

Home (1917) Department.
Education

Ordinary SERIES.

G.O. No. 1116

DATED 30. 8. 17

INDEXED

[Despatch Abstract.]

Provident fund.-

Stating that the Government do not consider it necessary to apply to the Government of India for sanctioning the proposal to exempt from liability to income-tax the amounts contributed by teachers in aided secondary schools to the Provident Funds established by the Managers of those institutions.

PAPERS PUT UP WITH CURRENT No. _____

Papers of the department to which the current belongs.

Number.	Date.	Original (= O) or spare copy (= S.C.).	Remarks. (In this column such of the papers as have been removed for copying, printing, etc., should be marked with a cross.)	Initials of Referencer with date in token of return to Reference department

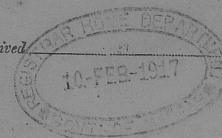
Papers of other departments.

Department.	Number	Date.	Original (= O) or spare copy (= S.C.).	Initials with date of (1) Referencer acknowledging returns of the paper concerned or (2) Despatcher to denote the return of the papers to the department concerned.

Home (Education)

DEPARTMENT.

Received



191

Registered

10.2 1917
12-2-17

Subject.

Requesting sanction of Government for allowing an abatement of incometax on the contributions on the Provident Fund amount.

ENCLOSURES	
No.	_____
Spare copies	_____

Ref. on Cur. No. 6055/16,

Station Madras, Dated the 9th February 1917

From (Name) The Hon. Mr. J. H. Stone, M.A.F.R.H.S.C.I.E.,
(Designation) Director of Public Instruction.

To The Secretary to the Government of Madras,
Home (Education) Department.

Sir,

I have the honour to state that, pending the introduction of a Government General Provident Fund scheme for the benefit of the teachers of schools under private management, the Managers of Secondary schools are permitted to start provident funds of their own on condition that the rules are approved by the Director if they desire their contributions on this account to be taken into consideration for purposes of aid from Government under Chapter IV of the Grant-in-aid Code, and that they are prepared to merge their fund in any to be hereafter started by Government. It would appear that the managers of some of the secondary schools in Madras that have such provident funds attached

to them claimed an abatement of incometax on the amounts contributed by the teachers to the funds. The Collector of Incometax, while admitting the abatement for sometime, subsequently disallowed it, apparently for want of a Government Order recognizing the Provident funds of the schools concerned. In a letter to the Headmaster of the Hindu High School, Triplicane, he is stated to have enquired whether the Provident fund instituted for the benefit of the masters of the school is one which is established under the authority or with the permission of Government. This appears to refer to article 34 (a) 3 of the Civil Account Code. It is doubtful whether this Article applies to a fund under private management, but the Collector seems to require an order to consider "Permission of Director of Public Instruction" as "Permission of Government". I have therefore the honour to request that the sanction of Government may be obtained so as to allow an abatement of incometax on the contributions to the fund. This amount is not repayable to the officer at his option so long as he remains in service.

I have the honour to be,

Sir,

Your most obedient servant,

R. A. Ariene.

P.V.S.

for Director of Public Instruction.

Home Secy, Sep 14

C. No 647 D.

3

Endorsement No 647-1
19.2.17

Referred to the Accountant General for favour of remarks.

14.2.17
16/4/17

CA
19.2.17

2. The A.S. 1912 (with the current in original to be returned with reply)

CURRENT No

1098 En

Received



191

Registered

7.3.4 1917

Subject.

ENCLOSURE

No

One

No.

T.M.23-- 21627

Spare copies

Dated the 6th of March 1917.

From

A. NEWMARCH, Esq.,
ACCOUNTANT-GENERAL, MADRAS,

To

THE SECRETARY TO THE GOVERNMENT OF MADRAS.

Home (Educational) Department.

