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GUIDE

Electronics and Appliance Retail Operations Guide

Running an electronics store through the 2026 festive season: why an exchange offer is taxed on the price without exchange and not on what the customer pays, what the September 2025 rate drop changed on every big-ticket line, how to track serials and warranties so a return is not an argument, and what the e-waste rules actually require of a retailer.

Updated August 2026 10 Pages Festive 2026

What's Inside

01 The Exchange Offer Trap

02 What the September 2025 Rate Change Did to Your Prices

03 Serial Numbers, IMEI and Warranty Records

04 Billing Through the Festive Peak

05 The Festive Calendar and Stock Planning

06 Returns, Replacements and What to Do With Old Units

07 Your Season Scorecard

Open market value
How Exchange Offers Are Taxed
Not the discounted price

28% → 18%
TVs, ACs, Fridges
In force from 22 Sep 2025

8 Nov 2026
Diwali
Peak runs Dussehra to Diwali week

Not you
Who Carries the EPR Duty
It sits with the producer

7
Chapters
Pricing through to post-festive returns

01 The Exchange Offer Trap

The single most expensive thing an electronics retailer gets wrong.

Exchange offers are a festive staple in this trade. Bring your old television, get money off a new one. Almost everyone bills it like a discount. It is not a discount, it is barter, and GST treats the two completely differently.

Open market value

What GST Is Charged On

Rule 27, CGST Rules 2017

Not the paid price

What It Is NOT Charged On

Price is not the sole consideration

Rule 27

Where This Is Written

Read with Section 15(4), CGST Act

Why an exchange is not a discount

Section 15(1) of the CGST Act sets the value of a supply as the transaction value, but only where the price is the sole consideration for that supply. In an exchange it is not. The customer hands over money and an old appliance, and the old appliance is part of what you are being paid.

Section 15(4) then says that where value cannot be determined under sub-section (1), it is determined as prescribed. What is prescribed is Rule 27 of the CGST Rules, which sets an order: open market value first, then money plus the money equivalent of the non-monetary part if that is known at the time of supply, then the value of like kind and quality, then Rules 30 or 31.

Open market value comes first, and for a product you sell every day, open market value is simply your normal price without the exchange.

The Rules illustrate this with your exact transaction

Rule 27 carries its own example: where a new phone is supplied for twenty thousand rupees along with the exchange of an old phone, and the price of the new phone without exchange is twenty four thousand rupees, the open market value of the new phone is twenty four thousand rupees. GST is charged on ₹24,000. The customer pays ₹20,000 in cash and hands over a phone, but the taxable value is ₹24,000.

Worked example: a television on exchange

Your normal selling price, no exchange	₹42,000
Exchange allowance for the old set	₹6,000
Cash the customer actually pays	₹36,000
Open market value under Rule 27	₹42,000
Taxable value for GST	₹42,000, not ₹36,000
GST at 18%	₹7,560, not ₹6,480

The contrast worth holding on to

A straight discount recorded on the invoice does reduce taxable value, under Section 15(3)(a). An exchange does not. The two look identical on a price tag and behave completely differently in your return. If you run both a festive discount and an exchange offer on the same product, they need to be billed differently.

Before you launch an exchange offer

- ✓ **Your billing system charges GST on the price without exchange**
  Test one transaction before the season. Ring up an exchange sale and check the taxable value on the printed bill against your normal price. If it shows the net cash figure, every exchange you bill this festive season is under-taxed.
  Rule 27, CGST Rules 2017

- ✓ **The exchange allowance is shown on the bill, not netted off silently**
  The customer should be able to see the full price, the allowance for their old unit, and the amount payable. A bill showing only the net figure cannot be reconciled later and looks wrong to a customer comparing it with a non-exchange purchase.

- ✓ **Staff can explain why the GST looks higher than the amount paid**
  This question will be asked at the counter, repeatedly, in the busiest week of your year. A one-line answer, that tax is charged on the price of the new item rather than on the balance after the old one, prevents the argument.

- ✓ **Old units taken in are logged with make, model and condition**
  You will want this for whatever you do with them next, and it is the only record of what you gave the allowance against.

02 What the September 2025 Rate Change Did to Your Prices

A ten point drop on big-ticket lines, less than a year before this season.

On 22 September 2025 the GST structure was simplified to two main rates and the 28% slab was abolished. For electronics retail that was the largest pricing change in years, and it landed on exactly the products that carry your festive volume.

