NPCI/NFS/OC No.416/2022-23   11th May, 2022

To,

All Members of National Financial Switch (NFS)

Dear Sir/Madam,

Sub: <u>NFS ATM Network – GST Dispute Resolution in NFS BCS</u>

In our constant endeavor to support members for recovery of (Input Tax Credit) ITC for non –sharing of invoices, we are pleased to inform that we have developed a module in NFS BCS portal to raise disputes for cases where the Payer (Issuing Bank) has not received the invoices.

In view of the above, we have made certain changes in NFS BCS portal for raising disputes for non-receipt of invoices on Payee (Acquirer). This was also discussed in GST Working Group Meeting held on 14th July 2021. The detailed process of the GST disputes is given below for reference.

1. **ITC Applicability:**

   As per GSTIN rule, Payer members can claim 50% or 100% of the GST paid as ITC basis the GSTIN number obtained. A new menu option is created in NFS BCS portal for Payer members to update the applicable ITC for the GSTIN of their Bank under GST disputes >> ITC Applicability. This has to be done mandatorily before the GST disputes can be raised by the member through both the options i.e. front end and bulk upload.

   Please note importantly:

   - Calculation and settlement of funds will happen on the basis of the ITC option selected by the Payer member i.e. if a member selects 50% ITC then the dispute amount will be considered at 50% of the GST amount paid by the Payer similarly if the member selects 100% ITC, then the dispute amount will be considered at 100%.

   - Member will be able to select the ITC Applicability only once for a GSTIN and it shall be applicable to all the bank codes having the same GSTIN number in NFS BCS. In case of change in GSTIN number, member will have to submit the request by filling **Annexure A** on letter head. The scanned copy of the filled Annexure A has to be sent to gst.support@npci.org.in and dl_gst@npci.org.in mail ids. The new GSTIN provided will reflect in the GST reports for the month in which the GSTIN is updated and the ITC for the disputes shall also be applicable for the month the GSTIN is changed in the NFS BCS portal.

2. **GST Dispute**

   - Once ITC Applicability is selected by the Payer, GST dispute can be raised for non-receipt/incorrect GST invoices received for a month.
   - A new menu is created for raising GST disputes thru front end under the menu GST Disputes >> GST Invoice Sharing.
   - Payer will also have an option to raise GST disputes through bulk file upload. The menu is available under **GST disputes >> GST dispute-bulk**.

- Member will also have to ensure that the proper reason codes are selected while raising the disputes. The list of reason codes is given below for ready reference:

Codes	Description
1001	Invoice amount mismatch with GST reports
1002	Invoice is unsigned
1003	Others

The detailed process to raise disputes through front end and bulk option is mentioned in Annexure B.

Please note importantly:

- Members should ensure that the GST invoices shared in the NPCI GST portal (SFTP) is checked thoroughly in all unique codes provided to the member before raising any disputes in the NFS BCS portal.
- Members can raise disputes for non-receipt of NFS invoices only and not any other product. We will be providing a similar module to raise disputes for other NPCI products in the respective back office applications. The detailed information for the same will be communicated once the modules is developed for other NPCI products in the form of circulars.

3. **Dispute life cycle**

The complete dispute cycle and applicable TAT is given in table below:

Code	GST Invoices Dispute Description	Action taken by	Expiry of TAT
ID01	Raise Dispute by Payer	Payer	TM + 120 days (wait period of 60 days from TM)
RI02	Rejection by Payee	Payee	ID01 + 30 days
AI02	Accept by Payee	Payee	ID01 + 30 days
DA02	Auto Acceptance by Payee	Auto	ID01 + 31st day
DI02	Deemed Acceptance by Payee	Auto	DA02 + 16 days
IC01	Compliance by Payer	Payer	RI02 + 10 days
IC02	Compliance by Payee	Payee	DA02 + 10 days
ICW01	Compliance Withdrawal by Payer	Payer	IC01 + 10 days
ICWA2	Compliance Acceptance by Payee	Payee	IC01 + 10 days
ICWA1	Compliance Acceptance by Payer	Payer	IC02 + 10 days
ICP03	Compliance Case Presentment	Auto	IC01/IC02 + 11th day
IVD03	Verdict in favour of Payer by NPCI for Invoice Sharing	NPCI	ICP03 + 30 days
IVD04	Verdict in favour of Payee by NPCI for Invoice Sharing	NPCI	ICP03 + 30 days

Please note importantly:

"TM" is transaction month.