SIR,

p.3 enc

p.1-2 enc

With reference to your endorsement No, 647-1 dated the 19th February 1917 forwarding for my remarks letter from the Director of Public Instruction Ref. on C. No. 6055/16 dated the 9th February 1917, I have the honour to state that the salaries of teachers of schools under private management are not audited by this office, and the recovery of Income-tax due on such salaries is effected by the local Income-tax authorities direct without my intervention.

p.2 J.T. Marshall

2. Under Section 5, Sub-section 1., Clause (g) of Act II of 1886, exemption from Income-tax can be allowed on deductions made from salary under the authority or with the permission of the Government for the purpose of securing a deferred annuity to the subscriber or provision for his wife or children after his death, subject to a limit of one-sixth of salary, and subject to any conditions and restrictions which may be prescribed in this behalf. The power to make rules con-

sistent

consistent with the Act vests in the Governor-General in Council, and the power may also be delegated by the Government of India to a Local Government so far as regards the territories subject to that Government (Vide Section 38 of the Act). The rules issued by the Government of India are contained in Appendix A of the Income-tax Manual. Power to make rules has also been delegated to the Local Government by Notification No. 2762 dated the 6th June 1890 of the Government of India.

3. Although Rule 7 of the Government of India Notification

* [The Governor-General in Council is pleased to exempt from liability to the tax payable and to the assessment under the said Act/ such portion of the income of any person in the Service of the Government, or of any Local authority, or of any Railway Company, as is paid into any Provident Fund established under the authority or with the permission of the Government, and as is not repayable to him at his option so long as he remains in such service: Provided that &c., &c.,

private management, in as much as the expression "Local authority" has to be interpreted in the light of the definition given in Section 3(1) of the Act, it is open to the Madras Government to frame rules in consultation with the Board of Revenue, extending the application of that rule to teachers in the employ of private institutions and to declare that the Provident Funds established for their benefit with the permission of the Director-of-Public Instruction have been established under the authority or with the permission of Government within the meaning of Section 5, Sub-Section 1., Clause (g) of the Act.

I have the honour to be,

Sir,

Your most obedient servant,

A. H. S. Ach

Accountant-General.

Home Department,
(Education)

C.No.1091.

MEMO: No. 647-2
21.3.17

With reference to his letter No.6055, dated the 9th February 1917 the Director of Public Instruction is requested to furnish a list of provident funds established for the benefit of teachers in aided institutions and to report the approximate amount of contributions on which the proposed abatement of ^{income} tax will have to be allowed. He is also requested to forward copies of the rules governing the management of such funds.

To *21/3/17*
The D.P.I.

18/3/17

CR
19.3.17

CR
21.3.17

HOME (EDUCATION)

DEPARTMENT.

Educ. H

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28 5 17

Received

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Registered

Subject.

Requesting sanction of Government to allow an
abatement of income-tax on the amount contributed towards the
for teachers
Provident fund/instituted in the enclosed list of institutions.

ENCLOSURES

No.

R. C.

No. 6055/1916

Spare copies

Station Madras, Dated the 23rd May 191

From (Name) The Hon'ble Mr. J. H. Stone, M.A., F.R.H.S.,
C.I.E.,

(Designation) Director of Public Instruction,
M A D R A S.

To The Secretary to the Government of Madras,

HOME (EDUCATION)

Department.

Sir,

With reference to Government Memorandum No. 647-2
dated 21st March 1917, I have the honour to enclose a list
of institutions in which Provident Funds have been esta-
blished by the management for the benefit of teachers, the
rules of which have been approved by me. The approximate
amount of contributions on which the proposed abatement
of income-tax will have to be allowed comes to Rs. 19,575.
I would further state that further applications for starting
Provident Funds are received from time to time as the move-

Income tax at 5% in
the rules will amount
to Rs 509.12-3

BY THE DIRECTOR.

ment spreads. A few are now under consideration and if their rules are approved, the concession as regards income-tax, if granted, would have to be extended to the ^{se} cases also.

2. As desired in the Government Memorandum quoted in the previous paragraph, I enclose a set of draft rules for a teachers' Provident Fund together with a copy of Proceedings Dis No. 3504/1915 dated 17th June 1915. These were communicated to Managers of Secondary Schools to serve as a guide to them in formulating their own schemes. The rules relating to each institution are approved by me if they are found to be satisfactory. There is generally little or no deviation from the draft rules. I have the honour therefore to request that you will be so good as to obtain the sanction of Government so as to allow an abatement of income-tax on these Provident Funds.

