

NPCI/2017-18/NACH/Circular no.270

January 23, 2018

To,
All NACH Member Banks

Account validation for Central Board of Direct Taxes (CBDT)

Central Board of Direct Taxes (CBDT) is in the process of moving to processing of Income Tax refunds on digital platform/s. The pre-requisite to this process is to get the account number, name of the account holder and PAN from banks for validation at their end before initiating electronic refunds.

CBDT has mandated NPCI to introduce the Account Validation (AV) process specific to their requirement with the addition of capturing PAN and Account holders' name as available in the Core Banking System (CBS) of banks in the response file for matched records.

For exchange of files between banks and CBDT usage of NACH platform has been proposed. Signed files in the format prescribed will flow from CBDT/Sponsor Bank to the destination banks for response on the account validation with the addition of PAN and Account holders' name as available in Bank CBS.

The first lot of records are expected to be provided by first week of February and it is expected that the banks clear all the records with appropriate response within 2 week of receiving the data.

Subsequent to that CBDT will seek the data on an ongoing basis, as this is a time bound activity the response from destination banks in T+2 days are mandatory.

As this is the directive from Government of India, banks are advised to take immediate steps to implement all the necessary changes in the system as per the Technical Specification Document (TSD) in Annexure I to enable validation of the account number and provide the PAN and Name of Account holder in the Response file for matched records.

The expectations and roles and responsibilities of the stakeholders are provided in Annexure II.

For any clarification please write back to ach@npci.org.in

With warm regards,



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(SVP - NACH & CTS Operations)

Annexure II:

Roles and Responsibilities:

CBDT:

- 1) Provide correct data of Account number and IFSC code and Beneficiary name -as per TSD.
- 2) The input data should be complete in all respect and validated in terms of account number field length for each bank
- 3) Provide correct data of Account number (CBS account number) and IFSC code and Beneficiary name -as per TSD.
- 4) On receipt of response files, validate the Assesses name and PAN against the data base after receiving Response file from NPCI before initiating the transactions.
- 5) The banks are only capturing and passing on the details available in CBS and responsibility of validation lies completely with CBDT.

Sponsor Bank:

- 1) Upload the AV files as received from CBDT.
- 2) Pass on the response files received from NPCI to the CBDT (beneficiary name, PAN for matched records).
- 3) Pass on the response file with the same response codes received from NPCI without any modification.

NPCI:

- 1) Facilitate Sponsor Bank to upload the files in NACH and generate the inward file as per the prescribed format.
- 2) Share the response files as received from destination banks with CBDT/Sponsor banks.
- 3) Follow up for getting the complete response files.

Destination Bank:

- 1) Enable the system to capture Name and PAN as per format from CBS after proper validation of PAN (first 5 characters ALPHA, next 4 characters NUMERIC and last character ALPHA) for the account numbers available in Inward file and matched as per CBS
- 2) Ensure to process the files
 - a. Within two weeks (for the initial bulk records
 - b. within T+2 days on an ongoing basis
- 3) Provide the beneficiary name and PAN captured from CBS in the mandatory field in the response file (the fields would be made mandatory) for the matched account numbers.
- 4) In case of Joint Accounts, provide the details of both the holders in the respective mandatory fields.

- 5) Provide proper response codes for all not matched records as per the specifications in TSD.
- 6) Process all records in a file in one go before submitting the response NACH (partial processing is not allowed).

Note: It is not the responsibility of the destination bank to match the name provided by CBDT with the account name in core banking however the bank will responsible for providing incorrect details and resultant wrong credits.

Expectations:

- 1) The AV process of CBDT may be processed with the agreed timelines of T+2 days.
- 2) Due care should be taken to share the correct details of PAN and Account holders name as available in CBS.
- 3) Process these files with priority to avoid delay and follow up.

