



Deep Dive Session- GST as FIP on AA

14th December 2022

GSTN on AA

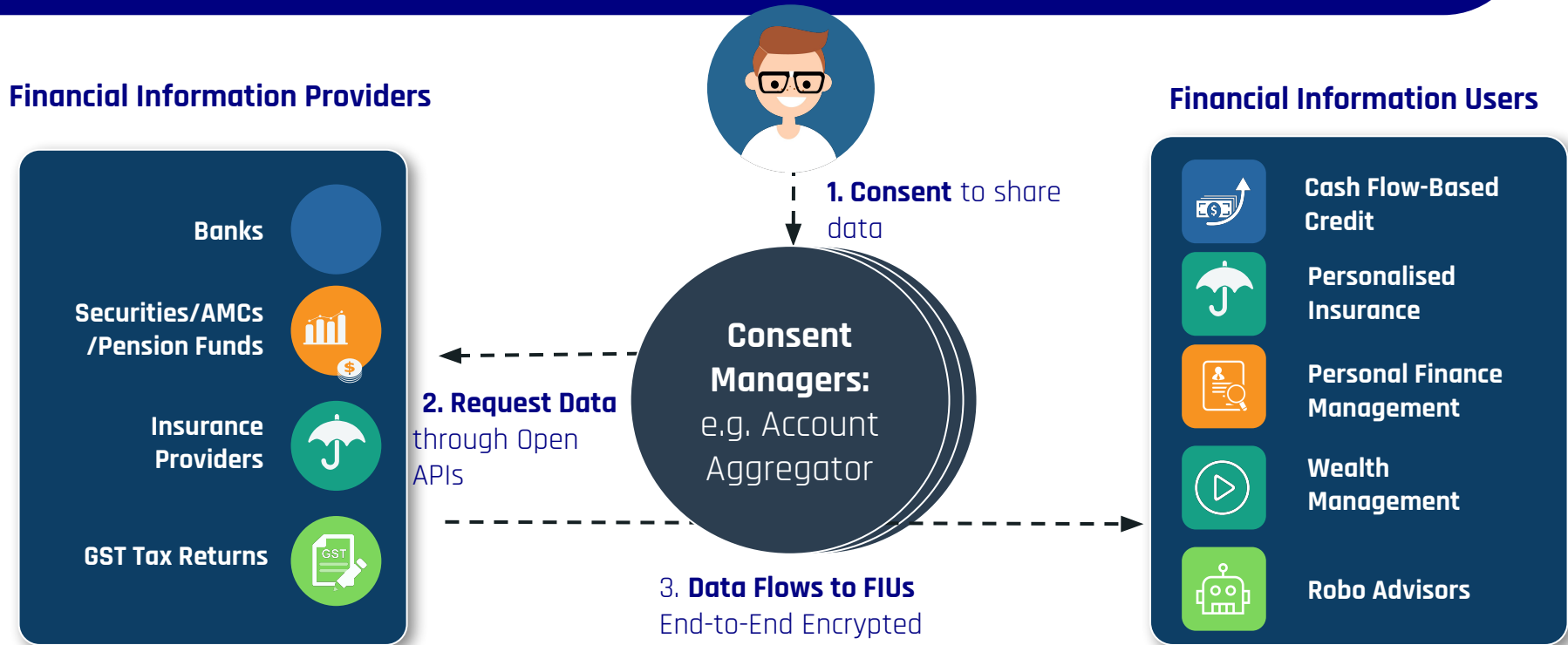
1.

