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C.F. 71.

Department of Local and Municipal.

OFFICE

STATION

G.O No: 692-93 (M)
Press

Dated 3-6-1889

June.

Pages in the file.

SUBJECT.

Octroi

Passing orders on the proposed revision of the Arts Tax Schedule and the introduction of — into the Madras Presidency.

C.F. 71.

## Back Papers,

| Dis. | No. | Department.<br>Series. | Date. | Dis. | No. | Department.<br>Series. | Date. |
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## Further Papers.

| Dis. | No. | Department.<br>Series. | Date. | Dis. | No. | Department.<br>Series. | Date. |
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# GOVERNMENT OF MADRAS.

## LOCAL AND MUNICIPAL DEPARTMENT.

Read—again the following papers:—

G.O., dated 31st Mar. 1887, No. 304 M., Local and Municipal.
" 24th Jan. 1888 " 65 M. "
" 15th Feb. " " 155A M. "
" 14th Mar. " " 234 M. "
" 23rd July " " 806 M. "

Order—dated 3rd June 1889, No. 692 M., Local and Municipal.

In paragraph 10 of G.O., dated 31st March 1887, No. 304 M., reviewing the operations of the district municipalities for 1885-86, the Government observed that the tax on arts, professions, trades and callings was for several reasons the most unpopular of the municipal taxes, and that, though its abolition was not practicable, its incidence might be lessened by the exemption of the lowest classes of the schedule. On this the Government of India, in paragraph 3 of their letter, dated 28th June 1887, No. 72, called for a full report in regard to the tax and a statement of the reasons why some other more popular mode of taxation could not be substituted for it, Madras and the North-Western Provinces being the only portions of India in which a large revenue is derived by district municipalities from taxing trades. This report was furnished in paragraph 15 of G.O., 15th February 1888, No. 155A M., and in the letter to the Government of India, dated 14th March 1888, No. 234 M., the conclusion arrived at by this Government being that the abolition or reduction of the tax was not practicable. It was admitted that the assessments were generally very unequal and that the schedule required amendment, but it was also stated that if the tax were reduced or abolished, the only alternative open would be to increase the tolls—a step which would be objectionable as meaning the taxation of outside traffic in order to provide for purely municipal purposes.

2. In paragraph 3 of is letter, dated 16th June 1888, No. 95, the Government of India observed that, as an essential condition of the retention of the tax, the method on which it is assessed should be thoroughly overhauled, and its incidence made more equal. It was, however, suggested for the consideration of this Government that the tax might be replaced by an octroi on a few articles of common consumption.

3. As regards the tax on arts, the chief cause of the inequality that now exists in taxation, and of the difficulty experienced in fixing the assessments at uniform rates in the several towns, is that the tax is one on trades and callings and not on incomes. Persons carrying on certain trades may be placed in one class of Schedule A, Act IV of 1884, by one Municipal Council and in a different one by another. Moreover, the holders of fixed incomes are not adequately taxed in comparison with others, *e.g.*, a Government servant drawing Rs. 750 a month is put in Class IV along with the keeper of a shop the rental of which is estimated at Rs. 10 per mensem. His Excellency the Governor in Council has given his careful consideration to the question of altering the principles of assessment of this tax so as to equalize its incidence, and has arrived at the conclusion that this cannot be done without entirely

changing the nature of the tax. Such an equalization would mean a graduation of the classes liable so as to make the rates of assessment proportional to income, and this would convert the tax into a regular income tax, would involve the double taxation of many incomes, first to Municipal and then to Imperial revenues, and would require in the case of the Municipal impost either the adoption of a minimum taxable income much lower than that taken for the Imperial income tax, or else a considerable reduction in the yield. Moreover, it is such similarity as already exists between the arts tax and the Imperial income-tax that is the chief cause of the unpopularity of the former.

4. In regard to the levy of octroi duties, the following statement shows the provinces and the number of municipalities in each (excluding the Presidency town of Bombay) in which this tax is now levied, the total income derived therefrom in 1886-87, its incidence in each province in that year, and the proportion the receipts under this head bear to the total revenue derived from actual taxation in municipalities excluding the Presidency town of Bombay :—

| Provinces. | Number of Municipalities. | | Income from octroi. | Incidence per head. | Proportion of octroi receipts to total Revenue derived from Municipal taxation. |
|---|---|---|---|---|---|
| | Total. | In which octroi is levied. | | | |
| | | | RS. | RS. A. P. | |
| Bombay .. .. .. .. .. .. | 157 | 115 | 15,38,474 | 0 14 9 | 63·5 |
| North-Western Provinces and Oudh .. .. | 109 | 78 | 18,67,037 | 0 11 4 | 84·4 |
| Punjab .. .. .. .. .. .. | 190 | 169 | 23,03,749 | 1 1 11 | 94·4 |
| Central Provinces .. .. .. .. .. | 59 | 32 | 6,00,772 | 1 2 5 | 88·4 |

5. The general objections which may be urged against the introduction of octroi duties are (1) the great inconvenience to trade and the inquisitorial procedure which necessarily accompany the setting up of octroi barriers; (2) the tendency of octroi taxes to degenerate into transit duties on goods; (3) the opportunities for oppression and exaction by low-paid servants which the system affords; (4) the probability that a considerable proportion of the payments actually made by the people fails to reach the municipal treasuries; (5) the facilities for evasion and the demoralization of the people from the temptation thus afforded; and (6) the fact that the octroi is a tax on necessaries and therefore falls most hardly on the poor. On the other hand, this method of raising revenue has considerable advantages which make it a most efficient instrument of taxation. The dues levied are certain and uniform, and there is no question of assessment by Councils, or suspicion of favoritism by the assessing authorities. No one is troubled with notices, warrants and appeals; and the tax is paid almost without the knowledge of the tax-payers in the form of enhanced prices of commodities. It has also to be considered that municipalities are being constantly called upon in the interests of sanitation to undertake schemes of water-supply and drainage, to which their present resources are not equal, and that some means of increasing their revenues is imperatively required. Taking the proceeds of an octroi at 8 annas per head of the population, the aggregate yield of this tax for all district municipalities of this Presidency would be about 7¼ lakhs, whereas the arts tax as at present levied brings in about 1½ lakhs, and tolls and ferries about 3 lakhs.

6. His Excellency in Council is therefore prepared to take steps to legislate for the imposition of octroi duties, as suggested by the Government of India. The levy of such duties would be optional with each Municipal Council, but such Councils as choose to adopt them will be bound to discontinue the levy of the tax on arts on the last three or four classes of the schedule, in view of the fact that the octroi duties will, as above remarked, press most heavily on the poorer classes, and to revise the rates of tolls so as to prevent carts which carry articles liable to octroi from having to pay a double tax. This could be arranged by fixing the octroi duties at such rates that a cartload of produce should pay not less than the amount of toll to which the cart conveying it would be liable and then exempting such carts from payment of tolls. Carts and vehicles not carrying articles liable to octroi would, of course, still pay tolls for the use of the roads. The Government would also stipulate, as a means of preventing the degeneration of the tax into a mere transit duty, that no octroi duties shall be levied in municipalities where the population is less than 5,000, or where the gross income which the duties are estimated to produce from the tax does not exceed Rs. 5,000.

7. But before taking further action in the matter, His Excellency the Governor in Council resolves to refer these proposals to all Municipal Councils for careful consideration and early report. The model rules and schedule framed by the Commissioner of the Central Provinces for the guidance of municipalities in those provinces in levying octroi duties, and forming Appendix G of the papers communicated by the Government of India to this Government in October 1888,* will be reprinted at the end of the present Proceedings for the information of the Madras Municipal Councils, and further information will be obtained as to the rules in force in other provinces.

(True Extract.)

W. S. MEYER,
*Asst. Secy. to Govt.*

To all Chairmen of Municipal Councils,
through the Collectors concerned.
„ all Collectors.
„ the Revenue Department.
„ the Board of Revenue (Land Revenue).
„ „ (Separate Revenue).

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ENDORSEMENT—dated 3rd June 1889, No. 693 M., Local and Municipal.

Copy to the Government of India, Home Department.

W. S. MEYER,
*Asst. Secy. to Govt.*

Exd. A. Raitt.

[Appendix.

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* Home Department letter, No. 4-205, dated 31st October 1888, recorded in G.O., 11th December 1888, No. 1405.

# APPENDIX.

## MODEL RULES FOR THE COLLECTION AND REFUND OF OCTROI DUTY.

### RULES.

### *General.*

1. The articles named in the Octroi Schedule as liable to duty are liable to pay that duty wherever produced as soon as they enter the octroi cordon as determined by the position of the outposts, save in cases where exemption is hereinafter allowed.

2. Octroi duty will be taken by Moharirs or other persons (hereinafter called the octroi officers) in charge of the octroi posts, which are, or may hereafter be, established at such places as the Municipal Committee has determined or may from time to time determine, provided that such posts shall not be beyond the municipal limits. The officer charged with the supervision of octroi in the town is hereinafter called the "octroi darogah."

3. Every octroi officer shall either wear a badge indicative of his office, or shall have with him ready to be displayed the order appointing him, which shall be under the signature of the Secretary of the Municipal Committee or any other person authorised in that behalf by the Municipal Committee.

4. Octroi duty on goods liable to such duty must be paid in Government currency. The octroi officers shall not receive goods of any description either in payment of, or as security for the payment of, duties leviable under the Octroi Schedule.

5. A copy of the Octroi Schedule printed or legibly written in Hindi / Mahratti / Uriya, together with a list (to be corrected every Monday and dated and signed as correct by the octroi darogah) of the prices of all articles liable to duty at *ad valorem* rates, shall be conspicuously exhibited on the outside of every octroi post. Such prices are to be fixed with reference to the cost price of the article to the importer and not with reference to its retail price in the local market. A set of scales and standard measures shall also be kept at every octroi post.

6. (*a*) The person in charge of goods brought to an octroi post will be required to state the description, quantity and value of the goods in his charge.

(*b*) But any owner or consignee of goods, the value of which exceeds Rs. 20, may, subject to such conditions as may with the sanction of the Chief Commissioner from time to time be laid down by the Municipal Committee in that behalf, obtain a pass for them by presenting the invoice of such goods to the octroi darogah, who, having received the duty according to them on the schedule rates, will grant a pass in the prescribed form. This pass will only protect such goods as have not broken bulk on the journey. If it is found that the goods have broken bulk, duty will be levied as if no such pass had been given; but a refund of the duty originally levied may be obtained on application to the darogah.

7. If the octroi officer sees cause to challenge the declaration required by rule 6 (*a*) or the correspondence of the goods with the invoice on which the pass was granted, he shall send the goods to the Central Office for examination by the octroi darogah. If the darogah finds that the amount or value of the goods exceeds the declared amount or value, he shall recover the extra duty payable; and should the excess be more than 15 per cent., double duty shall be realised, for which a receipt shall be given. This rule will not prevent a criminal prosecution in any case in which it may appear desirable. The darogah shall keep a separate register of the payment of such double duties, and shall make a note of any cases in which the octroi officers have vexatiously sent goods to the Central Office for examination.

8. If the octroi officer is satisfied that the declaration required by rule 6 (*a*) is correct, he shall proceed as follows :—

(*a*) In the case of goods brought to the post and not protected by an invoice pass, he shall inform the person in charge of them of the amount payable by him according to the schedule and demand payment, and, on such payment being made, grant a pass in the prescribed form.

(*b*) In the case of goods protected by an invoice pass, he shall on the surrender of such pass grant a fresh pass as above (*a*). The pass granted under this rule will be retained by the person in charge of the goods as a voucher for the duty having been paid.

9. There shall be placed at every post a box into which the octroi officer shall drop the money or the invoice pass received, together with the counterpart of the pass granted under the last preceding rule. The key of the box will remain with the octroi darogah who will every day remove its contents, or else the box will be taken every day to the Central Office, there to be opened by the darogah. The octroi officer shall be bound to supply the octroi payer with such change up to the value of one rupee as may be required by him for the payment of the dues.

10. No goods liable to duty and not hereinafter exempted will be allowed to be brought or to remain within the octroi cordon without payment of duty, unless the person in charge of the goods declares himself unable or unwilling to pay the duty demanded. In such case the goods shall be forwarded to the bonded warehouse, there to be dealt with as goods in bond.

*N.B.*—Local modification of this rule will be required when there is no bonded warehouse.

11. The octroi officers and any other officers empowered by the Municipality are authorised to inspect passes at any time after goods have passed the octroi cordon and before they have arrived at their destination ; and should the person in charge of the goods refuse to show the pass for the same, the goods will be liable to be removed to, and detained at, the Central Office till such time as it is known whether duty on them has been paid.

### *Goods in transit and Bonded Warehouse.*

12. (*a*) Goods in transit and not intended to remain within the octroi cordon shall not be subject to any duty. On the arrival of such goods at a post and after the declaration required by rule 6 has been made, the official in charge shall grant a pass in the prescribed form to be called the "transit pass." The goods will then be accompanied by a chaprasi [either to the bonded warehouse, or] to the post by which they are to pass out. On their passing out, the pass will be surrendered to the octroi officer in charge of the exit post. He shall send all such passes daily to the octroi darogah, who shall compare them from time to time with their counterfoils at the posts whence they were issued.