Example to raise ID01: If TM is Jan'22, dispute for Jan'22 can be raised in Apr'22 and May'22.

4. **Mapping of role for GST Disputes**:

- New User role module is created for GST disputes. Admin User will have the option of assigning the role to the existing Users.
- The Member Admin can also create new Maker and Checker for raising GST Disputes in the NFS BCS portal.

The system is expected to be available for members from **25th May, 2022** onwards. We will broadcast the go live date in news/alerts in NFS BCS portal. Members are required to make necessary changes at their end to read the NTSL files in case of a GST dispute. The details of the dispute resolution process are given below in **Annexure B** for reference.

Please make a note of the above and disseminate the instructions contained herein to the officials concerned.

For any queries or clarifications, please contact:

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Yours faithfully,

S. M. Nabar

Saiprasad Nabar
Chief - Online Products Operations

Encl: 1. **Annexure A** – GST Registration Details

2. **Annexure B** – Dispute resolution process

GST Registration details
(On member's letterhead)

Name of the member: _____

GST Identification Number (GSTIN) / Provisional ID	PAN (Optional)	TAN (Optional)
Address of principal place of business in the State as per GST registration		
Address Line 1		
Address Line 2		
Address Line 3		
City		
State		
Pin code		

ITC Applicability Rate (✓ tick anyone whichever is applicable)

Rate of ITC Applicability	50%	100%

Product & Services (✓ tick whichever is applicable)

The above given GSTIN details is applicable for all Product and Services availed by us from NPCI	

OR

NFS	CTS Western Grid	CTS Northern Grid	CTS Southern Grid	IMPS /NUUP /UPI	NACH	AePS	NETC	RuPay POS & E-Com	Any new product / service

** If GSTIN is same for all the products, kindly tick (✓) on "All Products and Services". If there are separate GSTIN for separate product, multiple printouts of Annexure A can be taken by ticking relevant products. If none of the product is ticked, it will be assumed that the given GSTIN is same for all the products and services.

Date:

(Authorized Signatory)

Name & Designation of the signatory:

Bank Name:
(Rubber Stamp)

Dispute resolution process

i. **Dispute raising through front end:**

a. User to select "Payer" role for raising a dispute for non-receipt of GST invoices. The system will check if the ITC applicability for the GSTIN has been updated. If it is not updated, maker will be prompted to update the ITC applicability under "ITC applicability" menu to continue. Payer can proceed to raise a dispute only after updating the ITC applicability.

b. GST Disputes will have maker and checker roles for raising disputes through front end. To retrieve the transaction details the Maker will have select GST Invoice Sharing under GST Disputes option. The following fields have to be selected while raising a dispute:

Fields	Dropdown Options	Field selection
Role	Payer Payee	Mandatory
Period	2 months calendar will be displayed prior to the current month	Mandatory
Product	ATM ICD DFS JCB	Mandatory
Bank	List of all members with whom the transactions have happened	Optional
Dispute	List of all disputes (Dispute Lifecycle in point 3 of the circular)	Optional for Payer role Mandatory for Payee role

Please note importantly:

The GST amount will be displayed on the screen as per the ITC applicability selected by the Payer and it shall be considered for all calculations of GST disputes. This field shall be editable for the Payer for raising the first dispute only (ID01). This is provisioned for cases where the invoice amount is not matching with the NPCI GST reports.

The detailed process to raise disputes through front end is given in Fig 1.1 to 1.7.

Fig.1.1

The User will have to click on the dropdown available on the top right corner to raise the next level of dispute as shown in Fig 1.2 and Fig 1.3.