AA Ecosystem Update

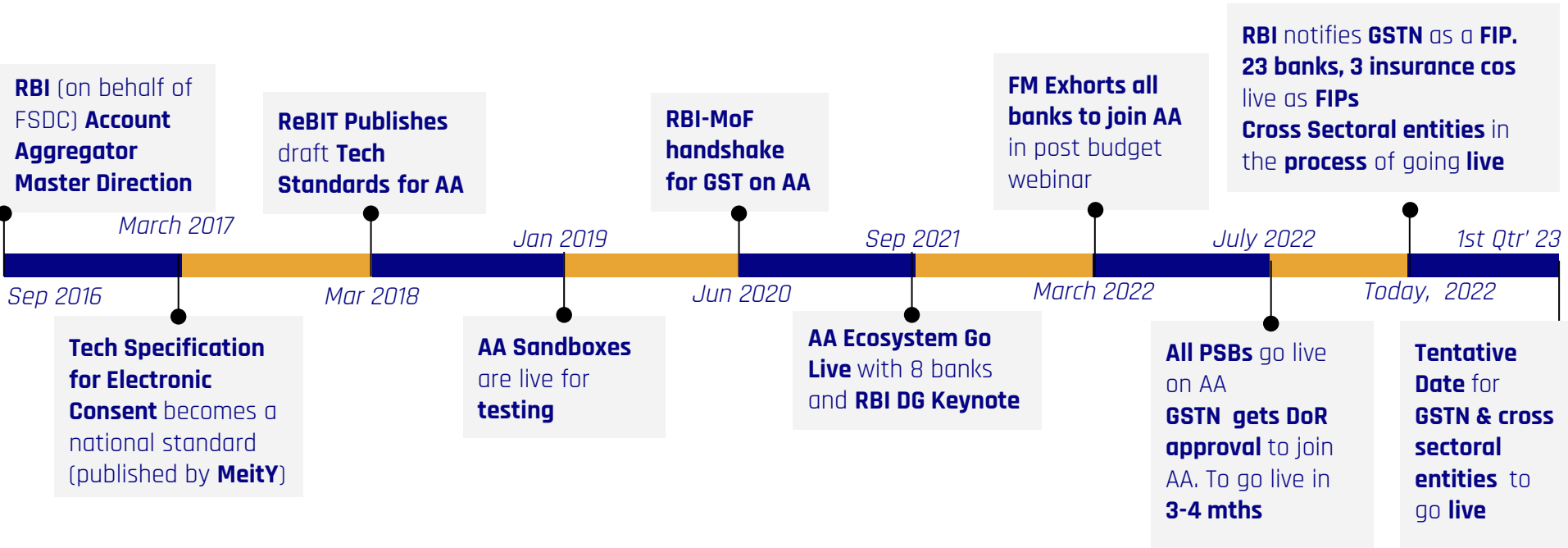
2.

GSTN as FIP on AA

Account Aggregator are RBI regulated NBFCs, introduced to data-empower the citizens through explicit consent based data sharing and digital data portability



GSTN on AA: A big milestone after years of work



The first version of the new Account Aggregator ecosystem has been successfully implemented across the country - and it works.

Sahamati AA Ecosystem Performance Dashboard - FIP

Cumulative count of accounts linked

A running total of accounts linked by account-owners



1.1+ Billion

Bank Accounts that now have AA facility

2.80 Million

Consent-based data sharing Transactions
And counting!

Rs 17 Billion

Loans Disbursed

50-60 % monthly growth

We now have **6 AAs**, **26 FIPs**, and **96 entities** transacting through AA
Depositories, Insurance, AMCs, Pension funds and GSTN to join soon

Participation in AA is now cross-sectoral: 14th December 2022

6 RBI Operationally Licensed AAs; 9 AAs with in principle-approval

96 Financial Institutions live as FIUs

75 RBI regulated entities

10 SEBI regulated entities

9 IRDA regulated entities

2 PFRDA regulated entities

26 Financial Institutions live as FIPs

12 Public Sector Banks

10 Private Sector Banks

1 Small Finance Bank

3 Life Insurance Companies

Initial Benefits of AA as reported by early adopters have been positive



Lending is the prominent use case



Rs 17 billion of loans disbursed through AA till 30th Sept'22 . **More than 50% is MSME Lending**



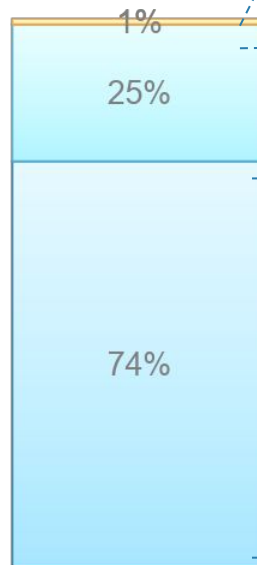
Early adopters like Axis Bank have reported a **30% growth in disbursements** with AA



Fraud rates related to bank statements through AA has **been Nil** compared to PDFs at 0.5% - 4%. Expected to result in low NPAs



FIUs expect drop off rates and operating costs to reduce with Interoperability, Stable Performance and Broad FIP base



- Pension Account Opening, Income estimation for Life Insurance Policy issuance
- Demat Account Opening
- Personal Financial Management
- To underwrite Unsecured Personal and Business Loan, Auto Loan, Credit Cards
- Through AA module integrated in the digital apps of lenders or offered to customers that walk-in at branches or retail points