(*b*) Provided that the person in charge of the goods in transit may on arrival at a post pay the duty according to the schedule, for which he will be granted a receipt in the prescribed form called "transit duty pass." He will then be allowed to proceed without any escort. On the arrival of the goods, without having broken bulk on the journey, at the exit post and on the surrender of the pass, the octroi officer there will refund the duty paid and entered in the pass to the person in charge of the goods. No refund under this rule will however be granted, unless the goods arrive at the exit post within 48 hours of the time of payment of the duty as entered in the pass. This will not prevent a grant of refund under the general refund rules.

13. (*a*) To enable the officials in charge of posts to grant refunds under rule 12 (*b*), the octroi darogah may, with the approval of the Municipal Committee, make advances of money to them according to their requirements, provided that the total sum thus advanced from the Municipal fund shall not exceed (a sum to be fixed by the Municipal Committee).

(*b*) No receipt for refund of duty granted under this rule shall be taken from the payee ; but the payee shall affix his signature, in token of having received payment, on the reverse of the pass which he surrenders. Every evening the counterfoils of all transit duty passes issued, and the originals surrendered, shall be forwarded by the octroi officers to the Central office. They shall similarly return any balance out of their advances that may remain unspent. The octroi darogah will then compare the counterfoils and the original passes, and the balances returned, and see that they agree. Any irregularity that may be discovered shall be immediately reported to the Secretary or such other person as may be appointed in this behalf. The darogah after he has finished his examination may issue advances for the next day.

(*c*) A separate account will be kept by the octroi darogah of duty levied and refunded under this rule, classified according to the headings in the schedule. A copy of such account shall be forwarded to the Secretary every week, who shall at the close of the month enter in the municipal account, under a distinct heading, the totals of duty levied and refunded.

In submitting the monthly account to the controlling offices, the Secretary shall certify as to the correctness of the amount refunded, and such certificate shall have the same effect as the payee's receipts in the case of refunds granted under the general refund rules. The receipts taken on the back of the passes (13 *b*) shall be attached to the certificate as vouchers.

14. All goods remaining at the bonded warehouse for a period exceeding 48 hours will pay for every month (or fraction of a month) as follows :—Six pies per bag or basket load, nine pies for each bullock, buffalo, ass, camel or pony load, one anna per cart drawn by two bullocks, and in other cases two annas for one hundred rupees' worth of goods.

15. The bond fees shall be payable on the day the goods are to be removed and before removal of goods, for which a receipt shall be granted in the form prescribed in that behalf by the Committee.

16. Should the fees not be paid when due, such portion of the goods as is likely to cover the amount of the fees due shall be sold by auction. Fees on perishable goods are payable in advance, and if not so paid such goods shall forthwith be sold by auction. In both these cases, the proceeds, after deduction of the amount due, shall be made over to the owner of the goods. During the detention of the goods at the bonded warehouse, the Committee, though guaranteeing ordinary protection, will in no way be responsible for any loss not caused by the neglect or fault of the Municipal Committee or its servants.

17. A portion of a consignment may be cleared from the bonded warehouse by paying duty thereon without rendering the remainder of the consignment liable to duty until such remainder leaves the bonded warehouse for sale or consumption within the octroi cordon.

### *Refund Rules.*

18. On the exportation of dutiable goods, the exporter shall be entitled to a refund of the amount of duty paid on the import of those goods ; but no refund shall be claimable if the amount to be refunded be less than four annas.

19. No refund shall be granted on any cloth of a kind which is woven within the Municipal limits, unless from the cloth being stamped with the town duty stamp or by some other means, the exporter can clearly prove that he has paid duty on the cloth he exports.

20. Except as provided in rule 19, no proof shall be required that duty has been paid on any article.

21. All applications for refund must be made at the Central Octroi Office of the Municipality.

22. The octroi darogah may pay out of collections in his hands any refund not exceeding Rs. 10 : when the amount of refund exceeds Rs. 10, payments shall not be made without the written order of the Secretary or of some other person specially authorized by the Committee in this behalf.

23. The octroi darogah shall render daily to the Secretary an account of all such payments out of collections supported by the necessary vouchers.

24. Any person desirous of obtaining a refund must procure from the octroi darogah a chalan in the prescribed form, and a chaprasi will accompany the consignment of goods beyond the octroi cordon. The octroi officer of the exit post will

note on the chalan that the goods have passed; and the chalan will then be returned to the Head Office, and filed after payment of the refund.

25. Exporters shall not club their exports for the purpose of raising the refund claimable above the prescribed minimum.

26. Rules 18 to 25 (both inclusive) shall be translated into vernacular, and circulated in the bazaar; a copy shall also be affixed in a prominent place at the Central Office, and at each of the octroi posts.

### *Goods brought by Railway.*

27. Goods brought by Railway will be held to have entered the octroi cordon directly they pass beyond the Railway station enclosure, and they then become liable to duty in the same manner as goods brought by road.

28. (*a*) The addressees, to whom this rule applies, of parcels arriving by Railway, are required to declare the description of goods received in such parcels and their value, and to pay the duty thereon under penalty of being considered to have evaded the tax. Printed forms of declaration may be obtained on application to the Secretary or the octroi officer in charge of the Railway station post.

(*b*) If either the contents or their value are not known to the addressee, the parcel may be taken away by the person in charge of it on depositing eight annas (for which a receipt will be granted) with the octroi officer of the Railway octroi post. If subsequently the parcel is found not to be subject to duty, or if the duty be less than eight annas, a refund will be granted on the production of the receipt at the post whence it was issued. If the duty exceeds eight annas, the consignee shall, under the penalty of being considered to have evaded the duty, send the excess to the post along with the receipt granted, when a fresh receipt for the proper duty charged will be issued in place of the original receipt, which will be retained by the Moharir. The benefit of this rule shall be allowed to such persons as the Municipal Committee decide. It shall not ordinarily be allowed to any person trading in articles subject to duty.

29. Any person not in trade may commute the octroi duty payable on parcels, brought by post or Railway, which are intended for his *bona fide* personal use only into a house tax, calculated on the rental of the house he occupies if he is a tenant, or on its fair rent valuation if he is its owner at the following rates:—

1st Class.

On houses whose estimated monthly rental does not exceed Rs. 25—A rate of Rs. 6 per annum.

2nd Class.

On houses whose estimated monthly rental is above Rs. 25 but does not exceed Rs. 50—A rate of Rs. 12 per annum.

3rd Class.

On houses whose estimated monthly rental is above Rs. 50 but below Rs. 100—A rate of Rs. 18 per annum.

4th Class.

On houses whose monthly rental is Rs. 100 and above—A rate of Rs. 24 per annum.

If the occupier or owner of a house and his family be absent from the station and no parcels are received during his and their absence, the tax will be remitted for every full month of such absence.

### *General Exemptions.*

30. Goods the property in which is vested in Government at the time they pass the octroi cordon, and which are intended for the use of Government, shall pass free if accompanied by an invoice with the endorsement of the proper Government officer, certifying that they are the property of Government and intended for Government use. Articles intended for sale to the public are not exempted merely because they are the property of Government at the time of importation.

31. All rails, plant, machinery, rolling-stock, stores, fixtures and implements of every description required by the Bengal-Nagpur Railway Company for the purpose of constructing, maintaining, equipping or working the Railway are property which is vested in Government and which is intended for the use of Government within the meaning of the last rule; and no duty shall be levied thereon. But articles manufactured at the Railway workshop and actually sold by such workshop to the public will be taxed. At the close of each month the Railway officer in charge of the aforesaid workshop shall forward to the Municipal Committee a statement showing the amount of dutiable materials used in the articles sold to the public during the month, and shall send the amount of town duty leviable thereon. Such manufactures as are used for the Railway or supplied to other Departments of Government are exempted from taxation.

32. Goods the property in which is not vested in Government at the time they pass the barrier, but which, being imported with a view to the fulfilment of a Government contract, or otherwise intended for the use of Government, will, in the ordinary course of things, become the property of Government after importation, shall on passing the barrier be declared as intended for the use of Government, *e.g.*, in fulfilment of a certain (specified contract). The duty on them shall be paid, and subsequently if they actually do become the property of Government, the duty shall be refunded on a certificate to that effect signed by the Departmental Officer concerned.

33. Duty shall not be levied at the time of import on articles imported for manufacturing purposes into the Jail. The manufactures actually sold by such Jail to the public will, however, be taxed. At the close of each month the Superintendent of the aforesaid Jail shall forward to the Municipal Committee a statement showing the amount of dutiable raw materials used in the articles sold to the public during the month, and shall send the amount of town duty leviable thereon. Such manufactures as are used in the Jail or supplied to other Jails or Departments of Government are exempted from taxation.

34. No octroi duty shall be levied on any of the following commodities, viz.—

(*a*) Articles liable to Customs duty and imported into India by sea;
(*b*) Salt;
(*c*) Opium;
(*d*) Fermented or spirituous liquors manufactured in India, and drugs liable to excise or Abkari duty;
(*e*) *Bona fide* passenger luggage, as also articles intended for private or personal use, which may have been in use before being brought into the town;
(*f*) Stores, clothes. and other articles procured by Commanding Officers for the exclusive and direct use of their regiments.

35. The Municipal Committee shall from time to time prescribe the forms referred to in the aforesaid rules.

36. Any infringement or evasion of the aforesaid rules will be liable to punishment under Section 21 of Act XI of 1873 (Central Provinces Municipal Act).

note on the chalan that the goods have passed; and the chalan will then be returned to the Head Office, and filed after payment of the refund.

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35. The Municipal Committee shall from time to time prescribe the forms referred to in the aforesaid rules.

36. Any infringement or evasion of the aforesaid rules will be liable to punishment under Section 21 of Act XI of 1873 (Central Provinces Municipal Act).

## Model Schedule of Goods liable to Octroi, with the *maximum* rates of tax and the mode of taxation allowable in each case.

N. B.—Nothing is taxable which does not fall distinctly under some heading of the Schedule. But it is open to any Municipality to omit any article in the Schedule, or to exempt any kind of carriage, or to take any lower rate of tax.

| — | Rate per Chhattisgarhi or Madras cart drawn by 3 or more animals. | Rate per ordinary cart drawn by 2 animals. | Rate per pack bullock. | Rate per head load. | Rate on number, weight or standard package. | *Ad valorem* rate per cent. | Alternative rate per maund. | Exemption. | Remarks. |
|---|---|---|---|---|---|---|---|---|---|
| I.—Articles of food or drink for men or animals— | RS. A. P. | RS. A. P. | RS. A. P. | RS. A. P. | | RS. A. P. | RS. A. P. | | |
| 1. Grain and pulses of every description .. | 0 10 0 | 0 8 0 | 0 1 3 | 0 0 6 | .. | .. | 0 0 9 | Up to 5 seers free.<br>From 5 to 10 seers half rates. | Head loads over 30 seers to be charged by weight. |
| 2. Cotton seeds .. .. .. .. .. | 0 5 0 | 0 4 0 | 0 0 9 | 0 0 3 | .. | .. | 0 0 4½ | .. | |
| 3. Karbi .. .. .. .. .. | 0 5 0 | 0 4 0 | 0 0 9 | 0 0 3 | .. | .. | .. | .. | |
| 4. Grass, straw and bhusa .. .. .. .. | 0 5 0 | 0 4 0 | 0 0 9 | 0 0 3 | .. | .. | .. | .. | |
| 5. Dried fruits, water nuts, oranges and graft mangoes. | .. | .. | .. | .. | .. | 6 4 0 | .. | .. | |
| 6. Fresh fruits other than oranges or cocoanuts .. | .. | .. | .. | .. | .. | 3 2 0 | .. | Mohwa. | |
| 7. Cocoanuts .. .. .. .. .. .. | .. | .. | .. | .. | 3 pies per 10 | .. | .. | Single nuts. | |
| 8. Manufactured or refined sugar and honey .. | .. | .. | .. | .. | 3 pies per seer | .. | .. | .. | |
| 9. Gur and other coarse saccharine products .. | .. | .. | .. | .. | 1½ pies per seer | .. | .. | .. | |
| 10. Sugarcane .. .. .. .. .. .. | 0 15 0 | 0 12 0 | 0 2 0 | 0 0 9 | .. | .. | .. | .. | |
| 11. Vegetables of all kinds (not being spices) .. | 0 5 0 | 0 4 0 | 0 0 9 | 0 0 3 | .. | .. | 0 0 4½ | .. | |
| 12. Ghee and butter .. .. .. .. .. | .. | .. | .. | .. | 3 pies per seer | .. | .. | .. | |
| 13. Tea and coffee, oilman's stores and tinned provisions. | .. | .. | .. | .. | .. | 4 11 0 | .. | .. | |
| 14. Oil cake .. .. .. .. .. .. | 0 5 0 | 0 4 0 | 0 0 9 | 0 0 3 | .. | .. | 0 0 4½ | .. | |
| 15. Dead game and fish .. .. .. .. | .. | .. | .. | .. | .. | 3 2 0 | .. | .. | |
| II.—Animals for slaughter— | | | | | | | | | |
| 1. Bullocks, cows, calves, and pigs .. .. | .. | .. | .. | .. | 4 annas each | .. | .. | Calves under one month. | |
| 2. Sheep and goats .. .. .. .. .. | .. | .. | .. | .. | 1½ annas | .. | .. | Lambs and kids under two months. | |
| 3. Poultry and game .. .. .. .. | .. | .. | .. | .. | 1½ pies | .. | .. | .. | |
| III.—Articles used for fuel, lighting and washing— | | | | | | | | | |
| 1. Oil seeds of every description .. .. .. | 2 8 0 | 2 0 0 | 0 6 6 | 0 2 0 | .. | .. | 0 3 0 | .. | |
| 2. Charcoal and coal .. .. .. .. .. | 0 10 0 | 0 8 0 | 0 1 3 | 0 0 6 | .. | .. | 0 0 9 | Head loads of charcoal. | |
| 3. Firewood and cowdung cakes .. .. .. | 0 5 0 | 0 4 0 | 0 0 9 | .. | .. | .. | .. | Head loads. | |