I have the honour to be,

Sir,

Your most obedient Servant,

R. A. Arivie.

for Director of Public Instruction

Y. V.

No.	Names of Institutions	Such Amount contributed to the fund as is liable to income-tax	Remarks.
1	A. M. College, Madura	551	
2	St. Aloysius College, Mangalore	Nil	Salaries are not liable to income-tax
3	Pachaiyappa's College and Schools	3354	
4	Christian College, Madras	5498	
5	B. M. Secondary School, Berhampur	Nil	---do---
6	Surangi Rajah's Secondary School, Iohchapur	55	
7	Hindu High School, Masulipatam	599	
8	Edward Secondary School, Atchanta	Nil	---do---
9	Hindu Secondary School, Palacole	Nil	---do---
10	S.K.P. High School, Bezvada	431	
11	A.E.L.M. College, Guntur	1512	
12	A.E.L.M. Sylvanus Secondary School, Guntur	269	
13	H.E.L.M. High School, Tirupati	293	
14	O.E.L.M. Secondary School, Puttur	Nil	---do---
15	A.A.M. Secondary School, Madanapalle	138	
16	Wesley College, Royapettah	424	
17	Harris High School, Royapettah	261	
18	Hindu Theological High School, Madras	915	
19	Muthialpet High School,	264	
20	Kellett High School, Triplicane	344	
21	Hindu High School, Triplicane	51	
22	T.T.V. Secondary School, Madras	75	
23	L.M. Boarding High School Vepery		
24	U.F.C.M. Boarding Institution, Royapuram	120	
25	C.S.M. Girls School, Kilpauk	91	
26	U.F.C.M. Girls' Day School, Georgetown	75	
27	U.F.C.M. High School, and Chingaput	127	
	U.F.C.M. Secondary School, Wallajabad	Nil	Salaries are not liable to income-tax
28	Wesley Mission High School, Tiruvalur	88	
29	C.R.C. Secondary School, Perambur	375	
30	Voorhees College, Vellore	896	
31	A.A.M. High School, Tindivanam	161	
32	Tirukattupalli High School	384	
33	Nadar's Secondary School, Poraiyar	Nil	---do---
34	Benadurai Secondary School, Kumbakonam	75	
35	Rajah's Secondary School, Ramnad	201	
36	A.A.M. High School, Pasumalai and A.A.M. Training School, Pasumalai	233	
37	Hindu High School, Gopalasamudram	131	
38	Coimbatore College	379	
39	Diamond Jubilee High School, Gobichettipalayam	84	
40	Canara High School, Mangalore	318	
41	Rozario Secondary School, Mangalore	Nil	---do---
42	Ganapati Secondary School, Mangalore	Nil	---do---
43	London Mission High School, Coimbatore	281	
44	Tiruvadi Central High School	345	
45	Umayalpuram Incomplete Secondary School	Nil	---do---
46	C.S.M. Secondary School, Arkonam	75	
47	S.P.G. High School, Vepery	106	

Rs. 19,575

Income tax is for nil
Ref. will amount to
Rs. 509-12-3

R. A. Arivie.

for Director of Public Instruction

PROCEEDINGS OF THE DIRECTOR OF PUBLIC INSTRUCTION.

Dis. No. 3504/15, dated 17th June 1915.

Copies of draft rules for a teachers' Provident Fund framed by the Director are herewith communicated to Inspectresses and managers of Secondary Schools for information and as a rough guide for them in formulating their own provident fund schemes. It is not the intention of the Director to accept only these rules. They may be altered so as to suit the conditions and needs of each institution. Any set of rules framed by the managers should, however, be submitted for the acceptance of the Director.

(Sd) H. S. Duncan,
Ag. Director of Public Instruction.

(By Order)

Ag. MANAGER.

To The Inspectors of Schools.

" Inspectresses of Girls' Schools.

" Managers of Secondary Schools.

S.V.

500 copies.

Draft rules for a Teachers' Provident Fund.

