

To

All Banks participating in CTS

CTS: New TDS process

This has reference to the CTS circular No 2 dated October 29, 2014 on Processing of CTS related charges. As requested by few member banks to review the proposed process, the matter was referred to the National level Steering Committee for deliberations.

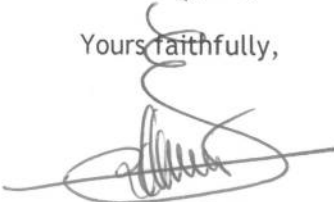
2. In the 14th steering committee meeting held on December 30, 2014, the member banks deliberated this matter at length. Further, the steering committee member banks have consulted their respective accounts departments on this matter. Majority of the steering committee member banks have given their consent for the new process.

3. Based on the approval of the steering committee members, it has been decided to implement the new process for recovery of all CTS related charges. The new process will be effective from April 2015 billing cycle and the first bill will be raised to member banks during May 2015. All member banks are hereby advised to take note of this change and set up their internal process accordingly with intimation to all the concerned departments.

4. The new process is enclosed for recovery of CTS charges is given in the Annexure I.

Thanking you,

Yours faithfully,



(Giridhar G.M.)
VP & Head CTS and NACH Operations

Existing Process

- NPCI raises Invoice during the first of week of the ensuing month.
- Charges are debited to your account maintained with DAD, RBI through ECS for the invoice amount.
- Charges debited after netting of TDS amount as if the bank has deducted the same while paying the charges.
- While accounting for the charges bank need to book the total charges and remit the TDS amount to the government as per the statutory dates prescribed.
- TDS certificate to be issued to NPCI through TRACES.

For example

Processing fees	: Rs.100
Invoice Amount	: Rs.100 plus service tax
Less TDS	: Rs.10
Net amount to be remitted by bank	: Rs.90 plus service tax
TDS to be deposited by Bank	: Rs.10

Amount to be debited to the account with DAD Rs.90/- plus service tax

*****Total expenditure to be booked Rs. 100/- plus service tax. TDS to be remitted to the government Rs.10/- also TDS certificate to be issued to NPCI as per the details in Invoice.***

In the existing process we are facing the following issues:

- Banks are not remitting the TDS as per the process
- Delay in remitting the TDS
- Delay / Non issuance of TDS certificates to NPCI
- TDS deducted under wrong section

This is leading to issues in our accounting process, further short/delayed/non-remittance of TDS by banks has statutory implication. To overcome these issues, we are implementing the following process:

New Process

- NPCI raises Invoice during the first of week of the ensuing month.
- Charges are debited to your account maintained with DAD, RBI through ECS for the total invoice amount without adjusting the TDS.
- While accounting for the charges bank need to book the total charges and remit the TDS amount to the government with in the stipulated time as per the tax law.

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- Bank to confirm to NPCI the amount of TDS remitted to Government through a declaration (Annexure ii)
- Scanned copy of the declaration should be sent to the designated email id provided below
 - npcictstds_north@npci.org.in for northern grid
 - npcictstds_south@npci.org.in for southern grid
 - npcictstds_west@npci.org.in for western grid
- Based on the declaration, NPCI will reimburse the amount to the banks within 15 working days from the date of receipt of the declaration.
- TDS certificate to be issued to NPCI through TRACES immediately after the same is generated on Income Tax site.

For example

Processing fees : Rs.100
Invoice Amount : Rs.100 plus service tax
Amount to be remitted by bank: Rs.100 plus service tax
Amount to be debited to the account with DAD Rs.100/- plus service tax

TDS to be deposited by Bank : Rs.10

Declaration to be submitted to NPCI (scanned copy to the designated email id for reimbursement).

Note: In case of the invoice for March every year, banks need to provide for the expense in the relevant year, e.g. March 2015 in FY 2014-2015 and remit the TDS such that it will be reflected in NPCI's Form 26AS for the year 2014-2015.

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[Handwritten signature]

(To be provided in the banks letterhead)

Ref:

Date:

To

National Payments Corporation of India
 CTS Operations,
 Chennai.

Dear Sir,

This is to confirm that we will / have remit / remitted TDS on the Annual / Monthly CTS processing charges to Government treasury. Details are given below:

Particulars	To be completed by bank
NPCI's Invoice No. for CTS processing	
Date of Invoice	
Invoice Amount	
Amount of TDS remitted / to be remitted to Govt. <i>(Please tick whichever is applicable)</i>	
Date of remittance <i>(or approx. proposed date of remittance if not yet remitted)</i>	
IT section under TDS calculated	
TAN No.	
Chalan No. / Serial No. (if available)	
BSR Code (if available)	
Month in which TDS will be reported for 26AS	

Bank's refund details:

Account number (for refund)	
IFSC code	
Branch Name	

Bank's contact details:

Contact person name :	
Email Id:	
Telephone No / Mobile No	

We hereby confirm that the information furnished above is true to the best of our knowledge. We also understand that if we fail to furnish TDS certificate for the payment stated herein, NPCI will recover the amount as indicated in circular no.9 of March 17, 2015.

Yours truly,

For _____ Bank

NPCI/2014-15/CTS/Circular No.10

March 18, 2015

To

All Banks participating in CTS

Addendum to Circular # 9

With reference to the CTS circular no. 9 dated March 17, 2015 on the new TDS process. We would like to provide the clarifications with respect to the refund of TDS taken in advance.

2. Bank has to submit the declaration as per Annexure II given in the Circular # 9, on or before 10th of every month. NPCI will process the same and reimburse the amount latest by 25th of every month.

3. The reimbursement will be made through NEFT/ NGRTGS.

Thanking you,

Yours faithfully,


(Giridhar G.M.)

VP & Head CTS and NACH Operations