## Model Schedule of Goods liable to Octroi with the maximum rates of tax, &c.—*cont.*

| — | Rate per Chhattisgarhi or Madras cart drawn by 3 or more animals. | Rate per ordinary cart drawn by 2 animals. | Rate per pack bullock. | Rate per head load. | Rate on number, weight or standard package. | *Ad valorem* rate per cent. | Alternative rate per maund. | Exemptions. | Remarks. |
|---|---|---|---|---|---|---|---|---|---|
| | RS. A. P. | RS. A. P. | RS. A. P. | RS. A. P. | | RS. A. P. | RS. A. P. | | |
| III.—Articles used for fuel, lighting, &c.—*cont.* | | | | | | | | | |
| 4. Oils other than kerosine .. .. .. .. | .. | .. | .. | .. | 1 an. per 5 seers | .. | .. | .. | |
| 5. Matches .. .. .. .. .. .. | .. | .. | .. | .. | .. | 4 11 0 | .. | .. | |
| 6. Soap, wax and tallow .. .. .. .. | .. | .. | .. | .. | .. | 3 2 0 | .. | .. | |
| IV.—Articles used in construction of buildings— | | | | | | | | | |
| 1. Teak beams .. .. .. .. .. | 2 8 0 | 2 0 0 | 0 6 6 | 0 2 0 | .. | .. | .. | .. | |
| 2. Beams other than teak .. .. .. .. | 1 12 0 | 1 0 0 | 0 4 0 | 0 1 0 | .. | .. | .. | .. | |
| 3. Khakurs, bullies, canes and bamboos and articles manufactured of bamboo for use in building. | 0 10 0 | 0 8 0 | 0 1 3 | 0 0 6 | .. | .. | .. | .. | |
| 4. Hemp, buckul, coir and rope and twine .. | 0 10 0 | 0 8 0 | 0 1 3 | 0 0 6 | .. | .. | .. | .. | |
| 5. Burnt bricks, tiles, lime, limestone, and stone and kunkur. | 0 5 0 | 0 4 0 | 0 0 9 | 0 0 3 | .. | .. | .. | Road metal or material for metalling. | |
| 6. Thatching grass .. .. .. .. .. | 0 5 0 | 0 4 0 | 0 0 9 | 0 0 3 | .. | .. | .. | .. | |
| V.—Drugs, gums, spices, and perfumes— | | | | | | | | | |
| 1. Pan or betel .. .. .. .. .. .. | .. | .. | .. | .. | 2 as. per seer | .. | .. | .. | |
| 2. All other drugs, gums, spices or perfumes .. | .. | .. | .. | .. | .. | 4 11 0 | .. | .. | |
| VI.—Tobacco— | | | | | | | | | |
| 1. Manufactured tobacco, cigars and snuff .. | .. | .. | .. | .. | 1½ as. per seer | 6 4 0 | .. | .. | |
| 2. Leaf tobacco and ghuraku .. .. .. | .. | .. | .. | .. | .. | .. | .. | .. | |
| VII.—Piece-goods and other textile fabrics and manufactured articles of clothing and dress— | | | | | | | | | |
| 1. Gold and silver thread stuff .. .. .. | .. | .. | .. | .. | .. | 1 9 0 | .. | .. | Leather and leather goods are not taxable. |
| 2. All other textile fabric, piece-goods and articles of dress. | .. | .. | .. | .. | .. | 1 9 0 | .. | .. | |
| VIII.—Metals and articles of metal— | | | | | | | | | |
| 1. Iron, zinc, lead, tin, copper, brass and their alloys and manufactured articles of the same. | .. | .. | .. | .. | .. | 1 9 0 | .. | .. | Pedlars' goods, stationery, glass, china and other similar articles sometimes classed as "Maniyari," precious metals, jewelry, clocks, watches and fancy goods are not taxable. |

### FOOTNOTES.

(1)
1. A kawar load shall be taken to be = 1½ head loads.
2. A pony or ass load = ¾ a bullock load.
3. A buffalo load = 1¼ bullock load.
4. A camel load = 2 bullock loads.
5. An elephant load = ¾ of an ordinary cart load.

(2) 1. Carts more than half laden shall be charged at full rates.
2. Carts less than half laden shall be charged at half rates.

(3) 1. The seer shall be the seer of 80 tolas, and the maund a maund of 40 seers.

(4) Where alternative rates per maund are given, their adoption is in the option of the importer.

Govt. of {1889} Madras
LOCAL AND MUNICIPAL.

*Issued*

*Recd.* *Encl.*

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G.O., &c., 3rd June 1889,
Nos. 692, 693 M.

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JUNE.

## Octroi.

Passing orders on the proposed revision of the Arts Tax Schedule and the introduction of — into the Madras Presidency.

1 Proof

13

3rd June ~~May~~ 1889, Nos. 692, 693 M., LOCAL AND MUNICIPAL.

## GOVERNMENT OF MADRAS.

## LOCAL AND MUNICIPAL DEPARTMENT.

READ—again the following papers:—

| | | | | |
|---|---|---|---|---|
| G.O., dated | 31st Mar. 1887, | No. | 304 | M., Local and Municipal. |
| " | 24th Jan. 1888 | " | 65 | M. " |
| " | 15th Feb. " | " | 155A | M. " |
| " | 14th Mar. " | " | 234 | M. " |
| " | 23rd July " | " | 806 | M. " |

30 May

ORDER—dated 3rd June ~~May~~ 1889, No. 692 M., Local and Municipal.

In paragraph 10 of G.O., dated 31st March 1887, No. 304 M., reviewing the operations of the District Municipalities for 1885-86, the Government observed that the tax on arts, professions, trades and callings was for several reasons the most unpopular of the Municipal taxes, and that, though its abolition was not practicable, its incidence might be lessened by the exemption of the lowest classes of the schedule. On this the Government of India, in paragraph 3 of their letter, dated 28th June 1887, No. 72, called for a full report in regard to the tax and a statement of the reasons why some other more popular mode of taxation could not be substituted for it,—Madras and the North-Western Provinces being the only portions of India in which a large revenue is derived by District Municipalities from taxing trades. This report was furnished in paragraph 15 of G.O., 15th February 1888, No. 155A M., and in the letter to the Government of India, dated 14th March 1888, No. 234 M., the conclusion arrived at by this Government being that the abolition or reduction of the tax was not practicable. It was admitted that the assessments were generally very unequal and that the schedule required amendment, but it was also stated that if the tax were reduced or abolished, the only alternative open would be to increase the tolls—a step which would be objectionable as meaning the taxation of outside traffic in order to provide for purely municipal purposes.

2. In paragraph 3 of ~~their~~ its letter, dated 16th June 1888, No. 95, the Government of India observed that, as an essential condition of the retention of the tax, the method on which it is assessed should be thoroughly overhauled, and its incidence made more equal. It was, however, suggested for the consideration of this Government that the tax might be replaced by an octroi on a few articles of common consumption.

3. As regards the tax on arts, the chief cause of the inequality that now exists in taxation, and of the difficulty experienced in fixing the assessments at uniform rates in the several towns, is that the tax is one on trades and callings and not on incomes. Persons carrying on certain trades may be placed in one class of Schedule A, Act IV of 1884, by one Municipal Council and in a different one by another. Moreover, the holders of fixed incomes are not adequately taxed in comparison with others, *e.g.*, a Government servant drawing Rs. 750 a month is put in Class IV along with the keeper of a shop the rental of which is estimated at Rs. 10 per mensem. His Excellency the Governor in Council has given his careful consideration to the question of altering the principles of assessment of this tax so as to equalize its incidence, and has arrived at the conclusion that ~~it is not expedient to do so~~ this cannot be done without entirely changing the nature of the tax. Such

3rd June 692, 693/

2

15

an equalization would mean a graduation of the classes liable so as to make the rates of assessment proportional to income, and this would convert the tax into a regular income tax; would involve the double taxation of many incomes, first to Municipal and then to Imperial revenues, and would require in the case of the Municipal impost either the adoption of a minimum taxable income much lower than that taken for the Imperial income tax, or else a considerable reduction in the yield. Moreover, it is such similarity as already exists between the arts tax and the Imperial income-tax that is the chief cause of the unpopularity of the former.

4/ ~~5.~~ In regard to the levy of octroi duties, the following statement shows the Provinces and the number of Municipalities in each (excluding the Presidency town of Bombay) in which this tax is now levied, the total income derived therefrom in 1886-87, its incidence in each Province in 1886-87, and the proportion the receipts under this head bear to the total revenue derived from actual taxation in Municipalities excluding the Presidency town of Bombay:—

| Provinces. | Number of Municipalities. | | Income from octroi. | Incidence per head. | Proportion of octroi receipts to total Revenue derived from ~~actual~~ Municipal taxation. |
|---|---|---|---|---|---|
| | Total. | Number wherein octroi is levied. | | | |
| | | | RS. | RS. A. P. | |
| Bombay | 157 | 115 | 15,38,474 | 0 14 9 | 63·5 |
| North-Western Provinces and Oudh | 109 | 78 | 18,67,037 | 0 11 4 | 84·4 |
| Punjab | 190 | 163 | 23,03,749 | 1 1 11 | 94·4 |
| Central Provinces | 59 | 33 | 6,00,772 | 1 2 5 | 88·4 |

5/ ~~6.~~ The general objections which may be urged against the introduction of octroi duties are (1) the great inconvenience to trade and the inquisitorial procedure which necessarily accompany the setting up of octroi barriers; (2) the tendency of octroi taxes to degenerate into transit duties on goods; (3) the opportunities for oppression and exaction by low-paid servants which the system affords; (4) the probability that a considerable proportion of the payments actually made by the people fails to reach the Municipal treasuries; (5) the facilities for evasion and the demoralization of the people from the temptation thus afforded; and (6) the fact that ~~it~~ the octroi is a tax on necessaries and therefore falls most hardly on the poor. On the other hand, this method of raising revenue has considerable advantages which make it a most efficient instrument of taxation. The dues levied are certain and uniform, and there is no question of assessment by Councils, or suspicion of favoritism by the assessing authorities. No one is troubled with notices, warrants and appeals; and the tax is paid almost without the knowledge of the tax-payers in the form of enhanced prices of commodities. It has also to be considered that Municipalities are being constantly called upon in the interests of sanitation to undertake schemes of water-supply and drainage, to which their present resources are not equal, and that some means of increasing their revenues is imperatively required. Taking the proceeds of an octroi at 8 annas per head of the population, the aggregate yield of this tax for all District Municipalities of this Presidency would be about 7¼ lakhs, whereas the arts tax as at present levied brings in about 1½ lakhs, and tolls and ferries about 3 lakhs.

6/ ~~7.~~ His Excellency in Council is therefore prepared to take steps to legislate for the imposition of octroi duties, as suggested by the Government of India. The levy of such duties would be optional with each Municipal Council, but such Councils as choose to adopt them will be bound to discontinue the levy of the tax on arts on the last three or four classes of the schedule, in view of the fact that the octroi duties will, as above remarked, press most heavily on the poorer classes, and to revise the rates of tolls so as to prevent carts which carry articles liable to octroi from having to pay a double tax. This could be arranged by fixing the octroi duties at such rates that a cartload of produce should pay not less than the amount of toll to which the cart conveying it would be liable and then exempting such carts from payment

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3rd June

92, 693

17

of tolls. Carts and vehicles not carrying articles able to octroi would, of course, still pay tolls for the use of the roads. The Govern nt would also stipulate, as a means of preventing the degeneration of the tax into mere transit duty, that no octroi duties shall be levied in municipalities where population is less than 5,000, or where the gross income which the duties are mated to produce from the tax does not exceed Rs. 5,000.

7| ~~9.~~ But before taking further action in th atter, His Excellency the Governor in Council resolves to refer these proposals t il Municipal Councils for careful consideration and early report. The model rul a schedule framed by the Commissioner of the Central Provinces for the gui of ~~his~~ Municipalities in levying octroi duties, and forming Appendix G of the ers communicated by the Government of India to this Government in Oct 1888,* will be reprinted at the en the present Proceedings for the inf ation of the Madras Municipal Councils, and further information will be obt l as to the rules in force in other Provinces.

in those provinces

and

(True Extra

~~J. F. PRICE,~~
*Chief Secretary.*

27/5

To all Chairmen of Municipal Councils,
through the Collectors ied.
" all Collectors.
" the Revenue Department.
" the Board of Revenue (Land Revenue).
" " (Separate Revenue).

27 May.

desp 12/6

**Endorsement**—dated 3rd June ~~th May~~ 1889, No. Local and Municipal
Copy to the Government of I Home Department.

*Chief Secretary.*

W. S. Meyer,
Asst. Secy. to Govt

desp 12/6

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* Home Department letter, No. 4-205, dated 31st October 1888, recorded in G.O., 11th December 1888, No. 1405.

Exd. A. Raitt.

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## APPENDIX.