The fund is instituted for the purpose of making some provision, on retirement, for certificated teachers, pandits, instructors, writers and librarians in the permanent employment of the school, and it shall be called "The Teachers' Provident Fund of the School."

2. The fund shall come into operation from

3. (a) Every person (teacher, instructor, writer, pandit or librarian) entering the service of the school on or after shall join the fund.

(b) Every person (teacher, instructor, writer, pandit or librarian) who joined the service of the school before that date and still continues in service, shall be entitled to join the Fund, but he should make his election within a period of three months from the institution of the fund whether to join it or not. If such person fails to elect within the said period, he may not be allowed to join it later.

4. In the case of any person who, being in service on has completed twelve years' service in the school before that date, it shall be open to the School Committee to allow him at retirement, such benefits from the general funds of the school as it may consider proper, irrespective of any benefit that he may derive from the fund.

5. The resources of the fund shall be the following :—

(a) A monthly contribution of six and one-fourth per cent. or one anna in the rupee, on the salary of each contributor. No contributions should be demanded on fractions of a rupee included in a contributor's salary.

(b) A monthly payment by the Manager on behalf of each contributor, of a sum equal to that paid by the contributor.

6. Contributions shall be reckoned on the amount of substantive pay of the contributor, excluding recompense for special occasional services or acting and personal allowances.

7. Should a contributor be temporarily on reduced pay, on account of leave of absence or other similar cause, his contributions as well as the contributions of the Manager shall be calculated on the actual salary paid to him but it shall be open to the contributor to cease from making payments during such periods and in this case the manager's contribution may also cease for the time being.

8. Separate accounts shall be kept showing the amounts paid by each contributor and by the manager; and to the amount of such payments compound interest at 3 per cent. shall be added annually, but such interest shall be exhibited in a separate column in the accounts.

9. A contributor's payment shall not cease permanently until he retires from service in the school.

10. (a) In case of the retirement of a contributor, before he has completed five years' service, he shall receive only his contributions up to date, with interest calculated up to the end of the half year immediately preceding his retirement.

(b) Death or any permanent physical unfitness occurring within five years' service will, however, entitle the contributor to the full benefits of the Provident Fund.

11. In case of the retirement of a contributor from any cause after five years and before he has completed ten years' service, a contributor shall receive his own contributions and one half of the amounts of the contributions paid by the Manager up to the date of retirement, together with interest on the sum thus calculated up to the end of the half year immediately preceding his retirement.

12. A contributor who retires after ten years' service shall receive the amount of his own and the contributions paid by the Manager, together with interest calculated up to the end of the half-year immediately preceding his retirement.

13. In case a contributor is dismissed for incompetence, misconduct, gross insubordination or incapacity to perform his duties on account of ill-health certified by competent medical authority he shall retain his right to his own contributions up to the date of such dismissal, together with interest calculated up to the end of the half-year immediately preceding his dismissal, and to the Manager's contribution, with interest, up to a date three years prior to his dismissal but shall forfeit all other benefits from the fund for the three years immediately preceding his dismissal. A contributor who is dismissed on any other grounds shall be treated as though he had voluntarily retired.

14. Any surplus in investment after paying the 3 per cent. rate of interest on the contributions, all lapses from the contributions and any other income, shall constitute a special fund, to be used for meeting the expenses of management of the Fund.

15. A contributor shall be at liberty to nominate by entering their name or names on a register maintained for the purpose, any person or persons whether his natural heirs or other relations, who, in the event of his death, shall receive the amount that may be due to him under these rules; in case he nominates more persons than one, he shall enter on the register the proportion in which the amount payable shall be divided among them. A contributor shall be at liberty to change his nominee or nominees as often as he pleases, but only the person or persons last registered, shall be recognised for the purposes of this fund and a receipt signed by the last registered nominee or nominees shall be a full and valid discharge.

