



POWERING PROGRESS THROUGH PLASTICS  
ISO 9001:2008 Certified

# AIPMA



## THE ALL INDIA PLASTICS MANUFACTURERS' ASSOCIATION

AIPMA House, A-52, Road No. 1, M.I.D.C., Marol, Andheri (East), Mumbai - 400 093, India.  
Phone : (+91-22) 6777 8899 (30 Lines) 2835 2511 / 2835 2512  
Fax : +91 - 22 - 2821 6390 • E-mail : office@aipma.net • Website : www.aipma.net

**OFFICE BEARERS :**

Ref: AIPMA/20-21/FM/51

28<sup>th</sup> Sept 2020

**CHANDRAKANT TURAKHIA**  
President

**Smt. Nirmala Sitharaman**  
**Hon'ble Minister of Finance**  
**Government of India**  
**New Delhi – 110001**

**KISHORE SAMPAT**  
Senior Vice President

**MAYUR D. SHAH**  
Vice President - Finance

**AKSHAT LADHA**  
Vice President (West Zone)

**LALIT KUMAR SINGH**  
Vice President (North Zone)

**ANIL REDDY VENNAM**  
Vice President (South Zone)

**ASHOK AGARWAL**  
Vice President (East Zone)

**North Zone :**

Plot No. 232, Sector - 18,  
Phase - IV, Udyog Vihar,  
Gurugram, Haryana - 122 016.  
Tel. No.: 0124 4050 005 / 6  
naresh@aipma.net

**South Zone :**

4C-Gaiety Palace,  
1, Blackers Road, Chindadripet,  
Chennai - 600 002.  
Tel No.: 044 4203 0236  
ibrahim@aipma.net

**East Zone :**

Gajraj Signature,  
Suite # 5E, 5th Floor,  
5A, Sadananda Road,  
Kolkata - 700 026.  
Tel No.: 033 4005 0367  
tapas@aipma.net

**West Zone :**

Mondeal Heights, Tower - A  
13<sup>th</sup> Floor, Office No.1306/1307,  
S.G. Highway, Near Wide Angle  
Cinema, Next to Hotel Novotel,  
Ahmedabad - 380 015.  
Tel No.: 079 2970 5124  
maulik@aipma.net

**Subject: Request for granting relief from provisions of Tax Collection at Source (TCS) under section 206C(1H) of the Income Tax Act, 1961**

Respected Madam,

Greetings.

This is with reference to the insertion of new provisions prescribed under section 206C(1H) relating to Tax Collection at Source (TCS) commencing from 1<sup>st</sup> October 2020. The dire economic situation arising out of the pandemic and certain ambiguities in these provisions has led all of us to make a joint representation in this regard.

The Finance Act, 2020 has made an amendment by insertion of sub-section (1H) in section 206C of the Income Tax Act, 1961 (hereinafter referred to as "the Act") which is effective from 01.10.2020. As a result of the said amendment, a seller who receives any amount as consideration for sale of any goods of the value or aggregate of such value exceeding fifty lakh rupees in any previous year shall at the time of receipt of such amount collect from the buyer, a sum equal to 0.1 percent of the sale consideration exceeding fifty lakhs as income tax.

In this respect, we have to submit that the scheme of section 206C of the Act does not extend the benefit of sub-section (9) of section 206C of the Act which allows the assessee to apply to the assessing officer for Nil/lower tax collection at source, to sub-section (1H) of section 206C of the Act. Consequently, for transactions covered under section 206C(1H), the assessee does not have the option to approach the assessing officer to issue Nil/ lower tax collection at source certificate.

In view of the above, the current economic scenario and restricted operation will mostly result in losses in current Financial Year and in absence of mechanism to obtain certificate of Lower deduction applicable to TDS provision it will be clear case of Cash flow blockages especially for MSME sector.

It is further submitted that **sub-section (1H) of section 206C of the Act provides for collection of TCS at the time of receipt of sale consideration.**



POWERING PROGRESS THROUGH PLASTICS  
ISO 9001:2008 Certified

# AIPMA



## THE ALL INDIA PLASTICS MANUFACTURERS' ASSOCIATION

AIPMA House, A-52, Road No. 1, M.I.D.C., Marol, Andheri (East), Mumbai - 400 093, India.  
Phone : (+91-22) 6777 8899 (30 Lines) 2835 2511 / 2835 2512  
Fax : +91 - 22 - 2821 6390 • E-mail : office@aipma.net • Website : www.aipma.net

### OFFICE BEARERS :

**CHANDRAKANT TURAKHIA**  
President

**KISHORE SAMPAT**  
Senior Vice President

**MAYUR D. SHAH**  
Vice President - Finance

**AKSHAT LADHA**  
Vice President (West Zone)

**LALIT KUMAR SINGH**  
Vice President (North Zone)

**ANIL REDDY VENNAM**  
Vice President (South Zone)

**ASHOK AGARWAL**  
Vice President (East Zone)

### North Zone :

Plot No. 232, Sector - 18,  
Phase - IV, Udyog Vihar,  
Gurugram, Haryana - 122 016.  
Tel. No.: 0124 4050 005 / 6  
naresh@aipma.net

### South Zone :

4C-Gaiety Palace,  
1, Blackers Road, Chindadripet,  
Chennai - 600 002.  
Tel No.: 044 4203 0236  
ibrahim@aipma.net

### East Zone :

Gajraj Signature,  
Suite # 5E, 5th Floor,  
5A, Sadananda Road,  
Kolkata - 700 026.  
Tel No.: 033 4005 0367  
tapas@aipma.net

### West Zone :

Mondeal Heights, Tower - A  
13<sup>th</sup> Floor, Office No.1306/1307,  
S.G. Highway, Near Wide Angle  
Cinema, Next to Hotel Novotel,  
Ahmedabad - 380 015.  
Tel No.: 079 2970 5124  
maulik@aipma.net

Consequently, provisions of section 206C(1H) is triggered on actual receipt of sales consideration which gives an impression that w.e.f. 01.10.2020 i.e. the date from which the provisions of section 206C(1H) becomes applicable, recovery of amounts outstanding as on 30.09.2020 would also come within the ambit of section 206C(1H) of the Act even though such sale, as per mercantile system of accounting followed by the seller, would have taken place before 01.10.2020.