### Model Rules for the collection and refund of Octroi duty. [illegible]

### Rules.

*General.*

1. The articles named in the Octroi Schedule as liable to duty are liable to pay that duty wherever produced as soon as they enter the octroi cordon as determined by the position of the outposts, save in cases where exemption is hereinafter allowed.

2. Octroi duty will be taken by Moharirs or other persons (hereinafter called the octroi officers) in charge of the octroi posts, which are, or may hereafter be, established at such places as the Municipal Committee has determined or may from time to time determine, provided that such posts shall not be beyond the municipal limits. The officer charged with the supervision of octroi in the town is hereinafter called the "octroi darogah."

3. Every octroi officer shall either wear a badge indicative of his office, or shall have with him ready to be displayed the order appointing him, which shall be under the signature of the Secretary of the Municipal Committee or any other person authorised in that behalf by the Municipal Committee.

4. Octroi duty on goods liable to such duty must be paid in Government currency. The octroi officers shall not receive goods of any description either in payment of, or as security for the payment of, duties leviable under the Octroi Schedule.

5. A copy of the Octroi Schedule printed or legibly written in Hindi/Mahratti/Uriya, together with a list (to be corrected every Monday and dated and signed as correct by the octroi darogah) of the prices of all articles liable to duty at *ad valorem* rates, shall be conspicuously exhibited on the outside of every octroi post. Such prices are to be fixed with reference to the cost price of the article to the importer and not with reference to its retail price in the local market. A set of scales and standard measures shall also be kept at every octroi post.

6. (*a*) The person in charge of goods brought to an octroi post will be required to state the description, quantity and value of the goods in his charge.

(*b*) But any owner or consignee of goods, the value of which exceeds Rs. 20, may, subject to such conditions as may with the sanction of the Chief Commissioner from time to time be laid down by the Municipal Committee in that behalf, obtain a pass for them by presenting the invoice of such goods to the octroi darogah, who, having received the duty according to them on the schedule rates, will grant a pass in the prescribed form. This pass will only protect such goods as have not broken bulk on the journey. If it is found that the goods have broken bulk, duty will be levied as if no such pass had been given; but a refund of the duty originally levied may be obtained on application to the darogah.

7. If the octroi officer sees cause to challenge the declaration required by rule 6 (*a*) or the correspondence of the goods with the invoice on which the pass was granted, he shall send the goods to the Central Office for examination by the octroi darogah. If the darogah finds that the amount or value of the goods exceeds the declared amount or value, he shall recover the extra duty payable; and should the excess be more than 15 per cent., double duty shall be realised, for which a receipt shall be given. This rule will not prevent a criminal prosecution in any case in which it may appear desirable. The darogah shall keep a separate register of the payment of such double duties, and shall make a note of any cases in which the octroi officers have vexatiously sent goods to the Central Office for examination.

8. If the octroi officer is satisfied that the declaration required by rule 6 (*a*) is correct, he shall proceed as follows :—

(*a*) In the case of goods brought to the post and not protected by an invoice pass, he shall inform the person in charge of them of the amount payable by him according to the schedule and demand payment, and, on such payment being made, grant a pass in the prescribed form.

(*b*) In the case of goods protected by an invoice pass, he shall on the surrender of such pass grant a fresh pass as above (*a*). The pass granted under this rule will be retained by the person in charge of the goods as a voucher for the duty having been paid.

9. There shall be placed at every post a box into which the octroi officer shall drop the money or the invoice pass received, together with the counterpart of the pass granted under the last preceding rule. The key of the box will remain with the octroi darogah who will every day remove its contents, or else the box will be taken every day to the Central Office, there to be opened by the darogah. The octroi officer shall be bound to supply the octroi payer with such change up to the value of one rupee as may be required by him for the payment of the dues.

10. No goods liable to duty and not hereinafter exempted will be allowed to be brought or to remain within the octroi cordon without payment of duty, unless the person in charge of the goods declares himself unable or unwilling to pay the duty demanded. In such case the goods shall be forwarded to the bonded warehouse, there to be dealt with as goods in bond.

*N.B.*—Local modification of this rule will be required when there is no bonded warehouse.

11. The octroi officers and any other officers empowered by the Municipality are authorised to inspect passes at any time after goods have passed the octroi cordon and before they have arrived at their destination ; and should the person in charge of the goods refuse to show the pass for the same, the goods will be liable to be removed to, and detained at, the Central Office till such time as it is known whether duty on them has been paid.

### *Goods in transit and Bonded Warehouse.*

12. (*a*) Goods in transit and not intended to remain within the octroi cordon shall not be subject to any duty. On the arrival of such goods at a post and after the declaration required by rule 6 has been made, the official in charge shall grant a pass in the prescribed form to be called the "transit pass." The goods will then be accompanied by a chaprasi [either to the bonded warehouse, or] to the post by which they are to pass out. On their passing out, the pass will be surrendered to the octroi officer in charge of the exit post. He shall send all such passes daily to the octroi darogah, who shall compare them from time to time with their counterfoils at the posts whence they were issued.

(*b*) Provided that the person in charge of the goods in transit may on arrival at a post pay the duty according to the schedule, for which he will be granted a receipt in the prescribed form called "transit duty pass." He will then be allowed to proceed without any escort. On the arrival of the goods, without having broken bulk on the journey, at the exit post and on the surrender of the pass, the octroi officer there will refund the duty paid and entered in the pass to the person in charge of the goods. No refund under this rule will however be granted, unless the goods arrive at the exit post within 48 hours of the time of payment of the duty as entered in the pass. This will not prevent a grant of refund under the general refund rules.

13. (*a*) To enable the officials in charge of posts to grant refunds under rule 12 (*b*), the octroi darogah may, with the approval of the Municipal Committee, make advances of money to them according to their requirements, provided that the total sum thus advanced from the Municipal fund shall not exceed (a sum to be fixed by the Municipal Committee).

(*b*) No receipt for refund of duty granted under this rule shall be taken from the payee ; but the payee shall affix his signature, in token of having received payment, on the reverse of the pass which he surrenders. Every evening the counterfoils of all transit duty passes issued, and the originals surrendered, shall be forwarded by

the octroi officers to the Central office. They shall similarly return any balance out of their advances that may remain unspent. The octroi darogah will then compare the counterfoils and the original passes, and the balances returned, and see that they agree. Any irregularity that may be discovered shall be immediately reported to the Secretary or such other person as may be appointed in this behalf. The darogah after he has finished his examination may issue advances for the next day.

(*c*) A separate account will be kept by the octroi darogah of duty levied and refunded under this rule, classified according to the headings in the schedule. A copy of such account shall be forwarded to the Secretary every week, who shall at the close of the month enter in the municipal account, under a distinct heading, the totals of duty levied and refunded.

In submitting the monthly account to the controlling offices, the Secretary shall certify as to the correctness of the amount refunded, and such certificate shall have the same effect as the payee's receipts in the case of refunds granted under the general refund rules. The receipts taken on the back of the passes (13 *b*) shall be attached to the certificate as vouchers.

14. All goods remaining at the bonded warehouse for a period exceeding 48 hours will pay for every month (or fraction of a month) as follows :—Six pies per bag or basket load, nine pies for each bullock, buffalo, ass, camel or pony load, one anna per cart drawn by two bullocks, and in other cases two annas for one hundred rupees' worth of goods.

15. The bond fees shall be payable on the day the goods are to be removed and before removal of goods, for which a receipt shall be granted in the form prescribed in that behalf by the Committee.

16. Should the fees not be paid when due, such portion of the goods as is likely to cover the amount of the fees due shall be sold by auction. Fees on perishable goods are payable in advance, and if not so paid such goods shall forthwith be sold by auction. In both these cases, the proceeds, after deduction of the amount due, shall be made over to the owner of the goods. During the detention of the goods at the bonded warehouse, the Committee, though guaranteeing ordinary protection, will in no way be responsible for any loss not caused by the neglect or fault of the Municipal Committee or its servants.

17. A portion of a consignment may be cleared from the bonded warehouse by paying duty thereon without rendering the remainder of the consignment liable to duty until such remainder leaves the bonded warehouse for sale or consumption within the octroi cordon.

### *Refund Rules.*

18. On the exportation of dutiable goods, the exporter shall be entitled to a refund of the amount of duty paid on the import of those goods ; but no refund shall be claimable if the amount to be refunded be less than four annas.

19. No refund shall be granted on any cloth of a kind which is woven within the Municipal limits, unless from the cloth being stamped with the town duty stamp or by some other means, the exporter can clearly prove that he has paid duty on the cloth he exports.

20. Except as provided in rule 19, no proof shall be required that duty has been paid on any article.

21. All applications for refund must be made at the Central Octroi Office of the Municipality.

22. The octroi darogah may pay out of collections in his hands any refund not exceeding Rs. 10 : when the amount of refund exceeds Rs. 10, payments shall not be made without the written order of the Secretary or of some other person specially authorized by the Committee in this behalf.

23. The octroi darogah shall render daily to the Secretary an account of all such payments out of collections supported by the necessary vouchers.

24. Any person desirous of obtaining a refund must procure from the octroi darogah a chalan in the prescribed form, and a chaprasi will accompany the consignment of goods beyond the octroi cordon. The octroi officer of the exit post will

8. If the octroi officer is satisfied that the declaration required by rule 6 (*a*) is correct, he shall proceed as follows :—

(*a*) In the case of goods brought to the post and not protected by an invoice pass, he shall inform the person in charge of them of the amount payable by him according to the schedule and demand payment, and, on such payment being made, grant a pass in the prescribed form.

(*b*) In the case of goods protected by an invoice pass, he shall on the surrender of such pass grant a fresh pass as above (*a*). The pass granted under this rule will be retained by the person in charge of the goods as a voucher for the duty having been paid.

9. There shall be placed at every post a box into which the octroi officer shall drop the money or the invoice pass received, together with the counterpart of the pass granted under the last preceding rule. The key of the box will remain with the octroi darogah who will every day remove its contents, or else the box will be taken every day to the Central Office, there to be opened by the darogah. The octroi officer shall be bound to supply the octroi payer with such change up to the value of one rupee as may be required by him for the payment of the dues.

10. No goods liable to duty and not hereinafter exempted will be allowed to be brought or to remain within the octroi cordon without payment of duty, unless the person in charge of the goods declares himself unable or unwilling to pay the duty demanded. In such case the goods shall be forwarded to the bonded warehouse, there to be dealt with as goods in bond.

*N.B.*—Local modification of this rule will be required when there is no bonded warehouse.

11. The octroi officers and any other officers empowered by the Municipality are authorised to inspect passes at any time after goods have passed the octroi cordon and before they have arrived at their destination ; and should the person in charge of the goods refuse to show the pass for the same, the goods will be liable to be removed to, and detained at, the Central Office till such time as it is known whether duty on them has been paid.

### *Goods in transit and Bonded Warehouse.*

12. (*a*) Goods in transit and not intended to remain within the octroi cordon shall not be subject to any duty. On the arrival of such goods at a post and after the declaration required by rule 6 has been made, the official in charge shall grant a pass in the prescribed form to be called the "transit pass." The goods will then be accompanied by a chaprasi [either to the bonded warehouse, or] to the post by which they are to pass out. On their passing out, the pass will be surrendered to the octroi officer in charge of the exit post. He shall send all such passes daily to the octroi darogah, who shall compare them from time to time with their counterfoils at the posts whence they were issued.

(*b*) Provided that the person in charge of the goods in transit may on arrival at a post pay the duty according to the schedule, for which he will be granted a receipt in the prescribed form called "transit duty pass." He will then be allowed to proceed without any escort. On the arrival of the goods, without having broken bulk on the journey, at the exit post and on the surrender of the pass, the octroi officer there will refund the duty paid and entered in the pass to the person in charge of the goods. No refund under this rule will however be granted, unless the goods arrive at the exit post within 48 hours of the time of payment of the duty as entered in the pass. This will not prevent a grant of refund under the general refund rules.

13. (*a*) To enable the officials in charge of posts to grant refunds under rule 12 (*b*), the octroi darogah may, with the approval of the Municipal Committee, make advances of money to them according to their requirements, provided that the total sum thus advanced from the Municipal fund shall not exceed (a sum to be fixed by the Municipal Committee).

(*b*) No receipt for refund of duty granted under this rule shall be taken from the payee ; but the payee shall affix his signature, in token of having received payment, on the reverse of the pass which he surrenders. Every evening the counterfoils of all transit duty passes issued, and the originals surrendered, shall be forwarded by the octroi officers to the Central office. They shall similarly return any balance out of their advances that may remain unspent. The octroi darogah will then compare the counterfoils and the original passes, and the balances returned, and see that they agree. Any irregularity that may be discovered shall be immediately reported to the Secretary or such other person as may be appointed in this behalf. The darogah after he has finished his examination may issue advances for the next day.

(*c*) A separate account will be kept by the octroi darogah of duty levied and refunded under this rule, classified according to the headings in the schedule. A copy of such account shall be forwarded to the Secretary every week, who shall at the close of the month enter in the municipal account, under a distinct heading, the totals of duty levied and refunded.

In submitting the monthly account to the controlling offices, the Secretary shall certify as to the correctness of the amount refunded, and such certificate shall have the same effect as the payee's receipts in the case of refunds granted under the general refund rules. The receipts taken on the back of the passes (13 *b*) shall be attached to the certificate as vouchers.