Fig.1.2

Fig.1.3

- The dispute amount will be editable only for dispute raised by payer. The amount will be editable to the extant of ITC applicability. Amount entered more than the system calculated amount, the system shall not accept the dispute.
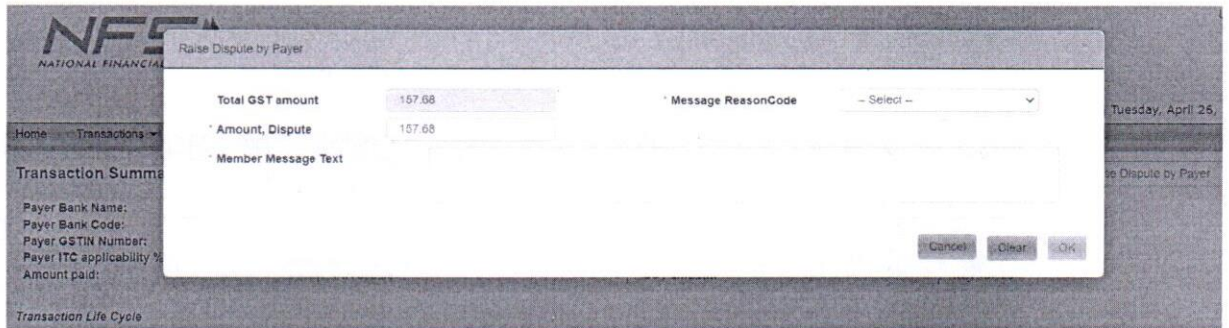
Fig.1.4

- The User will have to select one of the reasons given in the table below while raising a dispute first time mandatorily. For all other lifecycles, the same will be in a non-editable format. The reason codes for GST dispute raise will be as below:

Codes	Description
1001	Invoice amount mismatch with GST reports
1002	Invoice is unsigned
1003	Others

- All fields are mandatory while raising dispute through front end. The dispute has to be approved by the checker.

Checker Role: Once the maker raises the dispute through front end, checker will be able to approve/reject the same through the menu option "GST Disputes→GST Dispute Approval". Checker can select multiple entries by selecting the check boxes and approve/reject or select an individual entry and approve/reject. "Export" option is available to the checker to download the details as per the search criteria.

The checker will have a filter option to select from the list to approve/reject/pending entries along with dispute raised date as shown in Fig 1.5
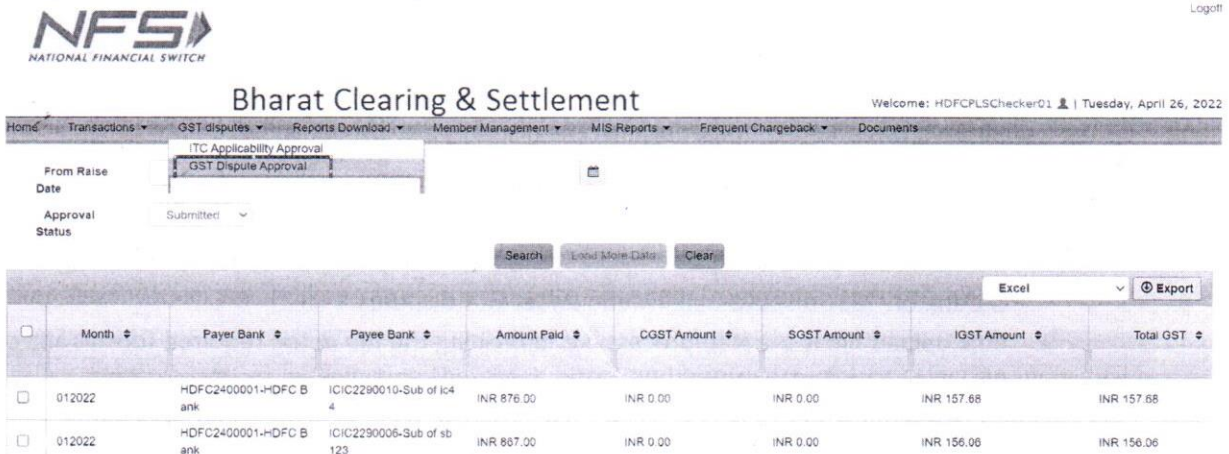

