

MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 517

Press
~~Mis.~~

Dated 15. 10. 1862.

B. No. 29-30 ^{2/3}Not to be folded or roughly handled

Proceedings of the Madras Government, Financial Department,

15th October 1860.

No. 29. Read the following Extract from the Proceedings of the Government of India, in the Financial Department, dated 21st September 1860, No. 9,647.

Read a Memorandum by Mr. C. Ashe and seven other Assistants belonging to the Office of the Secretary in this Department, dated 15th instant, representing that the Civil Auditor has, in auditing the pay abstract of the office for August last, taxed that portion of the salary of the establishment which in the shape of *finer* is credited to Government, although under Rule 12, Section C, of the Income Tax Act, all official deductions are exempted from taxation.

Read endorsement to the Officiating Civil Auditor, Fort William, No. 9,224, dated 15th instant, forwarding the above for report.

Read a letter from the Officiating Civil Auditor, Fort William, No. 2,979, dated 17th instant, stating, with reference to the above, that "the rule quoted refers to 'official deductions' from salaries, and the question at issue is, therefore, whether a fine is to be regarded in the light of an official deduction or treated simply as a punitive measure," the Auditor says that he has "allowed no exemption in such cases, on the supposition that fines should be held in the latter of these two senses, and therefore no more admissible to the indulgence of exemption than they would be were they inflicted by a Police Magistrate or other Judicial authority, the argument of which is that the Government should not in equity suffer through the misbehavior of an individual."

RESOLUTION.—The Governor General in Council observes, that the Auditor is wrong in the above view.

2. It cannot, in the opinion of His Excellency in Council, be intended that Clerks should pay Income Tax on any portion of salary stopped by way of fine by the head of the office in which they are serving, in the manner indicated in the cases adverted to; and he accordingly directs that in the cases in question, the amount of tax so levied be refunded. The assessment should be made only on the amount paid to the Clerks, though the fact of that amount being liable, or otherwise, in any particular month will fairly be held to turn on the total amount of salary assigned to their respective appointments.

3. Thus, a man whose salary is Rupees 20, and who has been fined 10 Rupees in any month, will in that month have to pay Income Tax on 10 Rupees only.

Ordered, that a copy of the above resolution be forwarded to the Civil Auditor, Fort William, for information and guidance, with reference to his letter, above noticed.

Ordered, also, that a copy of the above resolution be sent to the Sub Treasurer, Fort William, for information and guidance.

* Home, Foreign, Military, and Public Works Departments.

† Governments of Bengal, North Western Provinces, Punjab, Madras and Bombay.

‡ Chief Commissioner of Oude; Commissioners of Nagpore, Pegu, and Tenasserim Provinces, and Resident at Hyderabad.

|| Civil Auditors, North Western Provinces; Punjab, Madras and Bombay.

Ordered, also, that a copy of the above Resolution be forwarded to the Departments,* Governments,† Administrations,‡ and Auditors,|| noted in the margin, for information and guidance, and for the issue of further necessary orders.

(A true Extract.)

(Signed) C. HUGH LUSHINGTON,
Secretary to the Government of India.

No. 30.

ORDER THEREON, 15th October 1860, No. 517.

Communicated to the Revenue Department.

(Signed) T. PYCROFT,
Chief Secretary.

Exd. F. Cartledge.

Home, Foreign, Military, and Public Works Departments.
 † Governments of Bengal, North Western Provinces, Punjab, Madras, and Bombay.
 ‡ Chief Commissioner of Oude; Nagpore, Pegu, and Tenasserim Provinces; and Resident at Hyderabad.
 § Civil Auditors, North Western Provinces, Punjab, Madras, and Bombay.

and Auditors,|| noted in the margin, for information and guidance, and for the issue of further necessary orders.

(A true Extract)

Wm. A. Smith
 Secretary to the Government of India.

[Exd. J. P. Linton.] Order thereon 16 October 1860. 1851
 Communicated to the Revenue Department.
 To the Revenue Secy. 20th Sept 60 J.P.L.

Full 1860 Sept
 From
 The Secy to the Govt
 of India - 9th Sept
 21st Sept 60
 12th Sept 60
 28th Sept 60
 No 537
 Copy for information the
 Resolution of the Govt of Madras
 relative to exempting from
 taxation that portion of the
 salary of an office which in
 the shape of fine is awarded
 to you.
 With an Order