14. All goods remaining at the bonded warehouse for a period exceeding 48 hours will pay for every month (or fraction of a month) as follows :—Six pies per bag or basket load, nine pies for each bullock, buffalo, ass, camel or pony load, one anna per cart drawn by two bullocks, and in other cases two annas for one hundred rupees' worth of goods.

15. The bond fees shall be payable on the day the goods are to be removed and before removal of goods, for which a receipt shall be granted in the form prescribed in that behalf by the Committee.

16. Should the fees not be paid when due, such portion of the goods as is likely to cover the amount of the fees due shall be sold by auction. Fees on perishable goods are payable in advance, and if not so paid such goods shall forthwith be sold by auction. In both these cases, the proceeds, after deduction of the amount due, shall be made over to the owner of the goods. During the detention of the goods at the bonded warehouse, the Committee, though guaranteeing ordinary protection, will in no way be responsible for any loss not caused by the neglect or fault of the Municipal Committee or its servants.

17. A portion of a consignment may be cleared from the bonded warehouse by paying duty thereon without rendering the remainder of the consignment liable to duty until such remainder leaves the bonded warehouse for sale or consumption within the octroi cordon.

### *Refund Rules.*

18. On the exportation of dutiable goods, the exporter shall be entitled to a refund of the amount of duty paid on the import of those goods ; but no refund shall be claimable if the amount to be refunded be less than four annas.

19. No refund shall be granted on any cloth of a kind which is woven within the Municipal limits, unless from the cloth being stamped with the town duty stamp or by some other means, the exporter can clearly prove that he has paid duty on the cloth he exports.

20. Except as provided in rule 19, no proof shall be required that duty has been paid on any article.

21. All applications for refund must be made at the Central Octroi Office of the Municipality.

22. The octroi darogah may pay out of collections in his hands any refund not exceeding Rs. 10 : when the amount of refund exceeds Rs. 10, payments shall not be made without the written order of the Secretary or of some other person specially authorized by the Committee in this behalf.

23. The octroi darogah shall render daily to the Secretary an account of all such payments out of collections supported by the necessary vouchers.

24. Any person desirous of obtaining a refund must procure from the octroi darogah a chalan in the prescribed form, and a chaprasi will accompany the consignment of goods beyond the octroi cordon. The octroi officer of the exit post will

note on the chalan that the goods have passed; and the chalan will then be returned to the Head Office, and filed after payment of the refund.

25. Exporters shall not club their exports for the purpose of raising the refund claimable above the prescribed minimum.

26. Rules 18 to 25 (both inclusive) shall be translated into vernacular, and circulated in the bazaar; a copy shall also be affixed in a prominent place at the Central Office, and at each of the octroi posts.

### *Goods brought by Railway.*

27. Goods brought by Railway will be held to have entered the octroi cordon directly they pass beyond the Railway station enclosure, and they then become liable to duty in the same manner as goods brought by road.

28. (*a*) The addressees, to whom this rule applies, of parcels arriving by Railway, are required to declare the description of goods received in such parcels and their value, and to pay the duty thereon under penalty of being considered to have evaded the tax. Printed forms of declaration may be obtained on application to the Secretary or the octroi officer in charge of the Railway station post.

(*b*) If either the contents or their value are not known to the addressee, the parcel may be taken away by the person in charge of it on depositing eight annas (for which a receipt will be granted) with the octroi officer of the Railway octroi post. If subsequently the parcel is found not to be subject to duty, or if the duty be less than eight annas, a refund will be granted on the production of the receipt at the post whence it was issued. If the duty exceeds eight annas, the consignee shall, under the penalty of being considered to have evaded the duty, send the excess to the post along with the receipt granted, when a fresh receipt for the proper duty charged will be issued in place of the original receipt, which will be retained by the Moharir. The benefit of this rule shall be allowed to such persons as the Municipal Committee decide. It shall not ordinarily be allowed to any person trading in articles subject to duty.

29. Any person not in trade may commute the octroi duty payable on parcels, brought by post or Railway, which are intended for his *bona fide* personal use only into a house tax, calculated on the rental of the house he occupies if he is a tenant, or on its fair rent valuation if he is its owner at the following rates:—

1st Class.

On houses whose estimated monthly rental does not exceed Rs. 25—A rate of Rs. 6 per annum.

2nd Class.

On houses whose estimated monthly rental is above Rs. 25 but does not exceed Rs. 50—A rate of Rs. 12 per annum.

3rd Class.

On houses whose estimated monthly rental is above Rs. 50 but below Rs. 100—A rate of Rs. 18 per annum.

4th Class.

On houses whose monthly rental is Rs. 100 and above—A rate of Rs. 24 per annum.

If the occupier or owner of a house and his family be absent from the station and no parcels are received during his and their absence, the tax will be remitted for every full month of such absence.

### *General Exemptions.*

30. Goods the property in which is vested in Government at the time they pass the octroi cordon, and which are intended for the use of Government, shall pass free if accompanied by an invoice with the endorsement of the proper Government officer, certifying that they are the property of Government and intended for Government use. Articles intended for sale to the public are not exempted merely because they are the property of Government at the time of importation.

31. All rails, plant, machinery, rolling-stock, stores, fixtures and implements of every description required by the Bengal-Nagpur Railway Company for the purpose of constructing, maintaining, equipping or working the Railway are property which is vested in Government and which is intended for the use of Government within the meaning of the last rule; and no duty shall be levied thereon. But articles manufactured at the Railway workshop and actually sold by such workshop to the public will be taxed. At the close of each month the Railway officer in charge of the aforesaid workshop shall forward to the Municipal Committee a statement showing the amount of dutiable materials used in the articles sold to the public during the month, and shall send the amount of town duty leviable thereon. Such manufactures as are used for the Railway or supplied to other Departments of Government are exempted from taxation.

32. Goods the property in which is not vested in Government at the time they pass the barrier, but which, being imported with a view to the fulfilment of a Government contract, or otherwise intended for the use of Government, will, in the ordinary course of things, become the property of Government after importation, shall on passing the barrier be declared as intended for the use of Government, *e.g.*, in fulfilment of a certain (specified contract). The duty on them shall be paid, and subsequently if they actually do become the property of Government, the duty shall be refunded on a certificate to that effect signed by the Departmental Officer concerned.

33. Duty shall not be levied at the time of import on articles imported for manufacturing purposes into the Jail. The manufactures actually sold by such Jail to the public will, however, be taxed. At the close of each month the Superintendent of the aforesaid Jail shall forward to the Municipal Committee a statement showing the amount of dutiable raw materials used in the articles sold to the public during the month, and shall send the amount of town duty leviable thereon. Such manufactures as are used in the Jail or supplied to other Jails or Departments of Government are exempted from taxation.

34. No octroi duty shall be levied on any of the following commodities, viz.—

(*a*) Articles liable to Customs duty and imported into India by sea;
(*b*) Salt;
(*c*) Opium;
(*d*) Fermented or spirituous liquors manufactured in India, and drugs liable to excise or Abkari duty;
(*e*) *Bona fide* passenger luggage, as also articles intended for private or personal use, which may have been in use before being brought into the town;
(*f*) Stores, clothes. and other articles procured by Commanding Officers for the exclusive and direct use of their regiments.

35. The Municipal Committee shall from time to time prescribe the forms referred to in the aforesaid rules.

36. Any infringement or evasion of the aforesaid rules will be liable to punishment under Section 21 of Act XI of 1873 (Central Provinces Municipal Act).

## MODEL Schedule of Goods liable to Octroi, with the *maximum* rates of tax and the mode of taxation allowable in each case.

N. B.—Nothing is taxable which does not fall distinctly under some heading of the Schedule. But it is open to any Municipality to omit any article in the Schedule, or to exempt any kind of carriage, or to take any lower rate of tax.

| — | Rate per Chhattisgarhi or Madras cart drawn by 3 or more animals. | Rate per ordinary cart drawn by 2 animals. | Rate per pack bullock. | Rate per head load. | Rate on number, weight or standard package. | *Ad valorem* rate per cent. | Alternative rate per maund. | Exemption. | Remarks. |
|---|---|---|---|---|---|---|---|---|---|
| I.—Articles of food or drink for men or animals— | RS. A. P. | RS. A. P. | RS. A. P. | RS. A. P. | | RS. A. P. | RS. A. P. | | |
| 1. Grain and pulses of every description .. | 0 10 0 | 0 8 0 | 0 1 3 | 0 0 6 | .. | .. | 0 0 9 | Up to 5 seers free.<br>From 5 to 10 seers half rates. | Head loads over 30 seers to be charged by weight. |
| 2. Cotton seeds .. .. .. .. .. .. | 0 5 0 | 0 4 0 | 0 0 9 | 0 0 3 | | | | | |
| 3. Karbi .. .. .. .. .. .. | 0 5 0 | 0 4 0 | 0 0 9 | 0 0 3 | .. | .. | 0 0 4½ | .. | |
| 4. Grass, straw and bhusa .. .. .. .. | 0 5 0 | 0 4 0 | 0 0 9 | 0 0 3 | .. | .. | .. | .. | |
| 5. Dried fruits, water nuts, oranges and graft mangoes. | .. | .. | .. | .. | .. | 6 4 0 | .. | .. | |
| 6. Fresh fruits other than oranges or cocoanuts .. | .. | .. | .. | .. | .. | 3 2 0 | .. | Mohwa. | |
| 7. Cocoanuts .. .. .. .. .. .. | .. | .. | .. | .. | 3 pies per 10 | .. | .. | Single nuts. | |
| 8. Manufactured or refined sugar and honey .. | .. | .. | .. | .. | 3 pies per seer | .. | .. | .. | |
| 9. Gur and other coarse saccharine products .. | .. | .. | .. | .. | 1½ pies per seer | .. | .. | .. | |
| 10. Sugarcane .. .. .. .. .. .. | 0 15 0 | 0 12 0 | 0 2 0 | 0 0 9 | .. | .. | .. | .. | |
| 11. Vegetables of all kinds (not being spices) .. | 0 5 0 | 0 4 0 | 0 0 9 | 0 0 3 | .. | .. | .. | .. | |
| 12. Ghee and butter .. .. .. .. .. | .. | .. | .. | .. | 3 pies per seer | .. | 0 0 4½ | .. | |
| 13. Tea and coffee, oilman's stores and tinned provisions. | .. | .. | .. | .. | .. | 4 11 0 | .. | .. | |
| 14. Oil cake .. .. .. .. .. .. | 0 5 0 | 0 4 0 | 0 0 9 | 0 0 3 | .. | .. | 0 0 4½ | .. | |
| 15. Dead game and fish .. .. .. .. | .. | .. | .. | .. | .. | 3 2 0 | .. | .. | |
| II.—Animals for slaughter— | | | | | | | | | |
| 1. Bullocks, cows, calves, and pigs .. .. | .. | .. | .. | .. | 4 annas each | .. | .. | Calves under one month. | |
| 2. Sheep and goats .. .. .. .. .. | .. | .. | .. | .. | 1½ annas | .. | .. | Lambs and kids under two months. | |
| 3. Poultry and game .. .. .. .. | .. | .. | .. | .. | 1½ pies | .. | .. | .. | |
| III.—Articles used for fuel, lighting and washing— | | | | | | | | | |
| 1. Oil seeds of every description .. .. .. | 2 8 0 | 2 0 0 | 0 6 6 | 0 2 0 | .. | .. | 0 3 0 | .. | |
| 2. Charcoal and coal .. .. .. .. .. | 0 10 0 | 0 8 0 | 0 1 3 | 0 0 6 | .. | .. | 0 0 9 | Head loads of charcoal. | |
| 3. Firewood and cowdung cakes .. .. .. | 0 5 0 | 0 4 0 | 0 0 9 | .. | .. | .. | .. | Head loads. | |

