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(2) Date of repair

(3) Initials of the Referencer

MADRAS RECORD OFFICE.

Government of Madras.

DEPARTMENT.

G.O. No. 850 Press / Mis.

Dated 21-5-18 .

30-31 61

Not to be folded or roughly handled

No. 30. Read the following Proceedings of the Government of India, Financial Department, dated Simla, the 27th August 1866, No. 2067.

Accounts.

Apportionment of the share of Income Tax for Public Works.

Bengal—From 31st July 1860 to 30th April 1865.
Central Provinces— ditto ditto.
Punjab {Civil—From 31st July 1860 to 31st Dec. 1865.
{Public Works—From 31st July 1860 to 30th June 1865.
Coorg—From 31st July 1860 to 30th April 1866.

Read the undermentioned Returns of Income Tax Collections since the introduction of Act XXXII of 1860, embracing, with the exceptions noted in the margin, the period from 31st July 1860 to 30th July 1865 :—

Accountant General, Bengal, No. S.-359, dated 31st July 1865.
Ditto North-Western Provinces, No. 3365, dated 15th November 1865.
Ditto Bombay, No. 2160, dated 7th December 1865.
Ditto Madras, No. 3691, dated 9th December 1865.
Deputy Accountant General, Hyderabad, No. 1722, dated 26th December 1865.
Comptroller General of Accounts, No. 2676, dated 19th January 1866.
Accountant General, Punjab, No. 6286, dated 23rd February 1866.

The Governor General in Council observes that Act XXXII of 1860 imposed the following annual rates of duty, from and after 31st July 1860, on profits arising from property, professions, trades, &c. :—

3 per cent. and 1 per cent., on all incomes of Rupees 500 a year and upwards.
2 per cent., on all incomes below Rupees 500, but not less than Rupees 200 a year.

2. Section 3 of the Act reserved the one per cent. duty imposed under this Section for the purposes of roads, canals, or other reproductive public works, and it was to be paid for those purposes in the manner directed in Sections 191 to 194 of the Act.

3. The tax of two per cent. was repealed, by Act XVI of 1862, from 31st July 1862, except in respect of any duty chargeable upon any person for either of the years commencing from 31st July 1860 and 31st July 1861, or for both those years, and the duty of three per cent. was reduced to two per cent. by Act XXVII of 1863.

4. The mode of accounting for, and paying over, the proceeds of the one per cent. duty for public works, was also altered by Act XVI of 1862, and again by Act XXVII of 1863.

5. On this head, Sections 191 to 193 of Act XXXII of 1860 had directed that the separate account of the collections of one per cent. duty should be sub-divided so as to show:—

1*st*.—The portion of the entire proceeds of the one per cent. duty which may have been assessed upon persons carrying on business;

2*nd*.—The portion which may have accrued from the dividends on interest paid upon the Government debt, and from the salaries of Public Officers, and from the profits derived by any Railway or other Public Company from different parts of India, or from a place other than that at which its head office is situate.

6. The amount comprised under the first sub-division was to appertain to the Presidency, Lieutenant Governorship, or Administration, in which it may have been realized; but that under the second sub-division was to be distributed to the several Local Governments, in the proportion in which they may respectively have contributed to the whole amount of duty raised under the Act.

7. The account of the one per cent. duty, on the demand up to 31st July 1862, has not been kept in the two sub-divisions abovementioned, but only in the gross; and accordingly the proceeds under the second sub-division cannot be distributed, in the manner prescribed by the Act, upon the Returns which have been furnished by the several Accountants General.

8. From 31st July 1862, the mode of accounting for and distributing the proceeds of the one per cent. duty was altered by law, so as to allow of their allotment in certain portions of the gross collections, *viz*., under Section 15 of Act XVI of 1862, at a sum not less than 20 per cent. of the gross sum collected on account of the duties of three and one per cent. prescribed by Sections 1 and 3 of Act XXXII of 1860, and at a later period, under Section 20 of Act XXVII of 1863,

after the 31st July 1863, at not less than 20 per cent. of the collections of the one per cent. and the reduced two per cent. duties.

