

# GRC BULLETIN

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## GSTIN

Implementation of mandatory mentioning of  
HSN codes in GSTR-1 & GSTR 1A

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# TAX LAWS

## Authority

Goods and Service Tax

## Circular Date

Jan 22, 2025

## Circular Number

NA

## Effective Date

Jan 22, 2025

# IMPLEMENTATION OF MANDATORY MENTIONING OF HSN CODES IN GSTR-1 & GSTR 1A

## *Applicability:*

*Applicable to all registered taxpayers required to report HSN codes in their GST returns.*

Following the successful rollout of Phase-I & Phase-II, Phase-III of HSN reporting in GSTR-1 & GSTR-1A is being implemented.

- Applicable from the return period of February 2025.

### **Key Changes in Phase-III:**

- **Manual Entry Replaced:** Taxpayers must now select the correct HSN code from a drop-down list instead of manually entering it.
- **Bifurcation of Table-12:**
  - B2B (Business-to-Business) supplies
  - B2C (Business-to-Consumer) supplies
- **Validation Mechanism Introduced:**
  - Validations on supply values and tax amounts are now included.
  - Initially, these validations will only generate warnings and will not block return filing

### **Compliance Impact:**

- Businesses need to ensure correct HSN selection from the drop-down.
- Error warnings should be reviewed and rectified to avoid future compliance issues.
- The bifurcation of B2B and B2C reporting requires accurate classification of transactions.

### **Next Steps for Businesses:**

- Update internal accounting/ERP systems to align with the new HSN selection mechanism.
- Train teams on **new compliance requirements and system changes.**
- Regularly check for updates or advisories from GST authorities.

**SOURCE:** [Click here for more details](#)

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