Where the big lines sit now

Category	GST rate now	Rate before 22 Sep 2025
Televisions, all sizes	18%	28% above 32 inches, 18% at or below
Air conditioners	18%	28%
Refrigerators, washing machines	18%	28%
Dishwashers	18%	28%
Monitors, projectors	18%	28%
Mobile phones, laptops	18%	18%, unchanged

PIB's GST Reforms 2025 (04-Sep-2025) names televisions above 32 inches, air conditioners and dishwashers specifically, and confirms the abolition of the 28% slab. The remaining rows are from consistent trade reporting rather than that document. Confirm every entry against your own HSN codes before the season.

The size distinction on televisions stopped mattering

Before the change, a set above 32 inches attracted 28% while smaller sets were at 18%. The larger sets came down to join them, so screen size no longer changes the rate. If your item master still carries a rate rule keyed to screen size, it is now doing nothing useful and may be doing harm.

What to check in your item master

- ✓ **Every big-ticket line is on the correct current rate**
  Televisions, air conditioners, refrigerators, washing machines, dishwashers, monitors and projectors all moved. If any is still billing at the old rate you are over-collecting from customers and holding tax that is not yours.
- ✓ **The change was recorded with an effective-from date, not overwritten**
  Reprint an invoice from August 2025 and one from October 2025. If both show the same rate, your system overwrote the rate rather than versioning it, and your historical reporting will not reconcile.
- ✓ **Accessories and spares are checked separately from the main units**
  Cables, stabilisers, mounts and extended-warranty products do not automatically follow the rate of the appliance they are sold with. Check them against their own HSN codes.
- ✓ **Price tags and display cards were updated, not just the billing system**
  A shelf card quoting a pre-September price alongside a bill at the new rate is the kind of mismatch a customer notices in a crowded showroom.

03 Serial Numbers, IMEI and Warranty Records

The paperwork that decides whether a return is routine or an argument.

Electronics is one of the few retail categories where the individual unit matters, not just the model. Which physical set went to which customer determines warranty, replacement and, when something goes wrong, who is responsible.

Capture at the point of sale

- ✓ **Serial or IMEI number recorded against the invoice, not on a separate register**
  Tied to the bill, it answers every later question in one lookup: when was it sold, to whom, at what price, under what warranty. Kept in a separate notebook, it answers none of them quickly.
- ✓ **Customer contact captured accurately, and checked**
  Warranty and recall contact is only as good as the number you wrote down. A digit wrong in November is discovered in March.
- ✓ **Warranty start date and duration recorded on the bill**
  The customer's copy is the warranty document in practice. If the date is missing or the duration is not stated, the dispute happens at the point of claim.
- ✓ **Extended warranty sold as its own line**
  It is a separate supply with its own value and its own tax treatment. Bundling it invisibly into the appliance price makes both the revenue and the tax hard to unpick later.
- ✓ **Demo and display units tracked separately from sellable stock**
  A display piece sold as new, or a sold unit still counted as display, is the most common stock discrepancy in this trade.

The test to run in October

Pick any invoice from the last month and try to answer, in under a minute: what serial number went out on it, when does the warranty end, and has the unit been back for service. If you cannot, the record is not usable, and the festive season is when you will need it most. Fixing it in October is a data entry job. Fixing it in December is an archaeology project.

04 Billing Through the Festive Peak

High values, long queues, and a rate change that is still recent.

Electronics sells fewer units than apparel but each one carries far more value, so a billing error costs more and is noticed sooner. The failures are predictable.

Counter discipline

- ✓ **The system decides the rate, per item, from the item master**
  Nobody is going to look up the correct GST rate on a refrigerator during Diwali week. If the master is right, nobody has to.

- ✓ **Exchange sales are billed as exchange, not as a discount**
  Two different buttons, two different taxable values. This is the single highest-value error in this chapter and it happens because the two look the same to the person billing.
  Rule 27, CGST Rules 2017

- ✓ **Straight discounts are recorded on the invoice, line by line**
  A genuine discount given at or before the time of supply and recorded on the invoice does reduce taxable value. One handed over off the bill does not.
  Section 15(3)(a), CGST Act

- ✓ **A tax invoice is issued for every sale, including exchanges and replacements**
  A warranty replacement and an exchange sale are both documented events, not informal swaps.

- ✓ **Daily reconciliation of cash, card, UPI and finance against the day's billing**
  Consumer finance and EMI add a settlement leg that apparel retail does not have. A gap found the same evening is traceable; one found in December is not.

Where the money actually leaks

Not usually theft. It is exchanges billed on the wrong value, an accessory sold at the appliance's rate, and a display unit sold without ever leaving the stock count. All three are invisible on the day and all three surface in the annual reconciliation, when nobody remembers the transaction.

