PETPOOJA

GUIDE

Festive Season Planning Guide for Clothing and Fashion Retail

How to plan the 2026 festive season end to end: the buying clock working back from Diwali on 8 November, the ₹2,500 GST rate line that decides whether a garment is taxed at 5% or 18%, how an on-invoice discount moves a garment across it, and how to bill, exchange and clear stock without losing the margin you planned.

Updated August 2026 · 11 Pages · Festive 2026

What's Inside

01 The 2026 Festive Calendar and Your Buying Clock

02 The ₹2,500 Rate Line

03 Planning the Buy

04 Pricing and Markdown Through the Season

05 Supplier Discounts, Credit Notes and GST

06 Billing Through the Peak

07 Returns, Exchanges and Clearing the Season

08 Your Season Scorecard

8 Nov 2026
Diwali
Peak selling runs mid-Oct to mid-Nov

₹2,500
The Rate Line
5% at or below, 18% above

Per piece
Not Per Bill
Each garment is tested on its own

22 Sep 2025
When Rates Changed
The 12% slab was abolished

8
Chapters
Buying through to post-season

01 The 2026 Festive Calendar and Your Buying Clock

Diwali falls late this year. That changes when you buy, not just when you sell.

Every festive plan runs backwards from one date. In 2026 that date is 8 November, which is late in the window. Working back from it tells you when buying has to close, when stock must land, and how long you actually have to sell.

Festive dates, 2026

Occasion	2026 date	What it means for clothing
Onam	26 August (Wed)	Kerala and Malayali households. Traditional wear moves early.
Raksha Bandhan	28 August (Fri)	Gifting occasion. Light, lower-ticket buying.
Ganesh Chaturthi	14 September (Mon)	Maharashtra, Karnataka, Goa. Opens the western India season.
Navratri	Early to mid October	Nine nights. Ethnic and occasion wear peaks here, especially in Gujarat.
Durga Ashtami	19 October (Mon)	Bengal and the east. New clothes are customary.
Dussehra / Vijayadashami	20 October (Tue)	National. Traditionally an auspicious day to buy.
Diwali / Lakshmi Puja	8 November (Sun)	The peak. Family gifting and new clothes across most of India.
Bhai Dooj	11 November (Wed)	Closes the festive run. Last of the gifting demand.

Dates read 03-Aug-2026 from standard panchang references. Regional observance varies, so confirm what matters in your catchment.

Working backwards from 8 November

1. **August: close your buying decisions**
   Ranges, quantities and price points need to be settled now. Suppliers taking orders in September quote on what is left, at their price, with delivery you cannot rely on.

2. **September: stock lands and gets priced**
   Goods in, tagged, and entered into your billing system with the correct GST rate against each item. This is the month the rate line below is either handled properly or quietly costs you margin.

3. **Early October: Navratri and the east open the season**
   First real sell-through signal. Watch which price bands and sizes move in the first ten days, because that is your only reliable read before the peak.

4. **Mid October to early November: the peak**
   Dussehra on 20 October, then a three-week run into Diwali on 8 November. Reordering fast-movers is possible only if you knew your sell-through by mid-October.

5. **After 11 November: clearance begins**
   Bhai Dooj closes the run. Whatever is unsold now is carry-forward stock, costing you shelf space and cash before the wedding season.

> **The one date to diarise**
>
> Mid-October, right after the first Navratri weekend. That is the last point at which a reorder can realistically reach your shelves before Diwali. Miss it and you will have guessed twice: once in August, and once too late to matter.

02 The ₹2,500 Rate Line

The single most important number in apparel retail pricing right now.

Apparel GST changed on 22 September 2025. The 12% slab was abolished and replaced with a two-rate structure that turns on one threshold. Get this wrong and you either overcharge customers or underpay tax, and both are expensive.

5%

Sale Value up to ₹2,500 per Piece

Rates in force from 22-Sep-2025. PIB, GST Reforms 2025, dated 04-Sep-2025

18%

Sale Value above ₹2,500 per Piece

Rates in force from 22-Sep-2025. PIB, GST Reforms 2025, dated 04-Sep-2025

Per piece

How the Test Is Applied

Not on the invoice total

What changed on 22 September 2025

Sale value per piece	GST rate now	GST rate before
Up to ₹1,000	5%	5%
₹1,001 to ₹2,500	5%	12%
Above ₹2,500	18%	12%

The 12% slab no longer exists. Most of your range got cheaper to tax; the premium end got dearer.

Check the rate against your own HSN codes

The 5% and 18% split at ₹2,500 is the general rule for articles of apparel and clothing accessories under Chapters 61 and 62. Specific categories can carry their own treatment, and accessories that are not apparel sit in different chapters entirely. Confirm the rate against the HSN codes you actually sell before the season, rather than applying one rule across the whole floor.