16. The fund shall be managed by a Committee of five of whom the Manager and the Headmaster of the school shall be ex-officio members; the other members of the committee shall be: one to be nominated by the Manager who shall hold office until his successor is appointed; and two contributors, to be elected annually at a meeting of the contributors, to be convened by the Headmaster within the school premises, between July 16th and 31st in each year. The Manager shall be ex-officio Chairman of the Fund Committee and the Headmaster of the school ex-officio Secretary of the Fund Committee. In the event of a vacancy amongst the elected members, the Fund Committee shall appoint a contributor to hold the office till the next annual meeting of the contributors. When the management of the school is vested in a corporate body, that body shall nominate one of themselves as Manager for the purposes of this fund. When the Manager is the Headmaster, the contributors shall elect three members of the committee.

17. The Secretary of the Fund Committee shall keep the accounts of the fund and its other records.

18. The quorum for a meeting of the Fund Committee shall be the Secretary and any two other members of the committee.

19. The committee shall invest all sums at its disposal in Government securities, Port Trust or Municipal bonds or other securities issued under the authority of Government and the uninvested balance shall at no time be allowed to exceed Rs. 500.

20. No payment shall be made to or on account of, any contributor until any debt that he may owe to the school has been paid.

21. The managing committee shall pay the amount due to a retiring member or to the heirs and nominees of a deceased contributor not later than three months after his retirement or decease, provided however that it shall always be competent for the committee to withhold payment in the case of death, until an adequate certificate of heirship shall have been produced. Interest on the amount due in any case, shall cease at the end of the half-year preceding the date of retirement or decease.

22. The committee shall appoint annually an Auditor in June or July to examine the accounts and shall inform contributors of the amount standing to their credit after the presentation of the Auditor's report. No individual member of the committee shall give any information concerning the fund to any one unless instructed to do so by the committee.

23. The managing committee with the approval of the Director of Public Instruction shall have full power to add to or alter or amend these rules as it may deem expedient or necessary, care being taken to see that such alterations and amendments do not prejudicially affect contributors who joined before such alterations and amendments were made.

24. The management shall merge their provident fund in any general provident fund that may hereafter be started by Government, if requested to do so by the Director of Public Instruction.

H. S. DUNCAN,
Ag. Director of Public Instruction.

(True Copy.)

for Director of Public Instruction.

OFFICE OF THE DIRECTOR OF
PUBLIC INSTRUCTION,
Madras, dated 4th June 1915.

CN 647. From the D.P.I., R. C. Boss. 27.2.14.
 " 21234 " " " 22.2.14.

Memo. No. 2462 J-13 487

(cf.) With reference to his letters read above the D.P.I. is informed that the proposal to exempt from ^(liability to) income tax the amounts contributed by teachers in ^{certain} aided secondary schools to the provident funds established ^{by the managers of} ~~by the managers of~~ ^{by institutions} ~~schools~~ require the sanction of the Govt of India. Such sanction will ^(and) not be necessary ^{when} the Govt general provident fund scheme for the teachers in schools under private ^{now under consideration} management is introduced. The amounts of income

rich individual
 teachers have ^{now} to forego
 for want of exemption
^(besides) small ^{the} accounting in connection with the grant of
^{must necessarily be} ^{in the circumstances} ^{such exemption}
^{is} difficult for the Director
 is requested to state
 whether ^{he should consider it desirable} it is worth while
 to address the Gov^t of
 India for sanction to
 the proposal.

SK
 30/7/17
 AM
 3/8/17
 1.8.17

N/
 So

The D.P.I.
 (Memo)

Home DEPARTMENT.
 Education
 Received 13/8/17 191 Registered 191

Subject.
 Suggesting that in the circumstances explained the Government
 of India may be addressed on the question of abatement of Income
 tax on the subscriptions paid to the Provident fund instituted
 for the benefit of teachers employed in aided secondary schools

ENCLOSURES.	
No.	
Spare copies	

Ref on Cur No. 6 0 5 5/16
 Station Madras, Dated the 11th August 1917

From (Name) The Hon'ble Mr. J.H. Stone, M.A., F.R.H.S.C.I.E.,
 (Designation) Director of Public Instruction,

Madras
 To The Secretary to the Government of Madras,

Home Department.
 Education

Sir,

With reference to Government Memorandum No. 2462A-/
 of the 4th instant regarding the proposal to exempt from lia-
 bility to Income-tax the amounts contributed by teachers
 towards the provident funds established by the managers of
 certain aided secondary schools, I have the honour to state
 that, although the sums in question are relatively small, yet
 as the teachers would get a rebate if they put their money
 into some other form of provident fund, e.g., a life insurance
 company where they would get a rebate, and since the Government
 of India's fund seems unlikely to materialize at all soon, I

sider that in justice to ^{the} teachers the matter should not be
 allowed to drop. It is suggested therefore that the Government
 of India may be addressed.

