

Home (1918) Department.
(Education)

Ordinary SERIES.

G.O. No. 1490

DATED 23-11-1918

INDEXED

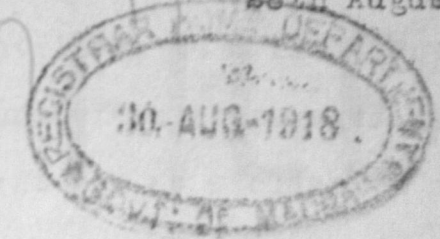
[Despatch Abstract.]

Provident Fund.

Informing the Secretary to the Missionary Educational Council of South India that the Government are unable to address the Government of India with a view to securing exemption from payment of incometax in favour of contributions to provident fund attached to aided schools.

Home Dept
30.8.18
1162-3 mi 10-8-17

The Kellett Institute, V
Triplicane,
Madras,
28th August 1918.



From
1162-3 mi 10-8-17

The Rev. D.G.M. Leith,
Secretary,

The Missionary Educational Council of
South India,
Triplicane,
M A D R A S.

To

THE CHIEF SECRETARY TO THE GOVERNMENT OF MADRAS,
O O T A C A M U N D.

Sir,

On behalf of the Missionary Educational Council of South India I have the honour to approach you with the request that Government may be pleased to reconsider their Order No. 1116, Home (Education) dated 30th August 1917. In that Order the Government state that they do not think that sufficient ground exists for their applying to the Government of India for sanction to exempt from liability to Income Tax the sums contributed by teachers to Provident Funds connected with aided schools. The grounds on which the Council respectfully asks for a re-consideration of this Order are:-

- (1) that the remission of Income Tax on sums which teachers contribute to Provident Funds would seem to be in accordance with the section of the Indian Income Tax Act 1918 Chapter I section 2 (2) which exempts from Income Tax

Tax sums paid for the purpose of effecting life insurances.

(2) that such an exemption by making it easier and not harder for a teacher to contribute to a Provident Fund would be an encouragement to thrift, an encouragement all the more advisable among teachers who as a class do not enjoy high salaries.

(3) that any Provident Fund connected with an aided school might be regarded as coming under the said section of the said Act provided the Fund has received the approval of Government through the Director of Public Instruction.

Vij I have the honour to express the hope that the grounds now stated may be regarded by Government as -- sufficient to warrant a modification of their Order and that the Government will be pleased to apply to the -- Government of India for the necessary exemption.

I have the honour to be,

Sir,

Your most obedient servant,

D. G. M. Parth

Secretary.

Home (Education) Dept.

C. No. 1852-B.

LETTER:- N^o. 1852 B-1

Ref.

To

The Rev. D.G.M. Leith,
Secretary, the Missionary
Educational Council of
S. India, Triplicane.

Sir,

With reference to your letter
of the 28th August 1918, addressed
to the Chief Secretary to Govt. re-
garding the exemption from income-
tax of contributions made by teachers
in aided institutions to provident
funds established for their benefit,
I am directed to request you to be so
good as to furnish Govt. with parti-
culars, in the case of selected insti-
tutions, as to the amount of contri-
butions to the fund ^{and the policy} that would be
afforded to individual teachers, if ^{in some average case}
the concession ^{in question were} granted.

I have, etc.

ms
26/9/18

CR
30/9/18
my
2/10/18

ms
5/10

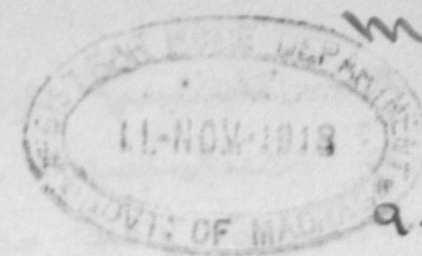
Wm

4

Howe (Ed.) 22372/13

30 Brodie's Road,

5



Mylapore
Madras
9.11.1918.

From

Rev. D. G. M. Perth
Honorary Secretary
Missionary Educational Council of
South India

To

The Secretary,
The Government of Madras,

Sir,

I have the honour to acknowledge receipt of your letter no. 1852 B-1 dated 2nd October 1918 regarding the exemption from income-tax of contributions made by teachers in aided institutions.

I have the honour to give you in reply the total amounts paid to Provident Funds in your institutions:-

1. The Christian College, Madras Rs. 5650-4-0
2. The American College, Madras 1700-0-0
3. Wesley College, Madras 1235-1-0
4. The Vellore High School, Madras 738-4-0

The relief to teachers will best be seen by taking the case of a teacher drawing Rs. 100 per mensem. at the rate of one anna per Rupee he pays Rs. 6/4 per month or Rs. 75 per year to the Provident Fund of his institution. The income tax on this at 4 pias per rupee amounts to Rs. 1/4. This amount indicates the relief which would be afforded to such a teacher if rebate were given as in the

5
6
case of premiums paid to Insurance
Societies.

A I would point out that the sum
though small involves a principle, namely
that if rebates are granted in the case of
premiums paid to Insurance Societies,
there seems no valid reason why it
should be denied in the case of
Provident Funds which are really
Insurance Societies connected with
particular institutions

I would also add that the
sum involved is of importance to the
individual teacher?