Cumulative Consents fulfilled successfully = 2.8 million
with monthly growth rate of 50-60%

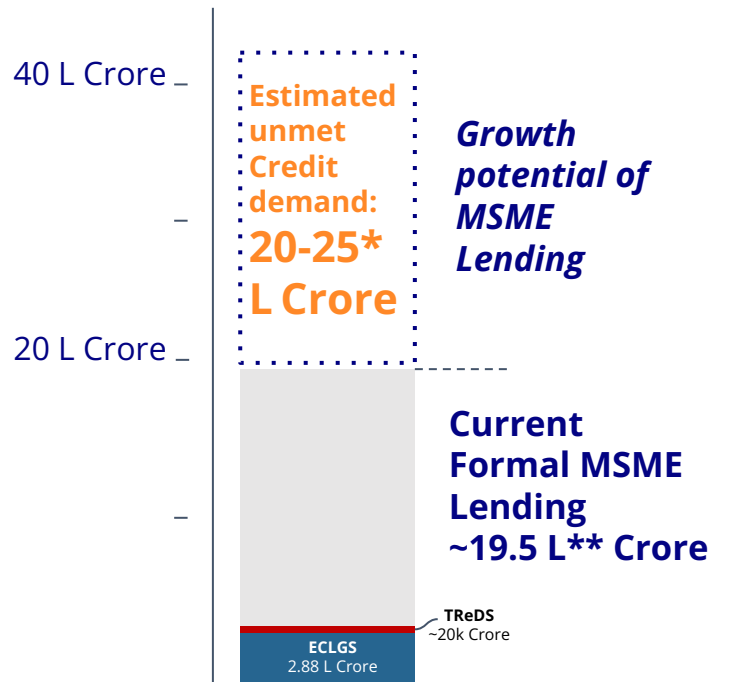
GSTN on AA

1. AA Ecosystem Update

2. GSTN as FIP on AA

GST on AA be a big enabler in terms of bridging the gap in MSME Credit

Huge GAP in MSME Credit



GST on AA: A big enabler for MSME Credit!

- 13.8 million registered taxpayer are enabled for cash flow based lending such as invoice financing, unsecured business loans and working capital limits
- Move from collateral based lending to information based lending
- Improved viability for lenders to enable instant, small ticket loans for MSMEs
- Secured, consented process with significantly lower friction vis-a-vis existing channels
- Opens up avenues for cash flow based advisory for MSMEs

Who

- Entity Types to whom facility of data sharing via AA will be available

What

- Scope of data to be shared
- Period of data to be shared
- One time vs. recurring data fetch
- Size of data to be shared

How

- Deep Dive into Discovery, linking and consent process

Facility of Sharing data on GSTN is available to all regular-active taxpayers

Who

1. Regular taxpayers (Normal, SEZ unit, SEZ developer, opted in/opted out taxpayer and casual taxpayer) whose status is Active when the details are being shared.
2. Available to taxpayers irrespective of their entity types such as sole proprietorship, partnerships, private and public corporate
3. Primary Authorised Signatory, whose mobile number is seeded in GSTN Records to provide consent to share GSTN data to any potential FIU

GSTN as FIP: Scope of data being available to be shared on AA

RBI Circular allows sharing of GSTR 1 and GSTR 3B through AA



- GSTR 1 (Table 4)- Monthly or quarterly statement of all Outward Supplies to be furnished by all registered taxpayers
- GSTR 3B- Monthly or quarterly Self-declared summary GST Returns
- Return Filing Details
- Basic Profile Details

- GSTR 1: Tables other than Table 4
- GSTR 2A
- Other GSTRs

GSTN as FIP: Scope of data to be shared



GSTR 1 (Table 4)- Monthly or quarterly statement of all Outward Supplies to be furnished by all registered taxpayers

- Estimate the past and future cash flows of MSMEs and their stability using comprehensive invoices data
- Identify and evaluate the top ten buyers of the MSME- buyer profile, concentration risk
- Underwrite specific invoices that pass the rule engines of lenders



GSTR 3B- Monthly or quarterly Self-declared summary GST Returns

- Summary figures of sales, purchases, Input tax credit claimed, and net tax payable
- Helps establish the aggregated turnover of the taxpayer and his tax compliance behaviour



Return Filing Details

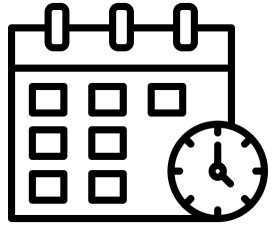
- Date of return filing by the taxpayer in each return period
- Helps establish the discipline with which the taxpayer has been paying his tax dues.
- Reflects the ability of the taxpayer to claim Input Tax Credit, which is a significant determinant of a taxpayer's liquidity position



Basic Profile Details

- Includes profile data such as address, Legal name of the entity, and PAN
- Allows the lender to cross validate the identity, address and business continuity of the taxpayer with his self declared information and other documents such as PAN, bank statements and credit reports.