I have the honour to be,

Sir,

Your most obedient servant,

R. A. Arora

For Director of Public Instruction.

N. V. S.

NOTES.

OFFICE NOTE.

SUBJECT.

14 18

Abatement of income tax on the Contributions paid to Provident funds by teachers in Secondary schools.

From

the D.P.D. R.O.C. no 6055/16 dt 7.2.17
A-9. no 21627 dt 6.3.17

Register No. 647 & 1091

p. 117 of the Income tax
Manual

p. 1 of

Under rule 7 of the rules issued in the Govt. of India notification no. 2762 dt the 6.6.1890. Such portion of the income of any person in the service of the Govt. or of any local authority or of any Railway Company, as is paid into any Provident fund established under the authority, or with the permission of the Govt. is exempt from liability to income tax. The D.P.D.'s recommendation to extend this concession to the teachers employed in aided Secondary Schools, who are contributing to Provident funds instituted with the approval of the Director, does not seem to be unreasonable, especially in view of the fact that these funds are to be merged in the Govt. provident fund for teachers in non-pensionable ^{service} ~~and~~ the institution of which is now under the consideration of the Govt. of India (Vide the Govt. of India's letter on pp. 1-7 of papers at G.)

The Director however has not furnished information regarding the number of Secondary Schools

NOTES.

Page 2

that have provident funds attached to them and the amount of contributions on which the proposed abatement of tax will have to be allowed. The D.P.I. may be requested to furnish this information in the first instance.

A draft Memo. is submitted for approval.

A.S.
13/3/17.

14/3/17

19.3.17

20.3.17

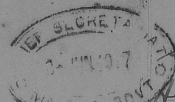
p.6 C.F.

p.7 ..

[Memo no. 647-2 of 21.3.17]
[C. no. 2123] from the D.P.I. no. 6055 of 23.5.17.

p.7 C.F.

The D.P.I. reports that the approximate amount of contributions on which the proposed abatement of income tax will have to be allowed ^(for the present) comes to Rs 19,575. Submitted the Financial (Separate Revenue) Dept^{W.O.} may be requested to frame a rule in consultation with the Bd of Revenue declaring that the Provident funds established for the benefit of teachers in aided Secondary schools and with the permission of the D.P.I., have been established under the authority or with the permission of Govt within the meaning of Section



Home (Edn) uo. 677/1-5

8.6.17

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Section 5, Subsection 1, Clause 9 of the
Act II of 1886. (Note the A.G.'s letter on p. 5 C.F.)

Q. Ina (Sep Res) u.o.
4.6.17
my 8.6.17

Sep: Rev: C. Es 1930

12.6.17

To Under Secretary

Envisaged that the case may
be forwarded, u.o., to the Board of Revenue
(Sep Res) for favour of remarks and
submission of a draft rule, as suggested
in the Home (Edn) Sep's note above.

Rev
9.6.17

11.6.17

Bo of Rev (Sep Res) u.o.

Sep: Rev: E.O. 1930-1

12.6.17

D.W. 11/6



H.B. No. 32 4-1917

11.6.17

p 72. Encounter marginal

The exemption granted by section 5 (1) (g) of the Income Tax Act applies to (1) deductions from salary under the authority or with the permission of the Government for the purpose of securing (a) a deferred annuity to the person from whose salary the deduction is made or (b) a provision for his wife or children after his death or (2) payments to insurance companies. The payments to the Provident Funds in question are not payments to insurance companies nor are they specifically for either of the purposes (a) or (b) under head (1) above. It would appear, therefore, that the mere recognition of the Funds by the Local Government would not have the effect of granting the exemption desired.

p 73 - do -

p 120 - do -

p 101 - do -

Under section 6 the Government of India alone can exempt from liability to the tax by notification in the Gazette of India. In the face of this specific provision, it would appear that rule 16 of notification No. 2763, dated 1st July 1890, which confers on Local Governments, with reference to section 38 of the Act, a general power of making rules for application within their own territories, empowers them to add to the list of exemptions granted by the Government of India.