Per piece, not per bill

A customer buying four kurtas at ₹900 each is buying four items at 5%. It is not one ₹3,600 supply at 18%. Every garment is tested against ₹2,500 on its own. This is being got wrong at counters across the country, and an over-collected bill is the kind of thing customers photograph and post.

The threshold is tested on what the customer actually pays

Section 15(1) of the CGST Act sets the value of a supply as the transaction value, which it defines as the price actually paid or payable. Not the MRP, not the tag price.

Section 15(3)(a) then says a discount is excluded from that value if it is given before or at the time of supply and is duly recorded in the invoice.

Put those two together and the ₹2,500 test applies to the discounted price on the bill, not to the price on the tag.

Worked example: a kurta tagged ₹2,999

Tag price	₹2,999
Festive discount, 20%, shown on the invoice	₹600
Transaction value under Section 15(1)	₹2,399
Is it above ₹2,500?	No
GST rate applied	5%, not 18%

Where this becomes a trap

If you price a festive range at ₹2,600 to ₹2,900, you are sitting just the wrong side of the line and paying 18% on it. A genuine on-invoice discount that brings it to ₹2,500 or below moves it to 5%. What you must never do is invoice below the price the customer actually paid in order to reach the lower rate. That is not planning, it is suppression, and the discount has to be real and recorded to count under Section 15(3)(a).

Before the season starts

- ✓ **Every item in your billing system carries the correct GST rate against its own price**
  Not a shop-wide default. A store selling both ₹800 tees and ₹4,000 sherwanis needs both rates configured and applied per item.
  Rates in force from 22-Sep-2025

- ✓ **Your system decides the rate from the final billed value, not the tag**
  Test it: ring up a ₹2,999 item with a 20% discount and check whether the bill charges 5% or 18%. If it charges 18%, your system is testing the wrong number.
  Section 15(1) and 15(3)(a), CGST Act

- ✓ **Discounts print on the invoice, line by line**
  A discount that is not recorded on the invoice does not reduce the taxable value under Section 15(3)(a). A lump-sum reduction at the bottom of the bill is much harder to defend than a per-line discount.
  Section 15(3)(a), CGST Act

- ✓ **Review any range priced between ₹2,500 and ₹3,000**
  This is the band where a modest planned discount changes the tax rate. Decide the pricing deliberately rather than discovering it in the GST return.
  Commercial decision, not a compliance rule

03 Planning the Buy

What to order, how much, and how to avoid financing next year's dead stock.

Festive buying goes wrong in two directions. Buy too little of what sells and you leave money on the table in a window that does not come back. Buy too much of what does not, and you carry it, discount it, and fund it out of the season's profit.

Start from last season's own numbers, not from a benchmark

There is no published Indian benchmark for festive sell-through in apparel that is worth planning against, and anyone quoting one is usually quoting their own marketing. Your own last-season numbers are both more accurate and more relevant.

Pull three things from last year: what sold in each price band, what sold in each size, and what was still on the shelf on 1 December. That third number is the one people avoid looking at, and it is the most useful.

Four numbers to compute from your own data

Sell-through %	Units sold ÷ units received × 100, measured at the end of the season
Carry-forward units	What was unsold on 1 December, by price band and size
Realised margin	(Net sales after discount − cost of goods sold) ÷ net sales, not the margin you planned
Discount depth	Total discount given ÷ gross sales at tag price

> **Why realised margin, not planned margin**
>
> Planned margin is what your tags said. Realised margin is what survived the discounting, the exchanges and the end-of-season clearance. In a festive season the gap between the two is usually wide, and it is the only one of the pair you can bank.

Buying decisions to close in August

- ✓ **Price band mix, driven by what actually sold last year**
  Not by what you wish had sold. If ₹1,200 to ₹1,800 was where your volume sat, the festive buy should reflect that, however tempting the premium range looks in a supplier's catalogue.
- ✓ **Size curve per style, not a flat spread**
  Ordering equal quantities across sizes guarantees leftover stock at both ends. Your own size-wise sales history is the only reliable guide, and it differs by category.
- ✓ **Confirm supplier lead times in writing, with a cut-off date**
  A supplier who promises delivery 'before Diwali' has promised nothing. Get a date. Stock landing in the first week of November has missed most of the season.
- ✓ **Decide the reorder window before you need it**
  Agree with your main suppliers now what a mid-October top-up would cost and how fast it could arrive. Negotiating that in the middle of the peak, when they are stretched, goes badly.
- ✓ **Hold back a share of the budget for the reorder**
  Committing the entire festive budget in August means you cannot chase whatever turns out to be selling. Deciding the split in advance is a planning choice; running out of money in October is not.