9. The proceeds of the one per cent. duty being thus ascertained, the Act of 1862 further directed that they should be appropriated to the several Presidencies and Provinces, in a proportion to be determined by the Governor General in Council, and having regard to the portion which each may have contributed to the whole amount of duty raised under Act XXXII of 1860.

10. In order that the final distribution may not be much longer delayed, the Governor General in Council is pleased to determine that the Presidencies and Provinces under the several Local Governments and Chief Commissioners, and the District of Coorg, shall retain the amount of the one per cent. duty which has been already credited to them in their accounts, except the portions mentioned in paragraphs 11 to 14, and shall share in the similar proceeds which have been credited under the Government of India, in the proportion which their respective collections of Income Tax bear to the total of those collections.

11. The proceeds of one per cent. duty, at credit of the Government of India, have chiefly accrued from the interest on debt, and from salaries or pay and allowances in the Army of the Bengal Presidency.

12. Before apportioning the latter amongst the Local Governments, the similar realizations from the Madras and Bombay Armies should be deducted from the credit which has been afforded to those Presidencies in the accounts, and be added to the funds for general distribution.

13. Materials for a similarly exact adjustment of the receipts of one per cent. duty from the assessments under Schedule 3 are not available, but a sufficiently close approximation can be made by assuming the receipts under that Schedule at one-fourth of the collections in the official years 1860-61, 1861-62, and the first-half of 1862-63, and at one-fifth of the collections for the subsequent period. These receipts have to be deducted from the credits to the Local Governments, and added to the funds for general distribution.

14 The sums thus falling to be deducted from the credits to the Local Governments, are as follow :—

	Rs.	Rs.
Bengal	14,610	
North-Western Provinces	36,313	
Oudh...	58,365	
Punjab...	18,471	
Madras	1,17,765	
Bombay	1,55,199	
Central Provinces	833	
British Burmah	1,176	
		4,02,732
Add—		
Realizations from Madras Army...	2,26,508	
Bombay Army	1,84,568	
		4,11,076
Total...		8,13,808.

15. This aggregate being added to the sum already credited under the Government of India raises to Rupees 21,91,380 the amount which has now to be distributed among the Local Governments and Administrations rateably according to their contributions.

Financial Resolution. No. 14,694, dated 26th Dec. 1861.
,, No. 4790, dated 17th July 1862.
,, No. 441, dated 26th February 1863.
,, No. 5091, dated 13th October 1863.
,, No. 2016, dated 15th April 1864.
,, No. 1868, dated 1st April 1865.

16. From the orders quoted on the margin, it appears that the grants already sanctioned, for expenditure on public works, out of the Income Tax Collections, amount Rupees 1,50,00,000.

17. But the actual collections up to 31st July 1865 for most of the Local Governments and Administrations,—up to 30th April 1865 for two others,—up to 31st December 1865 for another,—

Proceedings of the Madras Government, Financial Department,
24th September 1866.

and to 30th April 1866 for Coorg,—which are appropriable to public works, amount to Rupees 1,49,67,784, being Rupees 32,216 less than the grants already sanctioned.

18. On the other hand, of the sanctioned grant of Rupees 1,50,00,000, a sum of Rupees 19,98,000 was not allotted to any Government or Administration from the sums provided for in the annual Budgets, so that only Rupees 1,30,02,000 have as yet been actually allotted and carried to credit of the Local Governments and Administrations.