Under notification No. 2763, dated 1st July 1890, the Government of India have exempted payments into Provident Funds by servants of Government, Local Authorities

para AG's on p. 117 - J.T. marginal

Authorities or Railway Companies. This will not cover

This will not cover servants of private educational institutions. In their letter in C.O. No. 620 Separate Revenue, dated 7th September 1915, the Government of India held that Provident Funds established by Chambers of Commerce, public companies and private firms did not fall within the scope of the Act and expressed themselves averse to widening the field of exemption on the ground of loss of revenue and complication in the administration of the Act.

It is submitted, with reference to these considerations, that it is not competent to the Local Government to frame the rule proposed, and it is suggested that, if necessary, the matter should be put forward for consideration in connection with the revision of the Act.

It may be noted in this connection that the Provident Funds in question will not be entitled to a rebate of interest on their investments unless it is a part of their rules that no single payment to a subscriber shall exceed Rs. 3,000 and no annual payment Rs. 500, with notification of the Government of India in the Department of Finance and Commerce No. 2180 S.R., dated 23rd April 1901. The attention of the Director of Public Instructions might perhaps be drawn to the definition of 'friendly society' therein.

8.7.17

To The Chief Secretary,
Financial Dept. (S.R.) u. o.



File (Sep 1917) Sept

To Under Secretary,
Please see the Board's remarks on pp 4-5 ante. The Board seems to be correct in stating that the local Govt. has no power to frame a rule to the effect that contributions to provident funds established by educational institutions under private management though with the permission of Govt. are exempt from income tax. This opinion is at variance with that expressed by the Asst. Genl. (pp 4-5. Cf.). The position will not be altered if a general provident fund is established by Govt. as contemplated, in as much as the beneficiaries are not the servants of Govt, a local authority or a railway company.
2/ In order to grant the desired concession, the Board considers an amendment of the Act necessary (p 5 ante). It is submitted that it appears sufficient if the benefit of rule (7) of the Govt of India rules published in No. 2762, of the 6th June 1890 is extended to persons in the service of educational institutions recognised by the Govt. For orders whether India will be addressed to amend the rule accordingly.
3/ In para 5 of its remarks on p. 5 ante

x p 1 of.

p 117. Income tax manual

slip no 19, on p. 117 of 2 T. manual

Sep 19 on p. 1179
Summary manual

The Board points out that, under the definition of "Friendly Society" in rule 3 of the rules referred to above, the interest on securities held by such provident funds would be exempt from income tax only within certain limits and suggests that this may be brought to the notice of the Director of Public Instruction. It is submitted that such provident funds are more in the nature of "Service Funds" referred to in the rule and that India may be addressed to define "Service Funds" so as to include provident funds established for the benefit of persons in the service of recognised educational institutions.

100
14.7.17

Rae
11/7

HM (S.R.)

HE

Home (Edn)

HM (SR)

HE The Home

Home (Edn)



17/1

Sep: Rev. L.O. 1930-2

18.7.17

200 A

2462

Regd 18.7.17

Home (Edn) Dept

Submitted. This Dept may support the proposal to address the Govt of India to secure the necessary exemption.

8/1
19.7.17

AM
23/7/17

24.7.17

A reference to the Government of India is necessary. Once the General scheme is sanctioned, the reference is necessary.

The amounts involved so far as individual teachers are concerned are small and the account is difficult.

Consult D.P. by separate memorandum whether it is worth while to press for the exemption.

May 27/17

A draft memo is submitted for approval.

SK
30/7/17
11/3/17

CA
1-8-17
3/8/17

[Memo No 2462A-124.8.17]

CN- 2656A. From the D.P. I, R.C. box- 9 11. 8. 17.