04 Pricing and Markdown Through the Season

Decide the markdown ladder before the season, not in a panic in November.

Most retailers discount reactively: nothing until it is obviously not selling, then a deep cut when the season is nearly over. Planning the ladder in advance means each cut is smaller, earlier and recovers more cash.

A markdown ladder that fits the 2026 calendar

1. **Full price through Navratri and Dussehra, to 20 October**
   This is the highest-intent buying window of the year. Discounting into it gives away margin on stock that would have sold anyway.
2. **First markdown in the last week of October, on identified slow movers only**
   By now you have three weeks of sell-through data. Cut the styles that are clearly not moving, not the whole floor. A first cut is usually shallow.
3. **Hold the line through the Diwali week**
   Demand peaks around 8 November. Deep discounting in the peak week is the most expensive mistake in the calendar, because that stock had buyers at full price.
4. **Clearance from roughly 12 November**
   Bhai Dooj on 11 November closes the run. From here the objective changes from margin to cash and space, ahead of the wedding season.
5. **Hard clearance by early December**
   Anything still on the shelf is carry-forward. Decide deliberately what to hold for next year and what to move at whatever it fetches. Holding it costs money quietly.

> **Check the rate line before you set the markdown**
>
> A markdown that takes a garment from above ₹2,500 to ₹2,500 or below also moves it from 18% GST to 5%. For stock priced just above the line, a modest planned cut can be less costly than it looks once the rate change is accounted for. Work the arithmetic on your own numbers before deciding the depth.

Show discounts on the invoice, every time

This is not a presentation preference. Under Section 15(3)(a), a discount reduces the taxable value only if it is given at or before the time of supply and duly recorded in the invoice.

A discount handed over as a round-figure reduction at the bottom of the bill, or worse given in cash outside the bill, does not meet that test. You will have collected less from the customer while still being liable on the higher value.

05 Supplier Discounts, Credit Notes and GST

The difference between two kinds of credit note decides whether you reverse input tax credit.

Fashion wholesale runs on post-season support: target discounts, sell-through incentives, markdown support. How it is documented decides your GST position, and most retailers never ask.

Discounts agreed after the sale

Section 15(3)(b) allows a post-supply discount to reduce taxable value, but only on conditions: a credit note must be issued, the discount must have been agreed at or before the time of supply and linked to specific invoices, and the recipient must reverse the attributable input tax credit.

If those conditions are not met, the supplier cannot reduce their output tax, and the discount is a commercial arrangement rather than a GST adjustment.

Two credit notes, two different consequences for you

	GST credit note (Section 34)	Financial or commercial credit note
Carries GST	Yes, the tax is adjusted	No, it is a commercial adjustment only
Supplier's output tax	Reduced	Unchanged
Your taxable value	Reduced	Unchanged
Must you reverse ITC?	Yes, on the attributable amount	No
Condition	Discount pre-agreed and invoice-linked	None under Section 15(3)(b)

CBIC clarified the treatment of secondary and post-sale discounts in Circular 251/08/2025-GST dated 12-Sep-2025. Circular 253/10/2025-GST dated 01-Oct-2025 withdrew Circular 212/6/2024-GST and removed the CA certificate requirement.

Ask the question in writing, before the season

When a brand offers festive or markdown support, ask which instrument they will use: a GST credit note under Section 34, or a financial credit note. The answer decides whether you must reverse input tax credit. A two-line email in September saves a week of reconstruction in December.

Supplier paperwork to have straight

✓ **Any pre-agreed discount scheme is documented before the supply, not after**
Section 15(3)(b) requires the agreement to exist at or before the time of supply and to be linked to specific invoices. A scheme agreed in December cannot retrospectively reduce a September supply.
Section 15(3)(b), CGST Act

✓ **Credit notes received are filed against the original invoice, and purchases reconciled monthly**
You will need the linkage at return time, and again if the year is ever scrutinised. Reconcile against GSTR-2B every month through the season, not in one sitting afterwards: festive months carry the year's highest invoice volume.
Section 34 and Section 16(2)(aa), CGST Act

✓ **Where a GST credit note is received, the ITC reversal is actually done**
It is the recipient's obligation, not the supplier's. Receiving the credit note and not reversing leaves an exposure that surfaces in the annual return.
Section 15(3)(b) read with Section 34

06 Billing Through the Peak

What breaks at a busy counter, and what it costs.

Festive billing fails in predictable ways: the wrong rate applied under pressure, discounts given off-bill, and a queue long enough that nobody checks. Each has a cost that shows up later.