Apart from aforesaid, there are following issues which are ambiguous or need clarity: -

- Collection of income tax at source in B2B (i.e. Business to Business transactions for selling goods to other businesses) transactions would lead to multilevel tax collection from persons already covered in the tax net.
- There is ambiguity regarding how the accounting mechanism works because unlike sale of vehicle where sale and receipt of consideration will be at the same point in time, the sale in B2B transactions are governed by Supplier Credit. More often the payments are received in tranches. Each time the payment is received debtors will have to add .1% as TCS which in normal circumstances especially with MSMEs does not happen. Therefore, MSME fears loss of TCS amount in day to day operations.
- It also adds to compliance burden where in each time payment is received Supplier will have to raise debit note for collection of TCS and also file quarterly returns.
- There is no clarity on whether TCS is applicable on GST and Other Statutory collections? Even if is not applicable on GST and Other Collection how the receipt will be bifurcated between Taxes and Consideration for goods.

Out of 50,000 + plastic processing units in India, more than 10,000 may close forever due to current economic situation and almost 5000 plastic processors may be shut due to potential ban on Single Use Plastics. Looking at current pandemic & economic situation, most of the MSME's may not end up making money in the current year and therefore again going through hassle of getting refund of TCS paid would adversely impact their cash flows. TCS is not likely to





POWERING PROGRESS THROUGH PLASTICS  
ISO 9001:2008 Certified

# AIPMA



## THE ALL INDIA PLASTICS MANUFACTURERS' ASSOCIATION

AIPMA House, A-52, Road No. 1, M.I.D.C., Marol, Andheri (East), Mumbai - 400 093, India.  
Phone : (+91-22) 6777 8899 (30 Lines) 2835 2511 / 2835 2512  
Fax : +91 - 22 - 2821 6390 • E-mail : office@aipma.net • Website : www.aipma.net

### OFFICE BEARERS :

**CHANDRAKANT TURAKHIA**  
President

**KISHORE SAMPAT**  
Senior Vice President

**MAYUR D. SHAH**  
Vice President - Finance

**AKSHAT LADHA**  
Vice President (West Zone)

**LALIT KUMAR SINGH**  
Vice President (North Zone)

**ANIL REDDY VENNAM**  
Vice President (South Zone)

**ASHOK AGARWAL**  
Vice President (East Zone)

### North Zone :

Plot No. 232, Sector - 18,  
Phase - IV, Udyog Vihar,  
Gurugram, Haryana - 122 016.  
Tel. No.: 0124 4050 005 / 6  
naresh@aipma.net

### South Zone :

4C-Gaiety Palace,  
1, Blackers Road, Chindadripet,  
Chennai - 600 002.  
Tel No.: 044 4203 0236  
ibrahim@aipma.net

### East Zone :

Gajraj Signature,  
Suite # 5E, 5th Floor,  
5A, Sadananda Road,  
Kolkata - 700 026.  
Tel No.: 033 4005 0367  
tapas@aipma.net

### West Zone :

Mondeal Heights, Tower - A  
13<sup>th</sup> Floor, Office No.1306/1307,  
S.G. Highway, Near Wide Angle  
Cinema, Next to Hotel Novotel,  
Ahmedabad - 380 015.  
Tel No.: 079 2970 5124  
maulik@aipma.net

increase revenue for Government, but surely increase paperwork and compliance burden for MSME's.

Considering above points, we humbly request you to urgently reconsider provisions of 206(1H).

Hope our voice will be heard and reasonable demand granted.

With best regards,

S. No.	Name	Designation	Organization
1.	Mr. Chandrakant Turakhia	President	The All India Plastics Manufacturers' Association
2.	Mr. Dharmendra Gandhi	President	Organization of Plastics Processors of India
3.	Mr. Ravish Kamath	Chairman	Plexconcil
4.	Mr. Ramesh Kr. Rateria	President	Indian Plastics Federation (IPF), Kolkata
5.	Mr. Vijay Kumar	President	Karnataka State Plastics Association
6.	Mr. Ravi Jashnani	President	Maharashtra Plastics Manufacturers Association
7.	Mr. Shailesh Patel	President	Gujarat State Plastics Manufacturers Association
8.	Mr. Balakrishna Bhat Kakunje	President	Kerala Plastics Manufacturers Association
9.	Mr. Vimallesh Gupta	President	Telangana and Andhra Plastics Manufacturers Association
10.	Mr. B.A. Nazeer	President	Canara Plastic Manufacturers & Traders Association

### Copy to:

1. Dr. Anup Wadhwan, Secretary, Department of Commerce, GOI
2. Shri. A.K Sharma, Secretary, Ministry of MSME, GOI
3. Shri. Rajesh Kumar Chaturvedi, Secretary, Department of Chemicals and Petrochemicals, GOI