

NPCI/2017-18/NACH/254

November 09, 2017

To,

All NACH Member Banks

Modification to NACH billing process - only for Central DBT Schemes

The introduction of GST w.e.f. July 01, 2017 by Government of India has necessitated certain changes in NACH billing process for Central DBT Schemes. The summary of existing as well as the new process is provided below:

Existing process:

- Transaction charges and Incentives along with applicable service tax is claimed from Government
- Service tax component on Interchange and Incentive was retained by NPCI along with the responsibility of discharging the liability to the Government to fulfill the service tax obligations.
- Tax was deducted at source on inter-bank charges and Incentives, wherever applicable, and the net amount was paid to the banks by NPCI.

Proposed process:

The proposed process is split into two parts, namely -

- a) Claims pertaining to the period up to 30th June 2017 and
- b) Claims pertaining to the period from 01st July 2017

a) **Claims pertaining to the period up to 30th June 2017:**

- NPCI has submitted all the claims pertaining to the period up to June 30, 2017 along with applicable service tax and incentive amount due from the Government.
- On receipt of the amount pertaining to the above mentioned period, NPCI will pass on the interchange and incentive to the banks with the following conditions:

- i. Tax will not be deducted at source on inter-bank charges and Incentives, wherever applicable. The gross amount of charges and incentive received from the Government will be paid to the member banks.
- ii. Applicable Service tax received by us from the Government will be passed on to the member banks.

b) **Claims pertaining to the period from 01st July 2017:**

- o NPCI has commenced submitting the claims with GST w.e.f. July 01, 2017 onwards.
- o On receipt of payment pertaining to the above mentioned period, NPCI will pass on the interchange and incentive to the banks with the following conditions:
 - I. Tax will not be deducted at source on inter-bank charges and Incentives, wherever applicable. The gross amount of charges and incentive received from the Government will be paid to the member banks.
 - II. Applicable GST received from the Government will be passed on to the member banks.

Please make a note of the above and disseminate the information contained herein to all concerned in your Bank.

For any query or clarification, you may please write to us at ach@npci.org.in

Yours faithfully,



Giridhar G.M
(VP - NACH & CTS Operations)