Fig.1.5

On selecting an individual entry, the following screen will be displayed. User will have to click on the desired transaction lifecycle to approve/reject the dispute.
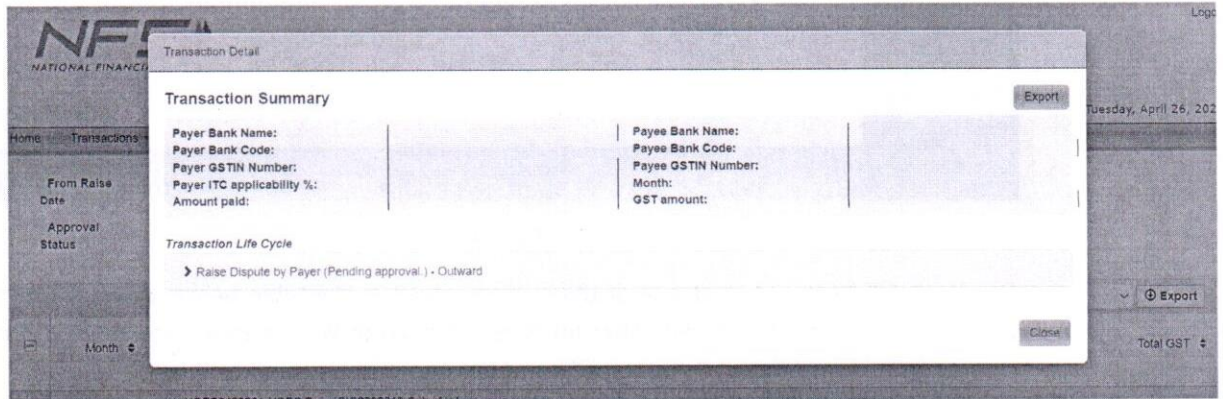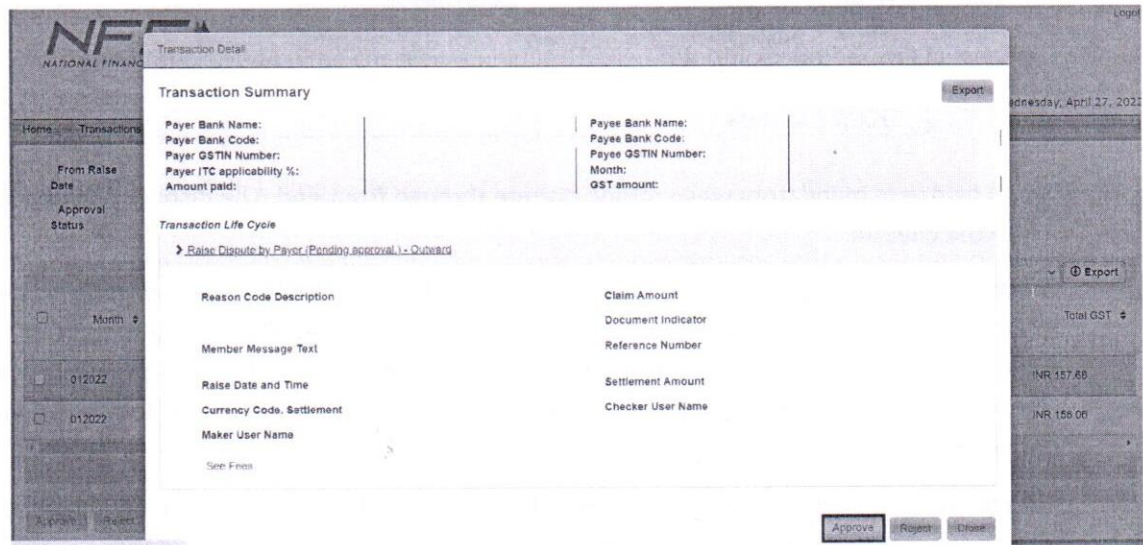