The D.P. I urges that the Govt of India should be addressed ^{sanction} ~~authorities~~ ^{sanction} ~~regard~~ to the exemption. It is for orders whether the Dept may support the proposal.

SK
14/8/17
11/15/17

CA
16-8-17

The amount involved is very small. It represents the income tax ⁴⁰ (5 pies per rupee) on each rupee contributed to the provident fund which is generally 1 anna in the rupee of salary; in other words the tax amounts to (generally) $\frac{1}{4}$ pie per rupee of salary.

Teachers whose salaries are below Rs 3 Rs per mensem are already exempted from payment of all tax.

The General Provident Fund Scheme is likely to be sanctioned in two or three years, with be governed by a special Act.

The accounting will be extremely difficult - I speak from experience.

The Director is right on principle but the practical inconveniences are many.

The total rebate desired is about Rs 408 ~~Rs 408~~ distributed amongst a very large number of subscribers.

12/8/17

H M (Dep Rev)

H L The Governor,

I agree with the Hon Secretary and Depreciate

Box 25
Enc 17.2.17
Ref 21.5.17

a reference to India
has.

22-AUG-1917

A draft order is submitted for approval. It may be sent to the Finl. (Sec. Rev) Dept. for perusal.

$$\frac{84}{121.8717}$$

CA
24.8.17

my 24/8/17

Paul Depree

Fair (SR) Dept-

To Under Secy

Sub₂ that the
draft order may be processed
and the file returned to House
(Eoul) no PHL

Rule

Issue
C. B. 10/11

A circular ink stamp from the U.S. Department of Justice. The outer ring contains the text "U.S. DEPARTMENT OF JUSTICE" at the top and "RECEIVED" at the bottom. In the center, the date "AUG-10-17" is stamped. The stamp is slightly faded and has a textured appearance.

Sep. Rev. C. H. 2306
Aug. 28. 8. 17

Sep: Rev: k.o. 2306-1
29.8.17

COR 11/17

House (Eon) 91

Stating that the Govt ^{do not consider it necessary} ~~are unable to recommend~~ to the Govt of India for sanctioning the proposal to exempt from liability to income tax the amounts contributed by teachers in aided secondary schools to the provident funds established by the managers of those institutions.

READ AGAIN G.O. No. _____, dated _____ 191 .

READ AGAIN G.O. No. _____, dated _____, 191

READ ALSO:—

C. No. 647, From the gpl Rec. loss, dated 9. 2. 1917.

1091	A.C.	Feb 23. 2/627	6.	3.	1917.
2123A	O.P.	loss	23.	5.	17.
2656A	O.P.		11.	8.	17.
					191

ORDER.

mis

No. 1116, dated 30. 8. 1917.

The Govt regret that they are unable at present to recommend to the Govt of India for sanction the proposal to exempt from liability to income tax the amounts contributed by teachers in aided secondary schools to the provident funds established for their benefit by the managers of those institutions.

8K) suggests the sanction of the
22-8-17 Govt of India. The Govt do not think that sufficient grounds exist at present to apply for such sanction.

8K
22-8-17

To The D.P.F.
Final (Sep Rev) Dep't

23000

OK 11/8/17

(over)

It is not necessary to copy the report of the committee on the subject of the proposed amendment to the constitution of the United States, as the committee has already reported thereon to the House of Representatives.

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The first report of the committee on the subject of the proposed amendment to the constitution of the United States, as the committee has already reported thereon to the House of Representatives.

It is not necessary to copy the report of the committee on the subject of the proposed amendment to the constitution of the United States, as the committee has already reported thereon to the House of Representatives.

When given for copying
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When examined
When signed

191

READ AGAIN G.O. No. 191

DATED

CURRENT No.

ENCLOSURES TO C. No.

ORDER OF GOVERNMENT

LETTER OF GOVERNMENT

STATEMENT WITH DITTO

PAPERS NOT FILED UP, BEING MEANT FOR DISPATCH IN ORIGINAL.

N.B.—

A — Copy in full.
B — Not to be copied.
P — Copy abstract only.
Q — Copy heading only.

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