

NPCI/2016-17/CTS/Circular No 30

July 05, 2016

To

All Banks participating in CTS

Madam/Dear Sir,

Sub: TDS on processing charges of NPCI.

Reference may be taken from our circular NPCI/2014-15/CTS/circular No 9 dated March 17, 2015 on the new TDS process (copy attached). Banks were advised to remit TDS to the Government and submit declaration to NPCI for reimbursement of TDS remitted. Based on the declaration NPCI will reimburse the amount to the Banks. TDS certificates to be issued by Banks to NPCI through TRACES after the same is generated on Income Tax site.

The above referred TDS recovery mechanism has since been withdrawn vide our communication NPCI/2016-17/TDS/Circular No 29 dated July 1, 2016. As per the notification issued by Government of India, banks are not required to deduct TDS on clearing charges/fees paid to NPCI. This is applicable with effect from July 01, 2016 i.e. processing fee applicable for the transactions processed for the month of June, 2016 for which invoices are raised in July, 2016.

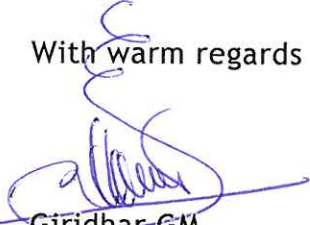
The member banks are advised to take the following steps immediately

1. Stop depositing TDS for the processing fee from July, 2016 onwards (i.e. June 2016 billings onwards).
2. Submit all the pending declarations for TDS reimbursement, if any, for the FY 2015-16 and till date before August 20, 2016. Please note that NPCI will file its tax returns on September 15, 2016. Hence it may not be possible to entertain declaration claims after August 20, 2016.
3. Submit the form 16A for all the TDS remitted for the financial year 2015-16 and till date. If form 16A is not submitted in due course NPCI will recover the TDS reimbursed based on the declaration of the banks. NPCI will notify the banks before effecting such recovery.

In view of the above we reiterate that all the backlog on remittance of TDS and declaration to be cleared before the deadline of August 20, 2016 and no further requests beyond that date may be entertained in the normal course by NPCI.

Banks are advised to take note of it and comply.

With warm regards



Giridhar GM

VP & Head - NACH & CTS operations