Data through GSTN will be available on completed return periods within the last 18 months



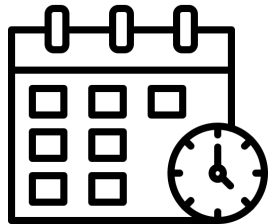
GSTN will determine the complete return period from the 'From' and 'to' date. The gap in "From" and "To" cannot be more than 18 months. As the filings in GSTN portal is for a return period and not for a part of it.

Illustration 1: From: 08/02/2022 (8th Feb 22) To: 07/01/2023 (7th Jan 23)

In this case the complete return period shall be from Mar 22 till Dec 22 only. As the data is requested 'from' 08/02/2022, Feb 22 month is required to be ignored as it is not the complete month likewise the 'to' date is till 07/01/2023, the Jan 23 month is required to be ignored as it is not the complete month.

In case the return filing frequency is quarterly, then the data shared will be for three quarters from Apr-Jun'22, Jul-Sept'22 and Oct-Dec'22 and if the return filing is frequency is monthly, then the data will be shared for the months of Mar'22 to Dec'22

GSTN Data: One Time and Recurring Fetch enabled



GSTN will enable sharing of one time and recurring data fetch with the taxpayer's consent.

Recurring data fetch frequency will need to be aligned to the return filing frequency of the taxpayer. If the return filing frequency is monthly, recurring pull will give the data of the latest monthly return filed. If the return filing frequency is quarterly, recurring pull will give the data of the latest quarterly return filed.

With this logic built in, monthly and quarterly recurring fetch will be relevant as a frequency parameter for FIUs in the consent artefact.

GSTN Data Size Limit



For each session ID for data sharing to GSTN FIP, the **maximum data that can be shared is 5MB**. If the file size is more than 5MB, the data shall not be shared and GSTN FIP will give back an error code to reshare a modified consent request

- Turnover wise number of monthly invoices raised by an average taxpayer ranges from upto 50 monthly invoices for a turnover of upto Rs 5 crore to 50-220 monthly invoices per taxpayer for a turnover more than Rs 5 crore to Rs 100 crore.
- Taxpayers with annual turnover of up to Rs 100 crore constitute around 99% of the total taxpayer base.
- Assuming an average invoice size of 1 KB, the size of the file for 18 months period with 220 monthly invoices, the data packet size is 3960 kb (3.96 MB), still lower than the 5 MB limit

Process to Discover GSTINs and displaying to the customer for linking

How

Discovery

1. Using a combination of two strong identifiers: Mobile number of the Primary Authorised Signatory and PAN of the GST Taxpayer
2. GSTN will use the combination of these strong identifiers to pull out and display all active GSTINs registered with the same PAN and Mobile number
3. GST taxpayer can select the GSTINs, which it intends to link to its Account Aggregator handle
4. GSTINs to be displayed in a masked form, similar to a bank account. The portion of PAN in GSTIN will be masked. For Example:
01XXXXXXXXXX1ZN

Process to link selected GSTINs

Linking

1. Once the taxpayer selects the GSTINs it wants to link to the AA handle, she receives a single OTP on the registered mobile number of Authorised Signatory from GSTN (FIP) to authorise the linking request
2. On entering the OTP, all selected GSTINs are successfully linked to the taxpayer's AA handle

How

1. The taxpayer will a consent artefact on the screen as specified in the Electronic Consent Framework for AAs
2. The taxpayer can select or deselect the linked GSTINs for giving a consent for the data to be shared from GSTIN to prospective FIUs

Consent

Data Sharing through AA vis-a-vis Alternate Channels

What changed

1. The taxpayer doesn't need to login to the GSTN panel; both for one time and recurring consent to share their data with a FIU
2. The taxpayer doesn't need to opt-in/enable API access on GSTN portal to be able to allow data fetch
3. The taxpayer will need to accept a declaration that he/she takes responsibility of informing their buyers and handling any objections raised by his/her buyers on sharing invoice level data in GSTR1