Fig.1.6

Fig.1.7

When the dispute is approved by the checker, a unique 18-digit reference number will be generated and will be a part of the complete dispute cycle. A separate dispute report shall be provided for GST disputes and it shall have this unique number against the disputes details.

ii. Dispute Raise – Bulk Upload Files

1. Members can use bulk upload menu for raising multiple disputes for non-sharing of invoices by clicking on "GST dispute-bulk" menu under GST disputes.
2. Bulk upload file is a 2 step process, i.e. uploading the file in the required format and staging the file.
3. To check the status of all records staged, the user has to click on the staged file.
4. Once the bulk file is processed, the approved and rejected entries will be displayed on the screen.
5. The file format for raising the bulk dispute for the first dispute ID01 is given below:

Payee Bank code	Dispute GST amount	Dispute Type	Product	Transaction month	Reason Code

The details to be updated in each field is given in the below table:

Menu Options	Description
Payee Bank code	NFS Bank Code available in the Bank wise GST report
Dispute GST amount	GST amount to the extant of ITC applicability
Dispute Type	GST Dispute Type refer the dispute code mentioned in point 3 of the circular
Product	ATM, ICD, DFS, JCB
Transaction month	Month in which transaction was processed in the format DDMMYYYY
Reason Code	GST reason codes mentioned in point 2 of the circular

Please note importantly: Reason code is a mandatory field for a fresh dispute raised. For dispute lifecycle continuation, the reason code shall not be a part of the bulk dispute file. The entry will be rejected in case any of these validations fail with the reject reason "Error – reason code validation failed".

iii.   **Document Upload:**

Document upload is mandatory in below stages of the disputes:

- Rejection of a dispute
- Compliance raised by both the members (within 7 days post raising compliance)

iv.   **Fees and Charges:**

A compliance fee of INR 1500 + GST will be charged to the member against whom the decision will be given.

The fund movement in case of verdict will be as mentioned in the table below:

Compliance raised by	Decision in favour of	Debit	Credit
Payer	Payer	Payee – claim amount + 1500 + GST	Payer – claim amount NPCI – 1500 + GST
	Payee	Payer – 1500 + GST	NPCI – 1500 + GST
Payee	Payer	Payee – claim amount + 1500 + GST	Payer – claim amount NPCI – 1500 + GST
	Payee	Payer – 1500 + GST	NPCI – 1500 + GST

v.   Changes in Daily/Monthly reports

a.   DSR Report

A new line item GST Dispute Details shall be created in the DSR for GST disputes. This shall be a dynamic entry and shall be captured whenever the fund movement happens. This shall be due to acceptance/deemed acceptance and compliance decision of the GST disputes. Members shall make note of this and make necessary changes at their end.

Dispute	DSR Description
GST Dispute Accept	Penalty for non-compliance of Invoice sharing from/to <Bank code>
GST dispute Deemed acceptance	Deemed acceptance of penalty for non-compliance in Invoice sharing from/to <Bank code>
GST compliance accept	Compliance acceptance penalty for non-compliance of Invoice sharing from/to <Bank code>
GST verdict fund movement	Compliance Penalty after verdict for non-compliance of Invoice sharing from/to <Bank code>

b.   Cycle/Daily/Monthly Dispute Report:

The reports for GST disputes are given below with the frequency and location:

Report	Frequency	Path
Bank Code_GST_DisputeReport_Product_DDMMYYYY_Cycle	Cycle wise	Reports Download>>File Download>>GST_Reports folder>>Month>>Date>>Cycle
Bank Code_GST_DisputeReport_Product_DDMMYYYY	Daily	Reports Download>>File Download>>GST_Reports folder>>Month>>Date>>Cycle 1
Bank Code_GST_DisputeReport_Product_MMYYYY	Monthly	Reports Download>>File Download>>GST_Reports folder>>Month>> YYYY-MM-00

The File format for the dispute report is given below:

UID	Adjdate	Adjtime	Adjtype	AdjDescription	Reasoncode	Cycle	Payer	Payee	Invoice Month	Adj Amt	NPCI Fee	NPCI GST	TATExpiryDate

Srv