19. The Table given below shows, in the first column, the amount of collections made in each Presidency and Province; in the second, the proportion of the collections of the Government of India which devolves to each of the several Local Governments and Administrations; in the third, the total amount which is claimable by each Government or Administration; in the fourth, the amount of grant already sanctioned; in the fifth, the excess of claim over the actual grant; and in the sixth, the excess, in other cases, of grant over what was due :—

	Collections appropriable to Public Works.	Proportion of the collections of the Government of India.	Total collections.	Amount of grants already sanctioned.	Excess of collections over grants.	Excess of grants over collections.
Bengal	45,79,604	7,85,483	53,65,087	46,24,000	7,41,087	
North-Western Provinces.	26,35,178	4,51,980	30,87,158	21,58,000	9,29,158	
Oudh	3,72,783	63,939	4,36,722	4,91,000	.....	54,278
Punjab	5,51,993	94,677	6,46,670	3,66,000	2,80,670	
Bombay	27,32,836	4,68,730	32,01,566	29,26,000	2,75,566	
Central Provinces	2,47,434	42,439	2,89,873	5,16,000	.....	2,26,127
Madras	14,94,212	2,56,284	17,50,496	14,63,000	2,87,496	
British Burmah	1,54,803	26,551	1,81,354	4,16,000	.....	2,34,646
Coorg	7,561	1,297	8,858	42,000	.....	33,142
Government of India ...	21,91,380					
Total...	1,49,67,784	21,91,380	1,49,67,784	1,30,02,000	25,13,977	5,48,193
					5,48,193	
					19,65,784	

20. The grants in excess of what seems to be due may be recovered ultimately from the Local Funds of the Governments which they have enriched; but, for the present, they will not be retrenched, pending the receipt of the final account of the one per cent. Income Tax duty which will be submitted by the Comptroller General of Accounts. On receipt of that account, it may appear that, owing to large collections of arrears in one or two Provinces, their shares in the general fund may be proportionately larger, and those of the other Provinces necessarily smaller than in the present statement. Accordingly, in allotting the excess which now appears at credit of Bengal, North-Western Provinces, the Punjab, and Madras, the Governor General in Council would withhold one-tenth for settlement hereafter, and sanctions meanwhile the following additional grants :—

Bengal	Rupees.	6,66,979
North-Western Provinces... ...	,,	8,36,242
Punjab...	,,	2,52,603
Madras...	,,	2,58,747
Total Rupees...		20,14,571

21. A sum of Rupees 2,48,009 is due on the foregoing statement to the Bombay Presidency; but as there is a doubtful item in the Bombay accounts, a grant for that amount is withheld, pending a reply to a reference which has been made to the Local Accountant General.

Proceedings of the Madras Government, Financial Department, 24th September 1866.

ORDER.—Ordered that the foregoing Resolution be communicated to—
The Public Works Department.
The several Local Governments and Administrations.
The Comptroller General of Accounts.
The several Accountants General.
The Deputy Accountants General in independent charge.

(Signed) E. H. LUSHINGTON,
Secy. to the Govt. of India.
(Signed) R. H. HOLLINGBERY,
Asst. Secy. to the Govt. of India.

No. 31. ORDER THEREON, 24th September 1866, No. 350.

Communicated to the Public Works and Revenue Departments.
(True Extract).

Secretary to Government.

To the Public Works Departmen
,, Revenue do.

Exd. J. H. Burns.

No. 2067.

GOVERNMENT OF INDIA.

FINANCIAL DEPARTMENT.

Accounts.

SIMLA, *the 27th August* 1866.

Apportionment of the share of Income Tax for Public Works.

READ the undermentioned Returns of Income Tax Collections since the introduction of Act XXXII. of 1860, embracing, with the exceptions noted in the margin, the period from 31st July 1860 to 30th July 1865:—

Bengal—From 31st July 1860 to 30th April 1865.
Central Provinces ditto ditto.
Punjab { Civil—From 31st July 1860 to 31st December 1865. Public Works—From 31st July 1860 to 30th June 1865.
Coorg—From 31st July 1860 to 30th April 1866.

Accountant General, Bengal, No. S.-359, dated 31st July 1865.
Ditto North-Western Provinces, No. 3365, dated 15th November 1865.
Ditto Bombay, No. 2160, dated 7th December 1865.
Ditto Madras, No. 3691, dated 9th December 1865.
Deputy Accountant General, Hyderabad, No. 1722, dated 26th December 1865.
Comptroller General of Accounts, No. 2676, dated 19th January 1866.
Accountant General, Punjab, No. 6286, dated 23rd February 1866.

