# L&S UPDATE

An e-update to clients from Lakshmikumaran & Sridharan

4 AUGUST 2022

**INDIRECT TAX**

# Clarification on declaration of revised MRP on unsold stock due to change in GST rates

**UPDATE NO. 44 OF 2022**

Lakshmikumaran & Sridharan attorneys

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The Ministry of Consumer Affairs has issued a relaxation *vide* *F. No. I-10/14/2020-W&M Section dated 1 August 2022* permitting the manufacturers or packers or importers of pre-packaged commodities to declare the revised retail sale price (MRP) on the unsold stock manufactured / packed / imported prior to revision in GST rates.

The said relaxation deals with both fresh imposition of GST as well as increase and reduction in GST rates.

**I. Imposition of GST / Increase in GST rates**

- Revised MRP, including the applicable/ increased GST amount, can be declared in addition to the existing MRP on the unsold stock upto 31 January 2023 or till such date the stock is exhausted, whichever is earlier.

- However, the difference between the MRP originally printed on the package and the revised price must not be higher than the extent of increase in the tax or the amount of GST in case of fresh imposition.

**II. Decrease in GST rates**

- Revised MRP, after taking into account the reduction in GST amount, can be declared in addition to the existing MRP on the unsold stock upto 31 January 2023 or till such date the stock is exhausted, whichever is earlier.

- However, the revised price must not, in any case, be higher than the extent of price after reduction of GST.

In both the cases i.e. imposition of GST/ increase in GST rate as well as decrease in GST rate, the revised MRP can be declared by the manufacturers or packers or importers by way of stamping or putting sticker or online printing, as the case may be.

However, the following conditions are also required to be satisfied for declaration of revised MRP:-

a. The original MRP shall continue to be displayed and the revised MRP shall not overwrite on it; and

b. At-least two advertisements must be made in this regard by the manufacturers or packer or importers in one or more newspapers. Further, notices must also be circulated to the dealers as well as the Director of Legal Metrology in the Central Government and Controllers of Legal Metrology in the States and Union Territories, indicating the change in the MRP.

Further, any packaging material or wrapper which could not be exhausted prior to revision of GST, may also be used for packing upto 31 January 2023 or till such date the packing material or wrapper is exhausted, whichever is earlier, after making the corrections in MRP. The said corrections can also be made by way of stamping/

## L&S Comments:

The aforesaid relaxation has only been given to the manufacturers / packers / importers. The FAQs issued by the Government at the advent of GST clarified that a wholesaler or retailer can affix a sticker/ print/ stamp indicating the revised prices. However, the present relaxation does not specify whether a wholesaler or retailer can also declare the revised MRP by way of stamping or putting sticker or online printing. .

# LOCATIONS


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