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## Model Schedule of Goods liable to Octroi with the maximum rates of tax, &c.—*cont.*

| — | Rate per Chhattisgarhi or Madras cart drawn by 3 or more animals. | Rate per ordinary cart drawn by 2 animals. | Rate per pack bullock. | Rate per head load. | Rate on number, weight or standard package. | *Ad valorem* rate per cent. | Alternative rate per maund. | Exemptions. | Remarks. |
|---|---|---|---|---|---|---|---|---|---|
| III.—Articles used for fuel, lighting, &c.—*cont.* | RS. A. P. | RS. A. P. | RS. A. P. | RS. A. P. | | RS. A. P. | RS. A. P. | | |
| 4. Oils other than kerosine .. .. .. .. | .. | .. | .. | .. | 1 an. per 5 seers | .. | .. | .. | |
| 5. Matches .. .. .. .. .. | .. | .. | .. | .. | .. | 4 11 0 | .. | .. | |
| 6. Soap, wax and tallow .. .. .. .. | .. | .. | .. | .. | .. | 3 2 0 | .. | .. | |
| IV.—Articles used in construction of buildings— | | | | | | | | | |
| 1. Teak beams .. .. .. .. .. .. | 2 8 0 | 2 0 0 | 0 6 6 | 0 2 0 | .. | .. | .. | .. | |
| 2. Beams other than teak .. .. .. .. | 1 12 0 | 1 0 0 | 0 4 0 | 0 1 0 | .. | .. | .. | .. | |
| 3. Khakurs, bullies, canes and bamboos and articles manufactured of bamboo for use in building. | 0 10 0 | 0 8 0 | 0 1 3 | 0 0 6 | .. | .. | .. | .. | |
| 4. Hemp, buckul, coir and rope and twine .. | 0 10 0 | 0 8 0 | 0 1 3 | 0 0 6 | .. | .. | .. | .. | |
| 5. Burnt bricks, tiles, lime, limestone, and stone and kunkur. | 0 5 0 | 0 4 0 | 0 0 9 | 0 0 3 | .. | .. | .. | Road metal or material for metalling. | |
| 6. Thatching grass .. .. .. .. .. | 0 5 0 | 0 4 0 | 0 0 9 | 0 0 3 | .. | .. | .. | .. | |
| V.—Drugs, gums, spices, and perfumes— | | | | | | | | | |
| 1. Pan or betel .. .. .. .. .. .. | .. | .. | .. | .. | 2 as. per seer | .. | .. | .. | |
| 2. All other drugs, gums, spices or perfumes .. | .. | .. | .. | .. | .. | 4 11 0 | .. | .. | |
| VI.—Tobacco— | | | | | | | | | |
| 1. Manufactured tobacco, cigars and snuff .. | .. | .. | .. | .. | 1½ as. per seer | .. | .. | .. | |
| 2. Leaf tobacco and ghuraku .. .. .. | .. | .. | .. | .. | .. | 6 4 0 | .. | .. | |
| VII.—Piece-goods and other textile fabrics and manufactured articles of clothing and dress— | | | | | | | | | |
| 1. Gold and silver thread stuff .. .. .. | .. | .. | .. | .. | .. | 1 9 0 | .. | .. | |
| 2. All other textile fabric, piece-goods and articles of dress. | .. | .. | .. | .. | .. | 1 9 0 | .. | .. | Leather and leather goods are not taxable. |
| VIII.—Metals and articles of metal— | | | | | | | | | |
| 1. Iron, zinc, lead, tin, copper, brass and their alloys and manufactured articles of the same. | .. | .. | .. | .. | .. | 1 9 0 | .. | .. | Pedlars' goods, stationery, glass, china and other similar articles sometimes classed as "Maniyari," precious metals, jewelry, clocks, watches and fancy goods are not taxable. |

### FOOTNOTES.

(1)
1. A kawar load shall be taken to be = 1½ head loads.
2. A pony or ass load = ¾ a bullock load.
3. A buffalo load = 1¼ bullock load.
4. A camel load = 2 bullock loads.
5. An elephant load = ¾ of an ordinary cart load.

(2)
1. Carts more than half laden shall be charged at full rates.
2. Carts less than half laden shall be charged at half rates.

(3)
1. The seer shall be the seer of 80 tolas, and the maund a maund of 40 seers.

(4) Where alternative rates per maund are given, their adoption is in the option of the importer.

Introduction of Oct
into the Madras Presid

|From orders|

Hm

692-93m

17-5-89

The question whether the [illegible] legis
necessary for the introdu
the octroi system into this
ency should be undertaken
which I find it very diff
to make up my mind. The
ment of India obviously
the measure; or rather
the Department as constit
the recent papers on the
issued, did so. I doubt
whether the Department
inclined to give due weigh
jections which may be urg
increase of taxation on
grounds — & such increase
undoubtedly follow the
ction of the octroi law;
the Government of India
G.O. 21st January 1888
paras

LOCAL AND MUNICIPAL DEPARTMENT.

Current No.

From

R ORDERS.

In para 10 of G.O. dated 31st
arch 1887 No. 304 M, reviewing
operations of the District Muni-
alities for 1885-86, the Govern-
t remarked that the Tax on
&c was for several reasons
most unpopular of the Munici
l taxes and that though its
ition was not practicable,
incidence might be lessened
the exemption of the lowest
ses of the schedule. The Govern-
nt of India thereupon called
for

for a full report in regard to this tax and a statement of the reasons why some other more popular mode of taxation cannot be substituted for it. They also observed that Madras and the North West Provinces are the only portions of India, in which a large revenue is raised by district Municipalities from taxing trades. This repo was furnished in para 15 of 15th February 1888 No. 155- and in the letter to the Gov -ment of India dated 14th 1888 No. 234 M, the conclu arrived at by Governmen that the abolition or redu of the tax was not prac It was however observe the assessment was very unequal and tha satis rule should be am ~~At the same time it wa~~

sta

or to the special objections which can be urged against this form of increase. These special objections are of course commonplaces, viz. the horrible inconvenience to trade ~~which~~ and the inquisition which necessarily accompany the setting up of octroi barriers; the tendency of octroi taxes to degenerate into transit duties on goods – a tendency which it is pparently impossible to arrest ven by the most elaborate devices fanciful tests; (3) the opportunities r oppression & exaction by ~~[illegible]~~ Low paid servants which the ystem affords; (4) the probability at a considerable proportion the payments actually made the people fails to reach the municipal treasuries; (5) the facilities r evasion & the demoralization f the people from temptation ~~[illegible]~~ evade the tax; (6) & the fact that is a tax on necessaries and herefore falls equally on poor & ich, though the latter reap most benefit from municipal funds.

On the other hand it has considerable advantages in being an indirect tax & most efficient & productive as an instrument

of taxation. In regard to it there is no question of assessment by Commissioners whose real wish is to diminish the weight of taxation, as is the case in respect of the house & arts taxes. There is no favouritism by assessing authorities possible. Nobody is troubled with notices, warrants, & appeals; & the tax is paid almost without the knowledge of the taxpayer in the form

Letter from the Government of India printed in G. O. 23rd July 1888 No. 806 M.– para 3.

of enhanced prices of commodities. I feel sure that if the municipalities were polled, they would prefer octroi to arts tax by large majorities. But the vote would be that of persons who can make themselves heard, and whose burdens would be shifted to other people's shoulders if the change were introduced. ~~[illegible]~~ The municipalities are about to be called on to undertake large schemes of expenditure on works of water supply & drainage which their present resources are not equal to; and unless these schemes are to be deferred, some means of increasing their revenues will have to be sought. There is more [illegible]

stated that if the tax were reduced or abolished the only alternative open was to increase the tolls, which however ~~was~~ is not an equitable arrangement, as in a large number of Towns even 50 per cent of the revenue from Tolls is not at present spent on the roads tolled.

The Government of India accepted the recommendation of this Government in this respect, but observed that as an essential condition of the retention of the tax, the method on which it is assessed should be thoroughly overhauled and its incidence made more equal. It was however suggested for the consideration of this Government whether an octroi on a few articles of common consumption might not be

subj

substituted for it. The Government promised to consider these suggestions when the District Municipalities act came to be revised.

The tax on arts first found a place in the Madras Towns Improvement Act X of 1865, under the following circumstances:–

Under the fiscal system in force in this Presidency, the inhabitants of Towns as compared with the rural population did not contribute their fair quota to the general revenues, out of which the cost of the Police force was met, while the expense of Police protection is greater in the Towns than in the country. There was ~~till~~ in existence until a few years previous to 1864, the Moturfa, a sort of license tax upon trades, but it was abolished in anticipation of the introduction of a general license tax on trades and professions applicable to the whole of India. This act however, though actually passed by the Supreme legislature, had to be withdrawn before it had well begun to operate ~~well~~. The inhabitants of Towns were therefore free from any direct tax at the time and in order to remove this inequality in taxation, when funds were urgently required for the support of the Police force, the then Inspector General of Police Mr, afterward Sir William Robinson, proposed among other measures to revive, extend and systematize the Moturfa tax. His proposal was accepted by Government, the tax being one which had long been familiar to

to

G.O. 23rd July 1888 no. [illegible]

the octroi. It will produce considerable sums. The figures given in the Govt. of India note in G.O. 11 Dec 1888 No. 1405 show that in other provinces the yield varies from Rs. 0.10.8 to Rs. 2.7 per head. taking 8 annas per head the amount in our municipal towns would be ×

× See note in G.O. No 234 dated 14 March 1888

7¼ lakhs approximately. This however would not be all gain, as the arts tax which yields 1¾ lakhs would have to be remitted in whole or in part and the arrangements for levy of tolls which operate to a considerable extent as a tax on articles consumed in the towns would have to be altered and the yield ~~[illegible]~~ ~~materially~~ reduced. The tolls yield 3 lakhs, and if they as well as the arts tax were completely abolished the excess yield of octroi duties would be at least 2½ lakhs – a sum possibly sufficient to enable the councils to borrow enough money for water supply & drainage schemes. I think on the whole that it is expedient to take steps to legislate for the optional imposition of octroi duties & the first thing to be done is to collect – by writing to other provinces if necessary – the laws & rules under which the octroi tax is worked.

As to the amendment of the schedule of Arts taxes which now forms part of Act IV of 1884 equalization seems to mean a proper graduation of the classes so as to make the rates proportional to income. This would amount to the conversion of the tax into an income tax; but it is the similarity of the tax to the income tax which is the ground of the objection taken to it, and I am sure that ~~if~~ the Govt. of India would not permit the remodelling of the schedule ~~[illegible]~~ in such a way as to give the [illegible]. ~~The~~ A tax upon incomes is reserved as a source of imperial revenue, and the conversion of the arts tax into an income tax would mean either double taxation of many incomes, & the adoption of a minimum of taxable income much lower than ~~that~~ that taken for the imperial tax; or considerable reduction in the yield. The Govt. of India

Vide abstract Proceedings of a meeting of the Legislative Council held on 8th April 1865.

Para 20 of his letter printed in G.O. dt 10th Jany. 1865 No 36.

Vide Papers relating to the Bill to provide for the appointment of Munl Commrs. in Towns in the Presidency of Fort St George &c.

Also statement of objects and reasons of the above Bill.

to the people of India and the levy of the tax on arts, professions, trades &c was authorized by Act X of 1865. The schedule was framed after the model of that in force in Calcutta (Act VI of 1864 Bengal). As originally drawn up, it omitted persons in the Civil Service of Government or of any Joint Stock Company or Trading Firm but the omission was supplied by the Select Committee who reported on the Bill. There were 6 classes in the schedule annexed to the Bengal Act VI of 1864, but only 5 in the Madras Act X of 1865, as shown in the margin. The schedule was revised when Act III of 1871 was passed, classes II, III and VIII having been newly added. There are 8 classes in the schedule annexed to the present

are not likely to accept such a revision. In each class Govt. and other servants are graded according to salaries, & assuming that the other professions are graded on like emoluments, we find that 52 per cent or the whole of classes I – VII ought to be liable to income tax; and that the rate of municipal tax to income is from ·33 to ·55 per cent. This would mean a considerable addition to the income tax rate which is only 2 to 2½ per cent. The bulk of the assessees to municipal arts tax ~~class~~ (48%) are in the lowest class and then would have to pay much more if the octroi were introduced; an argument for abolishing arts tax in that event. The anomalies mentioned in this note affect principally the higher classes, which constitute a very small proportion

Vide para 11 of the report of the Select Committee on the above Bill.

| | Bengal Act VI of 1864 | Madras Act X of 1865 | Madras Acts III of 1871 & II of 1884 |
|---|---|---|---|
| | Rs | | |
| Class I | 100 | 50 | 100 |
| „ II | 50 | 25 | 50 |
| „ III | 25 | 12 | 25 |
| „ IV | 12 | 6 | 12 |
| „ V | 4 | 2 | 6 |
| „ VI | 1 | – | 3 |
| „ VII | – | – | 2 |
| „ VIII | – | – | 1 |

of the assessees, as the marginal figures show. I think on the whole subject that octroi should be made optional, the necessary legislation being undertaken, so as to enable the larger towns to find money for improvements which cannot be deferred; that wherever it is introduced, the arts tax on at least the last four classes should disappear, and the tolls be abolished, wheel taxes perhaps being increased; & that if the schedule is amended — the necessity of which, regarding the tax as one on trades & professions only, afterwards is doubtful — care must be taken to preserve the character of the tax and to avoid assimilating it to an income tax.

G.O. 27th May 1886 No. 485 Mr.

| Class. | Percent numbers | Percent amount. |
|---|---|---|
| I | 0.1 | 2.0 |
| II | 0.9 | 10.5 |
| III | 2.8 | 16.9 |
| IV | 6.7 | 19.5 |
| V | 13.2 | 19.6 |
| VI | 24.4 | 17.9 |
| VII | 3.6 | 1.7 |
| VIII | 48.3 | 11.9 |
| | 100.0 | 100.0 |

The arts & octroi rules in these provinces should be attended to, & a note showing the different schemes of taxation prepared. Also Statistics should be got of the number of persons assessed & amount levied under

present Act also, but all persons employed in any capacity whatever are now liable to the tax (in addition to those carrying on the occupations specially mentioned), whereas under Act III of 1871 only persons employed in the service of Government or of any Joint Stock or other Public Company or Trading Firm had to pay the tax.

The following defects have from time to time been noticed in the schedule annexed to the present Act.

(1) Class I. This provides for only Joint Stock Companies with a paid-up capital of one lakh being taxed and not for other companies or merchants, though trading with ~~the same~~ a like amount of capital (e.g.) Messrs. Arbuthnot & Co's Branch firm at Bimlipatam.

(2) Class II. This again provides for only Joint Stock Companies with a paid up capital of less than one lakh, but

does not touch some Compan
~~and merchants being assessed~~
with a like amount of capital which;
~~but there are other companies~~
do not engage in any of the businesses
~~which cannot legally be assessed~~
specified by the schedule under this class
~~and which therefore escape taxation.~~

(e.g) The Life Assurance Company at Bimlipatam.

(3) Class II. Abkari renters can be assessed under this class only, however small their income may be.