Counter discipline

- ✓ **The rate is decided by the system, per item, not by the person billing**
  At peak, staff will not be checking whether a garment is above or below ₹2,500. If the item master is right, they do not have to.
  Rates in force from 22-Sep-2025

- ✓ **Every discount goes on the bill, at line level**
  Off-bill discounts fail the Section 15(3)(a) test and mean you pay GST on money you never received.
  Section 15(3)(a), CGST Act

- ✓ **HSN codes are correct on the item master before the season**
  Fixing HSN codes during a festive rush does not happen. They also drive the HSN summary you will report in your returns.

- ✓ **A tax invoice is issued for every sale, including exchanges**
  An exchange is not a non-event. It is usually a return plus a fresh supply, and both legs need documenting.

- ✓ **Daily sales are reconciled the same evening, not weekly**
  Cash, card and UPI against the day's billing. A gap found the same night is a recallable event; one found three weeks later is a mystery.

> **The bill is a customer-facing document**
>
> In a season when the rate on a garment can be 5% or 18%, customers compare bills. A bill that shows the item, its price, the discount and the correct rate against each line answers the question before it is asked. A bill that shows one lump sum and one tax figure invites the argument.

07 Returns, Exchanges and Clearing the Season

Festive returns arrive in a bunch, usually in the fortnight after Diwali.

Gifting drives exchanges: wrong size, wrong colour, duplicate. Planning for that is part of planning the season, and the GST treatment of a return is not the same as simply cancelling the sale.

How a return is treated

Where goods are returned and the sale is reduced or cancelled, the supplier issues a credit note under Section 34. The tax adjustment follows the credit note, not the physical return of the garment.

There is a deadline. A credit note against a supply can be reported only up to the earlier of 30 November following the end of that financial year, or the date the annual return for that year is filed. A festive sale in November 2026 falls in FY 2026-27, so the window runs to 30 November 2027, which is comfortable. A return against a sale from the previous financial year may not be.

Set the policy before the season, not at the counter

- ✓ **Exchange window is written down and displayed**
  Festive gifting means the buyer and the wearer are often different people, and the wearer may not see the garment for a fortnight. A window that ends before that guarantees arguments.
- ✓ **Exchange and refund are handled differently, and staff know which is which**
  An exchange for equal value, an exchange for a higher-value item, and a refund are three different transactions with three different bills.
- ✓ **Credit notes are issued for value reductions, and reported**
  Not just a note in a register. The tax adjustment depends on the credit note being issued and reported.
  Section 34, CGST Act
- ✓ **Returned stock is put back into sellable inventory the same day, or written off deliberately**
  Returned festive stock sitting in a back room through the clearance window is stock you paid for and never got to sell twice.

Watch the rate on an exchange across the line

A customer exchanges a ₹2,400 kurta, taxed at 5%, for one billed at ₹2,800, taxed at 18%. That is not a simple swap. The return leg and the fresh supply carry different rates and both need to be on paper correctly. At a busy counter this is the transaction most likely to be handled as a verbal adjustment, and the one most likely to be questioned later.

08 Your Season Scorecard

Five numbers to compute in the first week of December, while it is still fresh.

The point of measuring the season is next year's buy. Do it in December while you still remember which styles disappointed and why, not in July when all you have is a spreadsheet.

Compute these from your own records

Sell-through by price band	Units sold ÷ units received, per band. Tells you where next year's budget goes.
Sell-through by size	Same calculation, per size. Fixes the size curve that left you with 3XL and XS on the shelf.
Realised margin vs planned margin	The gap is what discounting cost you. If you did not plan the ladder, expect it to be wide.
Discount depth	Total discount ÷ gross sales at tag price. Compare against last year, not against anybody else.
Carry-forward value	Cost value of stock unsold on 1 December. This is cash sitting on a shelf.

One question worth asking honestly

Of the stock you were still discounting in late November, how much of it did you know was a risk when you ordered it in August?

In most stores the answer is a good deal of it. Festive buying tends to include a few styles ordered on optimism rather than on last year's evidence. Identifying them by name, in December, is how the next buy gets better.

Keep the workings, not just the totals

Next August you will want to know what sold at ₹1,499 and what did not, by size, not simply that the season was up or down. Save the item-wise and size-wise sales report for the whole festive window as a file, alongside a short note on what you would change. Ten minutes in December is worth more than a week of guessing next year.

PETPOOJA

This guide is provided by Petpooja for informational purposes. Verify all details with official sources and local authorities before acting.

www.petpooja.com

PETPOOJA

AUTOMATE THIS

Bill the season without *losing the margin*

Petpooja Invoice applies the right GST rate per garment, keeps on-invoice discounts recorded the way Section 15(3)(a) requires, and gives you daily rate-wise and item-wise sales through the peak. No manual rate decisions at a busy counter.

Book a Free Demo

Talk to us: +91-92279 80766 | getinvoice@petpooja.com

Powered by Petpooja. Trusted by 1,50,000+ businesses.