRP
12%	5%	-7%	- 6.25%
12%	18%	6%	+ 5.36%
18%	5%	-13%	- 11.02%
28%	18%	-10%	- 7.81%

The above calculations are illustrative only, prices are a subject matter of many factors and decision may be taken after considering all issues.

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