05 The Festive Calendar and Stock Planning

Diwali is 8 November 2026, and electronics buying clusters hard around it.

Appliance and electronics demand is more concentrated than most retail categories. Buying a new appliance around Dhanteras and Diwali is customary in much of India, which means a short, intense window and very little room to correct a stock mistake.

Festive dates, 2026

Occasion	2026 date	What it means for electronics
Ganesh Chaturthi	14 September	Opens the western India season. Early appliance demand.
Navratri	Early to mid October	Buying picks up. Good early read on which categories are moving.
Dussehra / Vijayadashami	20 October	Traditionally auspicious for a major purchase.
Dhanteras	Two days before Diwali	Customarily the day for buying appliances and metal. The single heaviest day.
Diwali / Lakshmi Puja	8 November	The peak.
Bhai Dooj	11 November	Closes the run.

Dates read 03-Aug-2026 from standard panchang references. Dhanteras falls two days before Diwali; confirm the exact date locally. Regional observance varies.

Working backwards from 8 November

1. **August: fix pricing and confirm allocations**
   Rates changed last September, so cost sheets and margins need rebuilding on current rates before you commit. Get brand allocations for the big lines confirmed now.

2. **September: stock lands, item master gets corrected**
   This is when rates, HSN codes, serial capture and warranty fields either get set up properly or quietly cost you through the peak.

3. **Early to mid October: first real demand signal**
   Watch which categories and price bands move in the first ten days. It is your only reliable read before Dhanteras, and the last point at which a top-up can arrive.

4. **Dhanteras to Diwali: the peak**
   The heaviest few days of your year. Nothing gets fixed during this window, so whatever is wrong on 1 November stays wrong until December.

5. **After 11 November: returns and exchanges arrive**
   Gifted appliances come back for size, colour or duplication. Plan staffing for it rather than treating it as an interruption.

06 Returns, Replacements and What to Do With Old Units

Including what the e-waste rules actually require of a retailer, which is less than you have been told.

Two things arrive after the festival: units coming back, and a pile of old appliances you took in on exchange. Both need a plan made before the season, not during the clean-up.

Returns and replacements

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

A warranty replacement is different from a return. The original supply stands, and what happens is a replacement under warranty. Treating the two identically is how stock records and tax records drift apart.

An exchange being unwound is the messiest case: the new unit comes back and the customer wants their old one, which you may have already moved on. Decide the policy before the season rather than negotiating it at the counter in November.

> **The e-waste obligation is not yours**
>
> You have probably been told that as a retailer you must run a take-back system and register for Extended Producer Responsibility. Under the E-Waste (Management) Rules 2022, in force from 1 April 2023, the regulated entities are producers, manufacturers, refurbishers, dismantlers and recyclers. CPCB's own published FAQ does not list dealers and retailers as entities with EPR registration obligations. The 2016 Rules did cover dealers; the 2022 Rules narrowed that.

What is still worth doing with old units

- ✓ **Route them to an authorised recycler and keep the paperwork**
  Not because a rule compels you, but because it is the only clean answer to where a unit went, and because your brands increasingly ask.
- ✓ **Check with your State Pollution Control Board**
  State-level requirements can differ from the central rules, and the SPCB is the body that would raise anything with you. A single call settles it for your state.
- ✓ **Do not resell a traded-in unit as new, ever**
  Refurbished stock sold as new is a consumer protection problem long before it is a tax one.
- ✓ **Log what you took in and what left**
  Old units are the least tracked inventory in an electronics store, and the easiest to lose without anyone noticing.

07 Your Season Scorecard

Four numbers to compute in the first week of December.

Work them out while you can still remember which lines disappointed and why. In July, all you will have is a spreadsheet.

Compute these from your own records

Sell-through by category	Units sold ÷ units received, per category. Where next year's allocation should go.
Exchange share of sales	Exchange transactions ÷ total transactions. Tells you how much of your billing depends on getting Rule 27 right.
Realised margin vs planned	After discounts, exchange allowances and any price protection from brands.
Return rate by category	Returns ÷ units sold, in the six weeks after Diwali. High in one category usually means a product problem, not a customer problem.

One question worth asking honestly

How many exchange transactions did you bill this season, and are you confident every one was taxed on the price without exchange? If the answer is no, you now know the size of the exposure and can correct it before the annual return rather than after a notice. The number of transactions multiplied by the tax on the allowance is roughly what is at stake.

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AUTOMATE THIS

Get the exchange billing *right every time*

Petpooja Invoice bills on the correct taxable value, tracks serial and IMEI numbers against each sale, and keeps warranty and return history tied to the invoice. No manual valuation decisions at a busy counter in Diwali week.

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