(4) Classes II and III. Sowcars can be classed under only one of these two classes. There is no provision for levying a smaller tax from those whose income is comparatively small.

(5) Class III. Owners of Presses for oil can be assessed only under Class III whatever their income may be.

(6) Classes III and IV. Vakils can be assessed only under these two classes. The tax therefore presses heavily on Junior Vakils, whose income is small when compared with that

Each designation in the present schedule.

Ulls
2d para —

G.O. 24th January 1887 No. 56 M.

G.O. 10th August 1887 No. 750 M.
" 5th November 1888 No. 1249 M.

G.O. 8th December 1887 No. 1309 M.

G.. 5th March 1888 No. 207 M.

G.O. 8th February 1887 No. 103 M.
" 14th November " " 1183 M.
" 25th June 1888 " 699 M.
" 18th October 1888 " 1144 M.
" 6th December 1888 " 1381 M.

Put up with another paper

The same remark applies to the case of practising barristers. Upon the schedule as it stands must be assessed either in Cl: II or Cl: III

× Not unless the party is by reason of poverty absolutely unable to pay the schedule amount. A tax may be sufficiently onerous yet the person taxed may be able to pay it. Sec 51 of present Act would afford a remedy in but few cases

I concur with the Hon: Mr Stokes in thinking that legislation should be undertaken to enable municipalities to levy octroi duties — & in view of their introduction should make it obligatory on such Municipalities on adopting them to abolish the levy of the Prof. tax on all the lower classes of assessees — viz classes 6, 7 & 8, or 5, 6, 7 & 8 — in view of the fact that the octroi duties will press more heavily on the poorer classes than on the wealthier ones.

that of salaried ratepayers falling under the same class. The defects noticed in classes (3) (4) ~~and~~ (5) & (6) above can however be rectified by the Municipal councils themselves under the powers given them by section × 51 of the Act.

It has frequently been pointed out by Government that the tax is one on trades and callings and not on incomes. This is the chief cause of the inequality that now exists in taxation and of the difficulty experienced in fixing the assessments at uniform rates in the several Towns. Persons carrying on certain trades, whom one council places in one class may be placed by another council in some other class. It does not appear that holders of fixed incomes are adequately taxed in comparison with others. e.g a Govt. servant drawing Rs 750 ~~a~~ a month is put in class ~~III~~ IV along

with the proper [illegible] the

It seems that the original intention when the tax was first introduced was to include in the schedule only those who required Police protection most, as the proceeds of the tax were to be devoted to the maintenance of the Police force. This apparently explains the existing inequality in taxation. As however no portion of the cost of the Police force is now borne by Municipal Funds, there appears to be no reason why this inequality should be maintained any longer, and the tax which is at present one on Professions and Callings may be converted into one on incomes, the rate being of course much lower than that of the Imperial Impost in force. This seems to be the only course open to remove the existing inequality in taxation. If however this suggestion is not approved it is submitted that information ~~should~~ may be called for from the Chairmen of Municipal councils as to the several trades and professions assessed in 1887-88, together with the amounts assessed, and the principles on which the assessments were based, so that some general instructions may be given for making the assessments more equal than they are at present.

The above remarks apply more or less to schedule A annexed to Act I of 1884 also, although this gives a discretion to the commissioners to fix the assess-

total of which is estimated at Rs 10 per mensem. If nothing else is done the amount payable by the persons specified the first entry in classes III, IV, V & VI should, it is submitted, be increased.

[illegible] however, advocate the complete abolition of the levy of tolls in such Municipalities and resort to octroi duties but would [illegible] so that [illegible] octroi duty [illegible] providing for cutting up the roads [illegible] that no octroi duty [illegible] should be levied [illegible] such conditions.

I observe ~~that~~ in Para 33 of the Govt of India's note [illegible] the Govt of India 11th Dec 1888 No [illegible] G.O. of 1405 [illegible] it is stated the Chief Commr of the Central Provinces [illegible] some of his officers suggested that some other form of taxation than octroi should be ~~substituted for~~ levied in Municipalities where the population is less than 5000 or where the gross income from the tax does not exceed 5000 Rs & the Govt of India approved the suggestion - I think therefore we must be prepared for a similar limitation in this Presidency.

I think the octroi duty is preferable to a tax on arts & professions &c, because it is indirect taxation which in this country is, I think, always preferable to direct - & ~~[illegible]~~ because it gives no room for peculation & fraud. & there is no [illegible] for [illegible] & inspection of [illegible].

The adoption of octroi duties should I think be left to the option of Municipalities.

8/2/89

The note of the Hon'ble Mr Stokes is really exhaustive on this subject. He ably enumerates the "Common places" agst Octroi - which prima facie constitute a most formidable indictment agst duties of this kind ~~with~~ which English politicians consider not Gospel. But both my Hon'ble Colleagues point out that these duties are preferable to "Arts Taxes" -

I fear therefore we must sacrifice Gospel to the circumstances of the country

with the proper [illegible] the

It seems that the original intention when the tax was first introduced was to include in the schedule only those who required Police protection most, as the proceeds of the tax were to be devoted to the maintenance of the Police force. This apparently explains the existing inequality in taxation. As however no portion of the cost of the Police force is now borne by Municipal Funds, there appears to be no reason why this inequality should be maintained any longer, and the tax which is at present one on Professions and Callings may be converted into one on incomes, the rate being of course much lower than that of the Imperial Impost in force.

This seems to be the only course open to remove the existing inequality in taxation. If however this suggestion is not approved it is submitted that information ~~should~~ may be called for from the Chairmen of Municipal councils as to the several trades and professions assessed in 1887-88, together with the amounts assessed, and the principles on which the assessments were based, so that some general instructions may be given for making the assessments more equal than they are at present.

The above remarks apply more or less to schedule Annexed to Act I of 1884 also, although this ~~so~~ gives a discretion to the commissioners to fix the assess-

assess'

interval of which is estimated at Rs 10 per mensem. If nothing else is done the amount payable by the persons specified the first entry in classes III, IV, V & VI. which is submitted, be increased [illegible]

however, advocate the complete abolition of the levy of tolls in such Municipalities — unless to levy octroi duties but would [illegible] allow so that all carts & vehicles which [illegible] octroi duty shall pay tolls provided for setting up the [illegible] that no octroi duty on a cart-load [illegible] be less than the [illegible] on such [illegible]

I observe ~~that in~~ para 33 of the Govt of India's Note circulated with G.O. of 11th Decr 1886 No. 1605 M. it is stated the Chief Commr of the Central Provinces in 1885/86 suggested that some other form of taxation than octroi should be ~~substituted for~~ levied in Municipalities where the population ~~was~~ is less than 5000 or where the gross income from the tax does not exceed 5000 Rs & the Govt of India approved the suggestion — I think therefore we must be prepared for a similar limitation in this Presidency.

I think the octroi duty is preferable to a tax on arts & professions, if only because it is indirect taxation which in this country is, I think, always preferable to direct — & ~~[illegible]~~ because it gives no room for prosecution & fraud. & there is no necessity for vexatious & inquisition of accts.

The adoption of octroi duties should I think be left to the option of Municipalities.

8/2/87

The note of the Hon'ble Mr Stokes is really exhaustive on this subject. He ably enumerates the "common places" agst Octroi — which prima facie constitute a most formidable indictment agst duties of this kind ~~with~~ which English politicians would consider Gospel. But both my Hon'ble Colleagues point out that these duties are preferable to "Assessed Taxes" — I fear therefore we must sacrifice Gospel to the circumstances of the country.

with the proper [illegible] the

It seems that the original intention when the tax was first introduced was to include in the schedule only those who required Police protection most, as the proceeds of the tax were to be devoted to the maintenance of the Police force. This apparently explains the existing inequality in taxation. As however no portion of the cost of the Police force is now borne by Municipal Funds, there appears to be no reason why this inequality should be maintained any longer, and the tax which is at present one on Professions and Callings may be converted into one on incomes, the rate being of course much lower than that of the Imperial Impost in force.

This

which is estimated at Rs 10 per mensem. If nothing else is done the amount payable by the persons specified the first entry in classes III, IV, V & VI sch^d, is, it is submitted, be increased

[illegible] however, advocate the complete abolition of the levy of tolls in such Municipalities [illegible] but would [illegible] [illegible] so that [illegible] [illegible] which [illegible] [illegible] duty [illegible] [illegible] for setting up the [illegible] provided that ~~[illegible]~~ octroi duty [illegible] [illegible] [illegible] the [illegible] [illegible] such [illegible]

I observe ~~that in~~ Para 33 of the Govt. of India's 'Note' circulated with G.O. of 11th Dec/88 No. 1605 &c. it is stated the Chief Comm^r of the Central Provinces in 1885 suggested that some other form of taxation than octroi sh^d be ~~substituted for~~ levied in Municipalities where the population ~~was~~ is less than 5000 or where the gross income from the tax does not exceed 5000 R^s & the Gov^t of India approved the suggestion — I think therefore we must be prepared for a similar limitation in this Presidency. I think the octroi duty is preferable to a tax on arts & professions partly because it is indirect taxation which in this country is, I think, always preferable to direct — & ~~[illegible]~~ because it gives no room for favouritism & fraud. & there is no [illegible] for extortion & inquisition of acc^ts.

The adoption of octroi duties sh^d I think be left to the option of Municipalities.

9/2/89

The note of the Hon^ble Mr Stokes is really exhaustive on this subject. He ably enumerates the "Common places" ag^st Octroi — which prima facie constitute a most formidable indictment ag^st duties of this kind ~~with~~ which English politicians now consider Gospel — But both my Hon^ble Colleagues point out that these duties are preferable to "Arbi Taxes" — I fear therefore we must sacrifice Gospel to the circumstances of the country

This seems to be the only course open to remove the existing inequality in taxation. If however this suggestion is not approved it is submitted that information ~~should~~ may be called for from the Chairmen of Municipal councils as to the several trades and professions assessed in 1887-88, together with the amounts assessed, and the principles on which the assessments were based, so that some general instructions may be given for making the assessments more equal than they are at present.

The above remarks apply more or less to schedule A annexed to Act I of 1884 also, although this gives a discretion to the commissioners to fix the assess-according to their income. (see the list entries under classes II, V & VII). In this case, the Commissioners have already proposed to omit the words "joint stock" from class I division B, so that companies of any description trading with a capital exceeding ten but below 20 lakhs of rupees may be assessed at Rs 350. The proposal [illegible]as accepted in G.O. 1st November 1888 No 1240 Rv, but the Commissioners have been asked to go carefully through the schedule and report if any further alterations or re-classifications are required.

With reference to the suggestion of the Government of India that an octroi on a few articles of common consumption might be substituted for the Tax on arts, the following statement shows the Provinces & the number of Municipalities therein

Both my Hon'ble Colleagues are practically agreed: & I concur with the Hon'ble Mr Garstin as to inexpediency of the total abolition of the Tolls -
C

I do not press the total abolition of tolls. It is enough to point out that the revenue from this source will have to be reduced either by a lowering of the rate or by some expedient such as suggested by the Hon'ble Mr. Garstin. That is a point of detail. [illegible] should be [illegible] [illegible] the difficulty of letting out the [illegible] and putting the conclusions at which we have arrived in a form such that the rules can be placed on the [illegible] as a test for [illegible] [illegible] letting should be [illegible]

& so to obtain alterations of the rules in force elsewhere.

[illegible] 18 Feb 89

Vide Resolution of the Government of India in G.O. 11th December 1888 No 1405 Rv.

therein, in which octroi duties are now levied, and the total income derived from this 39 source and its incidence in each Province in 1886-87, excluding the Presidency Town of Bombay.

| Provinces | Number of Municipalities |  | Income from octroi | Incidence per head |
|---|---|---|---|---|
|  | Total | No in which octroi is levied |  |  |
|  |  |  | Rs | Rs - as - p |
| Bombay | 157 | 115 | 1538434 | - 14 - 9 |
| North West Provinces & Oudh | 109 | 78 | 1867037 | - 11 - 4 |
| Punjab | 190 | 169 | 2303749 | 1 - 1 - 11 |
| Central Provinces | 59 | 32 | 600772 | 1 - 2 - 5 |

In these Provinces the income from octroi alone formed
63.5
69.2, 84.4, 94.4 and 88.4 per cent respectively of the total income from taxation proper.

In Bombay the duties are levied under rules framed under section 32 Act II of 1884 (Bombay); in the North West Provinces and Oudh, under section 41 Act XV of 1883 (India); in the Punjab under section 37 of Act

Act XIII of 1884 (India); and in the Central Provinces under section 7 Act XI of 1873 (India

The levy of octroi has not been extended to any Province since 1880, ~~but~~ while it has been abandoned in Coorg. Its introduction into the District Municipalities of this Presidency appears to have been discussed when Act III of 1871 was framed. In a minute written in 1873 the Hon: Mr Sim remarked that "the octroi was duly considered when the Acts of 1871 were discussed and was deliberately rejected, the Government being of opinion that the taxes selected should suffice and would be the least unobjectionable and unpopular". No papers containing an account of the discussion can be traced. In 1873 again the introduction of octroi was suggested by the Collector of Trichinopoly, but the suggestion was not approved.

G.O. 25th August 1873 No. 1200.73.