I have the honour to be,

Sir,

Your most obedient servant

D. G. M. Reith

Secretary

missionary educational Council
of South India.

C No. 1852 B. from the Missionary Edn Council of South India, dated the 28th Aug. 1918.

Subject

Abatement of income tax on contributions by teachers in aided secondary schools to provident funds established for their benefit.

(I)

Please see the notes and orders in G.O No. 1116 Edn dated the 30th Aug. 1917. From the Secy's & the H M's notes on page 26 of the G.O, it will appear that though the principle involved in the Dir's proposal to allow abatement of income tax on sums contributed by teachers in aided secondary schools to provident funds established by the management was considered to be right, yet the ^{proposal} was not accepted for the following reasons:-

- (1) The general provident fund scheme was likely to be sanctioned in two or three years and would be governed by a Special Act.
- (2) The account keeping would be extremely difficult; and
- (3) The total ^{amount} rebate desired was small distributed amongst a very large number of subscribers.

Thus the practical inconveniences resulting from adopting the proposal were considered to be many.

It may be noted that in regard to the general provident fund scheme for teachers, the Govt of India have since been addressed pointing out that it would not be possible to meet any portion of the cost of the scheme from Provincial revenues and requesting that the fund, if established, should be financed wholly by the Govt of India and managed as an Imperial concern. But in view of the Deform proposals under which 'Education' is to be a "transferred" subject, the Govt of India is not likely to finance any provident fund ^(scheme) and so the prospect of any such scheme being financed by this Govt seems to be rather remote.

Letter. No 1163 Edn. (III)
10.9.17

(I)

2 The Missionary Educational Council of South India have not now adduced any new grounds justifying a reconsideration of G.O. No. 1116 Edn dated 30th Aug 1917. Section 12(2) of the Indian Income Tax Act. referred to in ~~above~~ para 1(1) of the current does not introduce any new departure. The sanction of the Govt of India would still be necessary for the grant of the

concession. It is therefore for consideration whether the Missionary Educational Council may be informed that the Govt see no sufficient ~~person~~ ^{grounds} to reconsider the orders already passed in G.O.

(I) No 1116 Edu dated the 30th Aug 1917.

Id.
179.0 No alteration ~~has~~ ⁱⁿ the situation has happened since the Govt. decided in 1917 not to move in the matter at present. The Govt. of India have suggested however whether a portion of the Imperial grant of 5.5 lakhs can be utilized for the introduction of the provident fund scheme. It is unlikely that the suggestion will be ~~accepted~~ ^{acted} upon. We may defer, in any case, moving the Govt. of India until we are about to introduce the general scheme.

Id.
21.9.18
Lr

Can the Rev Mr. Smith give us an idea of the amounts concerned

and the relief proposed to moulded teachers in some typical institutions?

23/7/18

A draft letter to the Rev. Mr. Laith

is enclosed.

26.9.18

20.9.18

2/10/18

[Letter No. 1852/B-1, 2/2nd. Oct. 1918]

to 2372/B, from the Rev. J. S. M. Laith.

from the particulars

furnished by the Rev. Mr. Laith, it is observed that though the total amounts contributed to presidents

funders each of the four institutions cited by him, ^{are} comparatively large, the relief afforded to individual teachers is almost negligible, being a rupee and nine annas in the

case of a teacher drawing a salary of Rs 100 p.m. But Mr. Laith ^{has proposed more} ~~proposed more~~ ^{principle involved than} ~~proposed more~~ for actual relief to the teachers. For orders whether the

G. of I. should be addressed to sanction the exemption from income-tax applied for.

15.11.18

18.11.18

4: 'A' at p. 5, e. f.

for the indication of the

The relief to individual teachers is small. And in my opinion there is no question of "principle" because the abatement follows, the moment the provident funds are recognised by Govt of India and a notification be issued.

I would rehearse the substance of the former decision

Very
13/11/18

A draft order is subd.

20.11.18

21.11.18

20.11.18

Very
21/11/18

102

φ

22.11.18,



B: 27
C: 21
R: 28/11

Informing the Secy. to the Missionary (Ed. M.)
Edl: Ch: of S. India that the Govt: are unable
to address the Q. of S. with a view to securing
exemption from payment of income tax in favour
of contributions to President funds attached
to aided schools.

191
" " " " 116 Home (Ed. M.), d/ 30. 8. 1917

READ ALSO:-
C. No. 1852/10 From the Rev: D. S. M. Laith, No. . . . , dated 28. 8. 1918

Secy: Missionary Edl: Ch: of
S. India. " " " " 191

" " " " 2372/B " " " " 9. 11. 1918

ORDER.

No. 1490, dated 23. XI. 1918.

Mrs.

The Govt: have again
considered the question of
exempting from liability to
income tax contributions made
by teachers in aided schools
to President funds established
for their benefit and they
are still not convinced that
sufficient grounds exist to
justify the Govt: of India
being addressed to secure

the exemption prayed for.

To the Rev: D. S. M. Laith,
Secy: to the Missionary
Edl: Ch: of S. India
Copy to the D. S. M. (2 to)

20. 11. 18.
20. 11. 18.
21. 11. 18.
21. 11. 18.

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