Taxpayers have mandatorily declare HSN/SAC codes in GST Tax Invoices from 1st April, 2021

E-Invoicing has been made applicable from 1st October 2020 to all businesses whose aggregate turnover has exceeded Rs.500 crores limit in any of the preceding financial years from 2017-18 to 2019-20.

Further, from 1st January 2021, E-Invoicing will be applicable to businesses exceeding the Rs.100 crore turnover limit in any of the financial years between 2017-18 to 2019-20, as intimated in Notification No.88/2020 – Central Tax.

On 8th March 2021, The Central Board of Indirect Taxes and Customs (CBIC) notified that e-Invoicing will be applicable from 1st April 2021 for businesses with a turnover of more than Rs.50 crores (in any financial year from FY 2017-18 onwards, as intimated in Notification No. 5/2021 – Central Tax.

Sl No	Aggregate Turnover in the preceding Financial Year	Number of Digits of HSN/SAc Code
1.	Upto INR 5 crores	4
2.	More than INR 5 crores	6
3.	Supply of Chemicals	8

Ministry of Finance
Government of India

Requirement of HSN Code for Goods and Services on Tax Invoices is mandatory w.e.f. 1st April 2021

Aggregate Turnover Up to ₹5 crores in the preceding Financial Year

HSN code of 4 digits is mandatory for all the B2B tax invoices and optional for B2C tax invoices on the supplies of Goods and Services.

Aggregate Turnover more than ₹5 crores in the preceding Financial Year

HSN code of 6 digits is mandatory for all the tax invoices (B2B & B2C) on the supplies of Goods and Services.

HSN

HSN Code mandatory

For more details, please refer to Notification No. 78/2020-Central Tax dated 15.10.2020
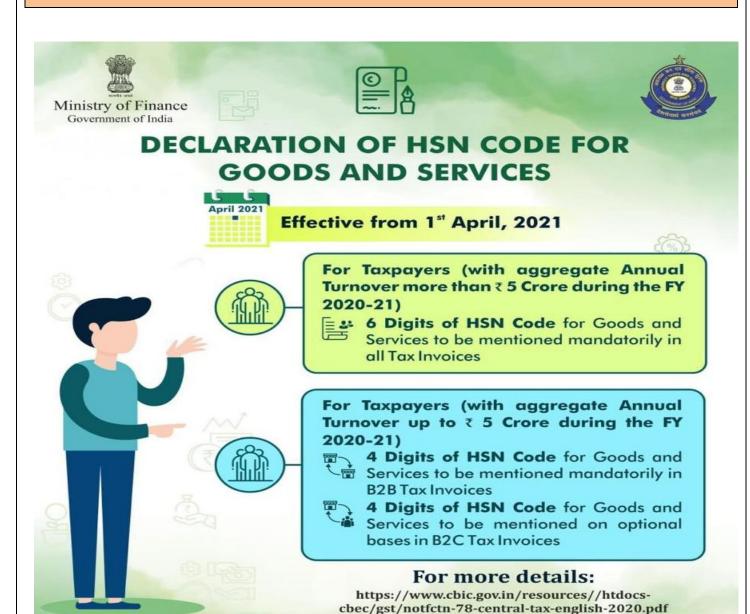
OPTIONAL

A proviso was inserted to provide that 4- digits of HSN Code **is optional in respect of supplies made to unregistered persons i.e., B2C supplies** for a registered person having aggregate turnover upto INR 5 crores in the previous financial year.

CHEMICAL SUPPLY

Notification No. 12/2017-Central Tax dated June 28, 2017 was again amended vide Notification No. 90/2020 – Central Tax, dated December 01, 2020 to provide for class of **supply- 'Chemicals' whose HSN Code are required to be mentioned at 8-digit** on the tax invoices.

PENALTY

It is very important to mention the correct HSN/ SAC Code on the tax invoices and Form GSTR-1 otherwise **penalty of INR 50,000/- (INR 25,000/- each for CGST and SGST) can be levied for non-mentioning or mentioning wrong HSN/ SAC Code** under Section 125 of the Central Goods and Services Tax Act, 2017 (i.e., General penalty).

Ministry of Finance
Government of India

DECLARATION OF HSN CODE FOR GOODS AND SERVICES

April 2021

Effective from 1st April, 2021

For Taxpayers (with aggregate Annual Turnover more than ₹ 5 Crore during the FY 2020-21)

6 Digits of HSN Code for Goods and Services to be mentioned mandatorily in all Tax Invoices

For Taxpayers (with aggregate Annual Turnover up to ₹ 5 Crore during the FY 2020-21)

4 Digits of HSN Code for Goods and Services to be mentioned mandatorily in B2B Tax Invoices

4 Digits of HSN Code for Goods and Services to be mentioned on optional bases in B2C Tax Invoices

For more details:
https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-78-central-tax-english-2020.pdf
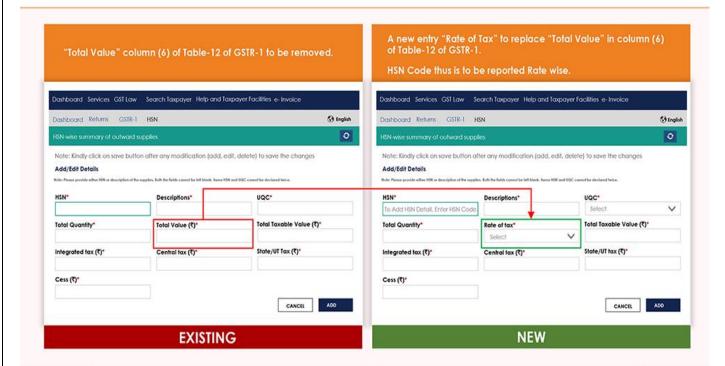
The above changes of mentioning 4/6 Digit HSN/ SAC code, as applicable, are also required to be shown in Table 12 of Form GSTR-1 (i.e., details of outward supplies of goods or services) and therefore, corresponding changes are made in the same.

Upcoming changes in Table-12 format of GSTR-1 Return

English

GSTN — GOODS AND SERVICES TAX NETWORK

"Total Value" column (6) of Table-12 of GSTR-1 to be removed.

A new entry "Rate of Tax" to replace "Total Value" in column (6) of Table-12 of GSTR-1.

HSN Code thus is to be reported Rate wise.

EXISTING | NEW

Changes in number of digit of HSN Code to be reported.

From 1st April 2021 onwards, it is mandatory to report minimum 4 digit or 6 digit of HSN Code in Table-12 of GSTR-1 on the basis of Aggregate Turnover on PAN* in the preceding Financial Year, as mentioned below :

Upto Rs. 5 crore	More than Rs. 5 crore
Minimum 4 digit# reporting of HSN Code	Minimum 6 digit## reporting of HSN Code
Mandatory reporting of all B2B supplies & exports (includes supplies made to SEZ units & developers and Deemed Exports)	Mandatory reporting of all supplies, including exports (includes supplies made to SEZ units & developers and Deemed Exports)
Optional reporting### of HSN Code for all B2C supplies	

* Refer Notification No. 78 and 79 /2020 – Central Tax both dated 15th October, 2020
\# Optional reporting at 6 or 8 digits permitted
\#\# Optional reporting at 8 digits permitted
\#\#\# Minimum 4 digit of HSN Code to be reported in case of optional reporting in such cases