



Dear Member,

Greetings!

We have been receiving queries and representations from several retailers regarding the implementation of **GST 2.0 rate rationalisation**, effective **22nd September 2025**. To ensure **clarity, consistency, and uniform practices across the retail sector**, RAI has prepared and issued a detailed advisory for its members.

This advisory outlines the **communication and compliance requirements** in both scenarios – where GST rates have decreased and where rates have increased – including:

Price reduction communication (passing GST benefits to consumers).

Guidelines for MRP revision (in case of GST rate increases).

Relaxations confirmed by the Department of Consumer Affairs, including:

Individual stickering of revised MRPs is **optional, not mandatory**.

Relaxation of the requirement for **two newspaper advertisements**; businesses may instead ensure **consumer awareness** through store notices and/or digital communication.

A circular confirming these relaxations will be issued shortly by the Government.

We recommend that all members **adopt these practices uniformly**, to:

- Maintain transparency with consumers.
- Ensure full compliance with GST and Legal Metrology requirements.
- Safeguard the reputation and credibility of modern retail.

The full advisory is enclosed herewith for your reference.

Disclaimer

This advisory has been prepared by the **Retailers Association of India (RAI)** to provide general guidance to its members on the implementation of GST 2.0 rate rationalisation. The advisory is intended to promote uniform practices and enhance transparency with consumers.

This document should not be construed as **legal advice**. The information provided is based on the latest communication from the Government and regulatory authorities as of date. Any subsequent notifications or circulars issued by the Government shall override the contents of this advisory.



RAI Members Advisory on GST 2.0 Rate Rationalisation

Background

The Government of India has introduced GST 2.0 rate rationalisation, effective 22nd September 2025, under which goods and services are broadly categorized into two slabs – 5% and 18%.

In line with the principles of anti-profiteering under GST law, businesses are obligated to pass on any reduction in tax incidence to consumers. Conversely, where GST rates have increased, appropriate revisions to Maximum Retail Price (MRP) can be undertaken transparently.

RAI advises its members to adopt standardised communication and compliance practices in both scenarios to maintain consumer trust, regulatory compliance, and smooth store operations.

At the heart of GST 2.0 implementation lies the principle of **customer centricity**. Retailers must ensure that **consumers are clearly and transparently informed** about any change in prices arising from GST rate rationalisation. Transparent communication not only ensures compliance but also strengthens **consumer trust and confidence** in modern retail. By proactively informing customers—whether through in-store displays, digital platforms, or billing disclosures—members can demonstrate their commitment to fairness, accountability, and customer-first values.

Scenario 1: Decrease in GST Rate (e.g., 12% or 18% → 5%)

Where GST rates have been reduced or input tax credit benefits become available, the benefit must be passed on to customers through a commensurate reduction in prices.



Suggested Methods of Communication:

1. In-store Communication

- Posters and signage at entrances, shelves, and billing counters.
- Highlight percentage discount due to GST reduction (e.g., “6.25% GST Savings on Garments under ₹2500”).
- Showcase Before vs. After Prices on shelf labels.
- Place comparative price charts (category/product-wise).

Example Store Message:

- Good News for Our Customers! 🎉
- With the revised GST rates effective 22nd September 2025, we have reduced prices across categories.
- Your savings from GST reduction are being passed on directly to you.
- Enjoy lower prices, same great quality!
- Prices after GST revision are displayed on shelves and bills.
- Look out for ‘Before & After GST Price’ tags for easy comparison.”

2. Category / Shelf Signage

- “Special GST Price Benefit!
- Due to GST rate reduction from 12% → 5%, you now save 6.25% or more on garments under ₹2500.
- Comparative price chart available for easy reference.
 - 👉 Old Price: ₹_____
 - 👉 New Price: ₹_____
- We pass on 100% of GST benefit to you.”



3. Billing Counter / Checkout Message

- “Prices reduced as per new GST rates effective 22nd September 2025.
- GST benefit has been passed on to all our customers.
- Check your bill for details!”

4. Thematic Campaigns:

Run customer-centric initiatives such as “GST Bachaav Utsav” to create awareness.

5. Invoice-level Disclosure:

Where technologically feasible, invoices should transparently reflect the GST benefit passed on to consumers.

- Line-item Disclosure: Show Old MRP and New MRP (post-GST benefit).
- Invoice Footer Note: “Prices reflect commensurate reduction due to GST rate revision effective 22 September 2025. GST benefit has been fully passed on to the customer.”

6. Digital Communication:

Inform customers via websites, mobile apps, SMS, and emails regarding reduced GST impact.

Scenario 2: Increase in GST Rate (e.g., 12% → 18%)

For goods packaged and labelled with pre-22 September 2025 MRPs, retailers are permitted to revise MRPs upwards to reflect GST rate changes.

Guidelines for MRP Revision:

1. Both MRPs must be visible – the old MRP cannot be erased or overwritten.
2. Revised MRP must be indicated through sticker/stamp/printing, clearly stating the change is due to GST rate revision.
3. Mention: “Revised MRP effective 22 September 2025 (due to GST rate change)”.



4. The declaration should be legible, durable, and in the same or larger font size as the original MRP.
5. Prominent in-store notices should inform customers about price increases due to GST rate revision.

Note: Price increases due to GST revision may only be executed on or after 22nd September 2025.

Brands/retailers may update MRPs at any time thereafter once they are confident of executing the changes and ensuring the revised prices are correctly displayed on products.

Key Action Points for Members

- Ensure immediate system updates to reflect revised tax rates in billing and ERP
- Train store staff to communicate changes confidently to customers.
- Maintain documentation of rate changes, communication material, and revised MRPs for compliance and audit purposes.
- Using stickers on individual product is optional, not mandatory. However, in the event of a price increase, it is advisable to place stickers for the sake of transparency and to maintain customer trust.
- Avoid practices of concealing revised MRPs or erasing earlier declarations.

RAI recommends members adopt the above practices for consistent communication and compliance across the retail sector.

Transparent communication will help avoid customer dissatisfaction, ensure compliance with GST regulations, and safeguard the reputation of modern retail.