THE Governor General in Council observes that Act XXXII. of 1860 imposed the following annual rates of duty, from and after 31st July 1860, on profits arising from property, professions, trades, &c.:—

3 per cent. and 1 per cent., on all incomes of Rs. 500 a year and upwards.
2 per cent., on all incomes below Rs. 500, but not less than Rs. 200 a year.

2. Section 3 of the Act reserved the one per cent. duty imposed under this Section for the purposes of roads, canals, or other reproductive public works, and it was to be paid for those purposes in the manner directed in Sections 191 to 194 of the Act.

3. The tax of two per cent. was repealed by Act XVI. of 1862 from 31st July 1862, except in respect of any duty chargeable upon any person for either of the years commencing from 31st July 1860 and 31st July 1861, or for both those years, and the duty of three per cent. was reduced to two per cent. by Act XXVII. of 1863.

4. The mode of accounting for and paying over the proceeds of the one per cent. duty for public works, was also altered by Act XVI. of 1862, and again by Act XXVII. of 1863.

5. On this head, Sections 191 to 193 of Act XXXII. of 1860 had directed that the separate account of the collections of one per cent. duty should be sub-divided so as to shew—

1*st*—The portion of the entire proceeds of the one per cent. duty which may have been assessed upon persons carrying on business;

2*nd*—The portion which may have accrued from the dividends on interest paid upon the Government debt, and from the salaries of public Officers and from the profits derived by any Railway or other public Company from different parts of India, or from a place other than that at which its head office is situate.

6. The amount comprised under the first sub-division was to appertain to the Presidency, Lieutenant Governorship, or Administration, in which it may have been realized; but that under the second sub-division was to be distributed to the several Local Governments in the proportion in which they may respectively have contributed to the whole amount of duty raised under the Act.

7. The account of the one per cent. duty, on the demand up to 31st July 1862, has not been kept in the two sub-divisions abovementioned, but only in the gross; and accordingly the proceeds under the second sub-division cannot be distributed in the manner prescribed by the Act upon the Returns which have been furnished by the several Accountants General.

8. From 31st July 1862 the mode of accounting for and distributing the proceeds of the one per cent. duty was altered by law, so as to allow of their allotment in certain portions of the gross collections, *viz.*, under Section 15 of Act XVI. of 1862, at a sum not less than 20 per cent. of the gross sum collected on account of the duties of three and one per cent. prescribed by Sections 1 and 3 of Act XXXII. of 1860, and at a later period, under Section 20 of Act XXVII. of 1863, after the 31st July 1863, at not less than 20 per cent. of the collections of the one per cent. and the reduced two per cent. duties.

9. The proceeds of the one per cent. duty being thus ascertained, the Act of 1862 further directed that they should be appropriated to the several Presidencies and Provinces in a proportion to be determined by the Governor General in Council, and having regard to the portion which each may have contributed to the whole amount of duty raised under Act XXXII. of 1860.

10. In order that the final distribution may not be much longer delayed, the Governor General in Council is pleased to determine that the Presidencies and Provinces under the several Local Governments and Chief Commissioners, and the District of Coorg, shall retain the amount of the one per cent. duty which has been already credited to them in their accounts, except the portions mentioned in paragraphs 11 to 14; and shall share in the similar proceeds which have been credited under the Government of India,

in the proportion which their respective collections of Income Tax bear to the total of those collections.

11. The proceeds of one per cent. duty, at credit of the Government of India, have chiefly accrued from the interest on debt and from salaries or pay and allowances in the Army of the Bengal Presidency.

12. Before apportioning the latter amongst the Local Governments, the similar realizations from the Madras and Bombay Armies should be deducted from the credit which has been afforded to those Presidencies in the accounts, and be added to the funds for general distribution.

13. Materials for a similarly exact adjustment of the receipts of one per cent. duty from the assessments under Schedule 3 are not available, but a sufficiently close approximation can be made by assuming the receipts under that Schedule at one-fourth of the collections in the official years 1860-61, 1861-62, and the first-half of 1862-63, and at one-fifth of the collections for the subsequent period. These receipts have to be deducted from the credits to the Local Governments and added to the funds for general distribution.