Key Elements of the Electronic Consent Artefact

Parameter	Description	As Defined for GSTN as FIP
Fetch Type	One of the type of fetches: ONETIME, PERIODIC	As approved by the taxpayer on the AA interface. If "periodic", the "Frequency" value (described later in the table) will also be as approved by the taxpayer.
consentTypes []	Type of data consented for: PROFILE, SUMMARY, TRANSACTIONS	Defines granularity of data fields that the taxpayer has approved. Proposed: <u>GSTR 1 (Table 4) and GSTR 3B in TRANSACTIONS and basic profile & return filing details in PROFILE.</u> PROFILE Data and Return Filing Data to be shared with transactions and summary data as default data.
fiTypes []	FI Types approved by the taxpayer in the Consent artefact	GSTR
Data Provider id and FIP id	Identifier	The ID of GSTN FIP to be issued once onboarded onto the central registry. E.g. it could be "GSTN_FIP".
accType	Type of Account	Default

Key Elements of the Electronic Consent Artefact



Parameter	Description	As Defined for GSTN as FIP
maskedAccNumber	Masked account number, e.g. XXXXXXX0176	The masked GSTIN number that was linked earlier with the AA ID - data being shared is for this GSTIN Number only. The portion of PAN in GSTIN will be masked. For Example: 01XXXXXXXXXX1ZN
Purpose Code	One of the 5 purpose codes as defined below: 101: Wealth Management 102: Spending Pattern or Budget 103: Aggregated Statement 104: Account Monitoring 105: One time consent for Accounts	Could be for any of the 5 defined purpose codes
from	Start date of transaction data	As approved by the taxpayer.
to	end date of transaction data	As approved by the taxpayer. GSTN FIP will share data only for this duration specified, which has currently been limited to 18 months ²¹

Other FAQs



Would the same AA integration that has been undertaken by all institutions be applicable for the GST framework or a fresh set of integrations will have to be done?

The same integrations will work; FIU will get an option to fetch GST data packet through same set of AA APIs. However, the front end journey and back end BREs/LOS etc need to be customised for GST data.



Is it mandatory to provide banking data to complete GST flow ?

No, there is no linkage between pulling of banking data and GST data. Both data pulls can be made simultaneously and independently



Whether all AAs will have access to the GSTN for fetching the data or it will be with certain AAs?

GSTN proposes to go live with all AAs in a time bound manner



Would Current A/c's be included as part of discovery in the AA journey

19 out of 23 banks which are live on AA as FIPs are already facilitating sharing of sole proprietorship current account through AA. Non sole proprietorship current accounts data will go live once ReBIT releases technical clarifications

Other FAQs



How will the consent be managed with AA(Savings) & GST. Will a single consent be taken for Savings A/c & GST?

As is possible even today, citizens can select different FI types (Deposit, GSTR) from multiple FIPs for giving consent , while giving consent in a single tap.



Are there any charges proposed by GSTN for sharing the data? If yes, who will bear the charges and what is the proposed collection mechanism.

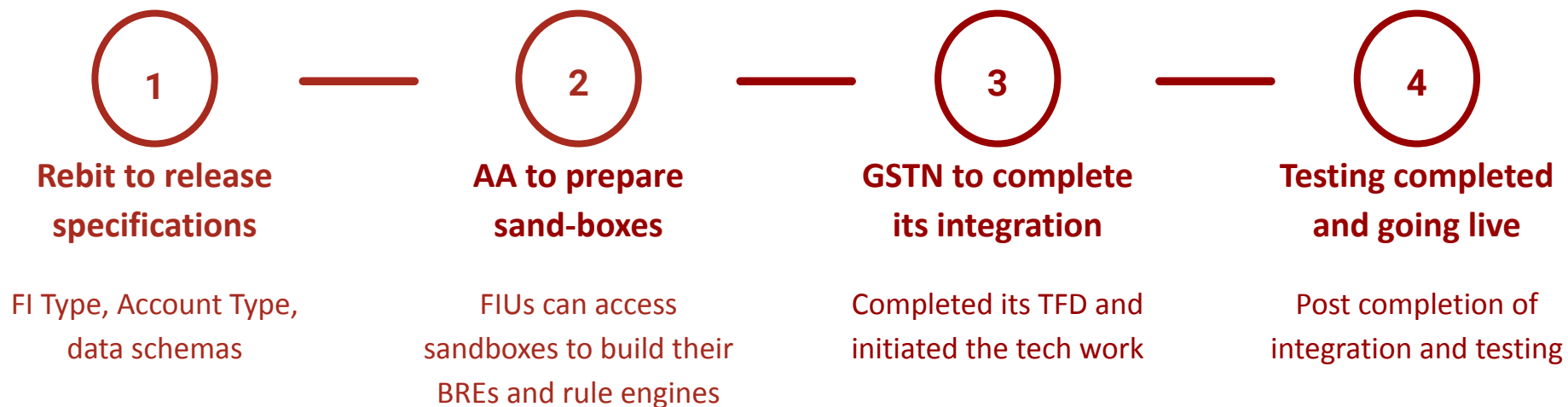
As of now, there are no charges proposed by GSTN for sharing the data