Do

In

In 882 the Municipal Commissioners of Madras unanimously recommended its imposition in their Town. The proposal was however negatived by Government their Excellencies the Governor and the Commander in chief being against it, while the Hon'ble Messrs Carmichael and Sullivan were in favour of it. The present Madras Municipal Act allows the levy of what are practically import duties on timber and firewood (section 341), and a proposal to tax tobacco has just been approved by the Government of India.

G.O. 11th December 1888 No. 1405 contains the latest communication from the Government of India regarding octroi taxation. Besides this

there

there have been no general resolutions on the subject since 1880.

If it is thought desirable to introduce the octroi, it might be well to appoint a small committee to consider the subject & report what articles should be taxed & to what extent.

P.S. 15/1/89

CSM 16/1

It is suggested that the opinions of Munl. Councils should be taken. A Committee would not have be of much use even if one could be formed.

18 Jany.

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Remission of the Schedule A [illegible] tax & introduction of Octroi into the Presidency.

FOR ORDERS.

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1P

LOCAL AND MUNICIPAL DEPARTMENT.

[5]

Papers to be read in Proceedings :—

Again G.O., dated 31st March 1887, No. 304 M.
" " " 24th January 1888 No. 65 M.
~~Current No.~~ ~~of 188~~ , ~~dated~~ ~~from~~
Again G.O. of 15th Feby. 1888 No. 155 [illegible]
" " " 14th March 1888 No. 234 M.
" " " 23rd July 1888 No. 806 M.
Current No. of 188 , dated from

Order –

In para 10 of G.O. of 31st March /87 No. 304 M. reviewing the operations of the District municipalities for 1885-86, the Govt. observed that the tax on arts & professions, trades & callings was for several reasons the most unpopular of the municipal taxes, and that though its abolition was not practicable, its incidence might be lessened by the exemption of the lowest classes of the Schedule. On this the Govt.

Govt. of India in para 3 of their letter ~~[illegible]~~ d/ 28 June/87 No. 72 called for a full report in regard to this tax & a statement of the reasons why some other more popular mode of taxation could not be substituted for it, Madras & the North Western Provinces being the only portions of India in which a large revenue is derived by ~~the~~ District Municipalities from taxing trade. This report was furnished in para 15 of G.O. 15th February /88 No. 155 A.M. & in the letter to the Govt. of India d/ 14th March 1888 No. 234-M, the conclusion arrived at by this Govt. being that the abolition or reduction of the tax was not practicable.

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was ~~[illegible]~~ admitted that th ssessments were generally very equal and that the schedule required amendment, ~~and~~ but it was lso stated that if the tax were educed or abolished, the only lternative open ~~was~~ wd be to increase he tolls, ~~which was not an equitable~~ step which wd be objectionable as ~~arrangements as in a large number regarding the taxation of [illegible] traffic from no [illegible] 50 per cent of the income in order to provide for purely municipal from tolls was not spent on the~~ purposes ~~roads tolled~~.

In para 3 of their letter ~~d/~~ 16th June/88 No. 96, the Govt. of Ind ~~agreed with this Govt. in considering that the abolition of the tax was impracticable, but~~ they observed that, as an essential condition of ~~its~~ the tax retention, the method on which ~~the tax~~ it is assessed should be thoroughly overhauled, and its incidence made more equal.

It has been suggest
equal. ~~The suggestion was to~~
~~recommended~~ for the considera
that the
of this Government ~~whether~~ an
Octroi on a few articles of com
mon consumption ~~might not~~
~~be substituted for the tax on~~
~~arts~~.

might be replaced by

3. As regards the tax on art
the chief cause of the inequai
that now exists in taxation
and of the difficulty experien
in fixing the assessments at
uniform rates in the several
towns, is that the tax is one
on trades and callings and
not on incomes. Persons carrying
may be
on certain trades ~~whom one~~
placed in one class of Schedule A Act IV of 1884 by one Munl. Council & in a different one by another
~~Council places in one class may~~
~~be placed by another Council~~
Mercers
~~in some other~~ class, and the
holders of fixi

not adequately tax i.e. compared
with others, e.g. a Govt. Servant draw-
ing Rs 750 a month is put in class
IV along with the keeper of a shop
the rental of which is estimated
at Rs 10 per mensem. His Excellency
the Governor in Council has given
his careful consideration to the
principles of
altering for assessment
question of ~~equalizing the incid~~
so as to equalize its incidence
of this tax and has arrived at the
conclusion that it is not expedient
to do so. Such an equalization
means ~~a proper~~ graduation
liable
of the classes so as to make
assessment
the rates proportional to income,
and this would convert the tax
i.e. upon
into ~~an~~ income tax, ~~Such a con-~~
involve the
~~version~~ would ~~amount to~~
double taxation of many incomes
paid to Munl. others to Imperial revenues,
~~and the adoption of taxable~~
income much lower than that
Income
taken for the Imperial ~~tax~~
tax
or

& would require in the case
either
of the Munl. impost the
adoption of a minimum taxable
income

~~or~~ considerable reductions in the yield. Moreover it is the such similarity [illegible] & the Imperial of the Arts tax ~~to the~~ income tax ~~which~~ itself is the chief cause of ~~its~~ the unpopularity of the former

5. In regard to the levy of Octroi duties, the following Statement shows the Provinces and the number of municipalities in each ~~therein~~ in which this tax is now levied, ~~and~~ the total income derived therefrom in 1886-87, ~~from this source~~ & its incidence in each province in 1886-87, excluding the Presidency town of Bombay:—

% excluding the Pres? town of Bombay

the proportion the receipts under this head bear to the total ~~this~~ revenue derived from direct taxation in municipalities

| Provinces. | Number of Municipalities. | | Income from Octroi. | Incidence per head. |
|---|---|---|---|---|
| | Total | Number wherein Octroi is levied | Rs | Rs – as – p |
| Bombay | 157 | 115 | 15,38,434 | – – 14 7 |
| N. W. Provinces & Oudh | 109 | 78 | 18,67,037 | – – 11 4 |
| Punjab | 190 | 169 | 23,03,749 | 1 – 1 – 11 |
| Central Provinces | 59 | 32 | 6,00,772 | 1 – 2. 5 |

~~In the above Provinces, the~~

income from Octroi alone formed 69.2, 84.4, 94.4 and 88.4 per cent respectively of the total income from taxation proper.

The ~~special~~ general objections which may be urged against ~~against~~ the introduction of Octroi duties are (1) the great inconvenience to trade and the inquisition procedure which necessarily accompany the setting up of octroi barriers; (2) the tendency of octroi taxes to degenerate into transit duties on goods — ~~a tendency which it is apparently impossible to counteract even by the most elaborate devices and fanciful tests~~; (3) the opportunities for oppression

~~or considerable~~ det[illegible] reduction in the yield. Moreover it is ~~the~~ such similarity or speedy rejectability of the Arts tax ~~to the~~ & the Imperial income tax ~~which~~ of that is the chief cause of ~~its~~ the unpopularity of the former

5. In regard to the levy of Octroi duties, the following Statement shows the Provinces and the number of Municipalities ~~therein~~ in each in which this tax is now levied, ~~and~~ the total income derived therefrom in 1886-87, ~~from this source~~ & its incidence the proportion the in each province in 1886-87, excluding the Presidency town of Bombay:—

i.e. excluding the Pres? town of Bombay

receipts under this head bear to the revenue derived from direct taxation in municipalities

[illegible]

| Provinces. | Number of Municipalities. Total | Number wherein Octroi is levied | Income from Octroi. Rs | Incidence per head. Rs - as - p | |
|---|---|---|---|---|---|
| Bombay | 157 | 115 | 15,38,434 | - - 14 - 9 | 69.2 |
| N. W. Provinces & Oudh | 109 | 78 | 18,67,037 | - - 11 - 4 | 84.4 |
| Punjab | 190 | 169 | 23,03,749 | 1 - 1 - 11 | 94.4 |
| Central Provinces | 69 | 32 | 6,00,772 | 1 - 2 - 5 | 88.4 |

~~In the above Provinces the~~

income from Octroi alone formed 69.2, 84.4, 94.4 and 88.4 per cent respectively of the total income from taxation proper.

49

6. The ~~special~~ general objections which were ~~against~~ urged against the introduction of Octroi duties are (1) the great inconvenience to trade and the inquisitorial procedure which necessarily accompany the setting up of octroi barriers, (2) the tendency of octroi taxes to degenerate into transit duties on goods — a ~~tendency which it is apparently impossible to counteract even by the most elaborate devices and fanciful tests~~; (3) the opportunities for oppression

oppression and exaction by low paid servants, which the system affords; (4) the probability that a considerable proportion of the payments actually made by the people fails to reach the the Municipal treasuries; (5) the facilities for evasion and the demoralization of the people from the temptation ~~to evade the~~ thus afforded; ~~tax~~ and (6) the fact that it is a tax on necessaries and therefore falls ~~equally~~ most hardly on the poor ~~and the rich, though the latter reap most benefit from Municipal Government~~. On the other hand this ~~tax~~ method of raising revenue has considerable advantages as it is

an

~~an indirect one and is~~ which make it a most efficient ~~and productive as an~~ instrument of taxation. The duties levied are certain & uniform, and ~~In regard to it~~ there is no question of assessment by Councils, ~~there is no~~ or suspicion of favouritism by the assessing Authorities. Nobody is troubled with notices, warrants and appeals; and the tax is paid almost without the knowledge of the tax-payers in the form of enhanced prices of commodities. It has also to be considered that ~~B. As~~ Municipalities are about being constantly ~~to be~~ called upon either without petition to undertake costly schemes of water supply and drainage, to which their present sources are not equal to & that some means of increasing their revenue

~~must~~

[illegible] required. Taking

must be sought, and in the opinion of His Excellency the Governor in Council there is none better suited than the imposition of Octroi duties, which will produce considerable sums. Taking 8 as per head as the average incidence, the aggregate yield of this tax ~~in the~~ in all district Municipal towns of this Presidency would be about 7¼ lakhs, ~~but a portion of this sum~~ will have to be foregone in the shape of the tax on Carts and tolls now levied, as ~~observed below~~. of H.E. in C. ~~The Government~~ therefore prepared ~~consider it desirable~~ to take ~~that~~ steps ~~should be taken~~ to legislate for the ~~optional~~ imposition of Octroi duties, as suggested

the proceeds of ~~octroi~~ on octroi at 8 as per head of the popuⁿ, whereas the Cart tax as at present levied brings in ~~less than~~ about 1¾ lakhs & tolls & ferries about 3 lakhs.

(If these figures are taken from the general account for 1886-7) . If there is any considerable diffce for 1887-88 correct them accordingly)

The levy of such duties w.d be optional with each Mun.l Council, but such Councils as choose to adopt them ~~should~~ will be bound to

suggested by the Government of India. ~~They would however make it obligatory on such Municipalities as choose to levy the tax, to a~~ [illegible] the levy of the tax on Carts on the last three of the schedule on four classes, in view of the fact that the octroi duties will, as has been remarked, ~~will~~ press most heavily on the poorer classes, ~~than on the wealthier ones. At the same time they would so arrange matters that all~~ Carts and vehicles ~~which escape the Octroi~~ not carrying articles liable to octroi w.d of course still ~~duty shall~~ pay tolls for ~~cutting~~ the use of ~~up~~ the roads, ~~provided that no Octroi duty on a cartload of produce shall be less than~~ ~~the~~

& to revise the rates of tolls so as to prevent carts which have carry articles liable to octroi from having to pay a double tax. This could be arranged by fixing the octroi duties at such rates that a cartload of produce shd pay not less than the amount ~~cart conveying it~~ of toll to which the cart conveying it would be liable, & then exempting such carts from payment of tolls.

~~the total leviable~~ such costs.

The Government would also stipulate as a means of preventing the degeneration of the tax into a mere transit duty that no Octroi duties shall be levied in Municipalities where the population is less than 5000 or where the gross income which the duties are estimated to produce from the tax does not exceed Rs 5000 –

9. But Before taking further action in the matter, however, His Excellency the Governor in Council resolves to refer these proposals to all Municipal Councils for careful consideration and early report.

~~In the meantime further information will be obtained as to the~~ (~~Town Duties~~ ~~in the meantime~~) ~~when regarding the levy of the tax in other Provinces~~. The revised rules & a schedule passed by the Commr of the Central Provinces for the guidance of his Municipalities in levying octroi duties, ~~will be reprinted at the end of the present proceedings~~ upon any copy of one of the papers communicated by the Govt of India to this Govt in Octr 1888* will be reprinted at the end of the present Proceedings for the information of the Municipal Councils, & further information will be obtained as to the rules in force in other Provinces

P.R. 22/8/89

* Home Dept letter No. 3/105 dated 31 Octr 1888 recorded in P.R. 11 Dec '88 No. 1403

To All chairman of Muncl Councils,
Thro' the Collectors concerned.

The Collr
The Rev Dept.
" B. of Rev (Land Rev) (Separate Rev)
Home Dept

Le [illegible] 3 June 1879
~~6928~~
693

5 7

Note

The general resolutions previous to 1880 will be found in [illegible] 7th Dec [illegible] 31st Oct 1877 & 3rd March 1878 Nos 2277. 2629 & 255 respectively.

57

On these points the rules in other provinces may be taken as a guide.

[illegible]

[illegible]
7/[illegible]

G.O. 23d January 1883 No 134 [illegible]

4.3.77 ✓
3.2.02 ✓
27.5.03 ✓
16.6.07 ✓
30-x-08 ✓
6.11.23 II ✓
9-8.43 VI ✓