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15. This aggregate being added to the sum already credited under the Government of India raises to Rupees 21,91,380, the amount which has now to be distributed among the Local Governments and Administrations rateably according to their contributions.

16. From the orders quoted on the margin, it appears that the grants already sanctioned for expenditure on public works out of the Income Tax Collections, amount to Rupees 1,50,00,000.

Financial Resolution No. 1469, dated 26th December 1861.
" No. 1790, dated 17th July 1862.
" No. 441, dated 26th February 1863.
" No. 5091, dated 13th October 1863.
" No. 2016, dated 15th April 1864.
" No. 1808, dated 1st April 1865.

17. But the actual collections up to 31st July 1865 for most of the Local Governments and Administrations,—up to 30th April 1865 for two others,—up to 31st December 1865 for another,—and to 30th April 1866, for Coorg,—which are appropriable to public works, amount to Rupees 1,49,67,784 being Rupees 32,216 less than the grants already sanctioned.

18. On the other hand, of the sanctioned grant of Rupees 1,50,00,000, a sum of Rupees 19,98,000 was not allotted to any Government or Administration from the sums provided for in the annual Budgets, so that only Rupees 1,30,02,000 have as yet been actually allotted and carried to credit of the Local Governments and Administrations.

19. The Table given below shews, in the first column, the amount of collections made in each Presidency and Province; in the second, the proportion of the collections of the Government of India which devolves to each of the several Local Governments and Administrations; in the third, the total amount which is claimable by each Government or Administration; in the fourth, the amount of grant already sanctioned; in the fifth, the excess of claim over the actual grant; and in the sixth, the excess, in other cases, of grant over what was due:—

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Government of India ..	21,91,380					
TOTAL ...	1,49,67,784	21,91,380	1,49,67,784	1,30,02,000	25,13,977	5,48,193
					5,48,193	
					19,65,784	

20. The grants in excess of what seems to be due may be recovered ultimately from the Local Funds of the Governments which they have enriched; but, for the present, they will not be retrenched, pending the receipt

of the final account of the one per cent. Income Tax duty which will be submitted by the Comptroller General of Accounts. On receipt of that account it may appear that, owing to large collections of arrears in one or two Provinces, their shares in the general fund may be proportionately larger, and those of the other Provinces necessarily smaller than in the present statement. Accordingly, in allotting the excess which now appears at credit of Bengal, North-Western Provinces, the Punjab and Madras, the Governor General in Council would withhold one-tenth for settlement hereafter, and sanctions meanwhile the following additional grants:—

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North-Western Provinces	„	8,36,242.
Punjab	„	2,52,603.
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Total ...	Rs.	20,14,571

21. A sum of Rupees 2,48,009 is due on the foregoing statement to the Bombay Presidency; but as there is a doubtful item in the Bombay accounts, a grant for that amount is withheld pending a reply to a reference which has been made to the Local Accountant General.

ORDER.—Ordered that the foregoing Resolution be communicated to—

The Public Works Department.
The several Local Governments and Administrations.
The Comptroller General of Accounts.
The several Accountants General.
The Deputy Accountants General in independent charge.

H. E. Addington

Secretary to the Government of India.

W. W. Williamson

Asstt. Secy. to the Govt. of India

Sec. 26 Apl 65 — 48-49
9 Nov 63 — 13-14
18 May 64 — 29-30

GOVERNMENT OF INDIA.

FINANCIAL DEPARTMENT.

(3) Accounts.

Proc. of Govt. of India Finl. Departt.

No. 2067.

Dated 27th *August* 1866.

Received 10 Septr 66.

No 326

Orders for the apportionment, among the several Local Governments and Administrations, of the share of Income Tax collections reserved for Public Works.

Written Order

No 350 - 24 Septr 1866.

Communicated to the Public Works & Revenue Departments

To P. W. Department / Revenue

30. 31.