What if user selected wrong GST of other state , what is the alternative with us to restart the journey .

The first two digits of the GSTIN represents the GST State Code. The AA can translate the state code to the state name and display it to the taxpayer along with GSTIN to minimise errors. If there is still an error, the taxpayer can again go back to the step- where his GSTINs have been discovered, displayed and link the right GSTIN

Roll-Out: Next Steps



Estimated Go Live Date: Before March 2023

Queries from the Ecosystem

Queries around Consent

- Would the data fetch on the AA framework for GST be a consent based data or banks/FIs can make use of any non consent data too since the data would be fetched directly from GST
- If the data is consent based - would multiple consents be required for multiple fetch of data or would it be a single consent based continuous fetch.
- How will the consent be managed with AA(Savings) & GST:: Will a single consent be taken for Savings A/c & GST"
- Whether consent can be provided for a specific period in future and thereby allowing FIU to pick the statement without further consent
- What would be the consent artefacts for a GST fetch
- Will there be different level of consent for different sets of data? (e.g., filing status, invoice data, top buyer, top sellers, month-wise sales/purchases)
- How will consent for multiple GST numbers under same PAN be orchestrated? For such cases (Multiple GSTNs) how will consolidated analysis happen?
- How will the consent mechanism be simplified?
- Will be need separate consent for each state?
- Does the customer need to enable data sharing for their GSTN account prior to giving consent?
- Is it possible to customise the consent in terms of time-period of data, recurring pull of data etc.
- What will be the validity of the consent?

Queries from the Ecosystem

Queries around Data schema

- What is the data format, that will be delivered to FIU? Is it xml or another format?
- What type of information is made available to FIU from GST? (GSTR1, GSTR2 or GSTR 3B etc
- Please let us know if we will receive the entire raw data available in the Form 1 and Form 3B or limited aggregated information.
- Request you to please let us know if the generic information about the business shall also be made available such as constitution, trade names, tax payer type, filing frequencies, etc
- What all information would we be getting as part of the Entity, Summary and Transaction details for a GST A/c
- Availability of data points at invoice level like b2b, b2c, credit/debit notes, FX transactions etc.
- Will e-invoice data also be available?
- Any customisation done by AA before sharing the data with the user or will be it as received from GSTN.
- We would need the list of data points flowing from GST1 and GST3 - would counterparty data be available ?
- Would GST2 data also be available in the fetch since purchases are used for funding limits in a lot of supply chain based journeys.
- GSTR1 and GST 3B would both be covered under the fetch?

Queries from the Ecosystem

GST linking to AA

- Is the AA framework the base for the GST data as well - would banking and GST fetch happen as a single fetch basis one OTP or would it be a separate journey altogether ?
- What would be the period for which a GST fetch will happen
- One PAN multiple GST number . will user get option to choose which GST number to select
- Account linking presently is through mobile OTP based authentication. What is the proposed authentication method for GST account linking?
- What are the credentials to be used to identify a customers GST details
- Whether OTP will be required for linking GST statement with AA
- Whether option will be provided to link specific GST and give consent to specific GST
- Is this just a data pipeline from GST? If yes, how will the analysis of the received data handled? How will collation of different GST will happen

Queries from the Ecosystem

Queries around Customer journey and integration

- Would the same AA integration that has been undertaken by all institutions be applicable for the GST framework or a fresh set of integrations will have to be done ?
- What if user selected wrong GST of other state , what is the alternative with us to restart the journey .
- Can we pull incremental data also like in bank statement journey of AA there is option to provide consent of recurring data .
- Is it mandatory to provide banking data to complete GST flow
- Whether GST information is provided for one-time consent or also works for recurring consent (monitoring purpose).
- Whether GST returns are provided for a period of 12 months or 24 months.



**Thank you
Open for Discussion**

Email: team@sahamati.org.in