

Judicial (1895) Department.

ORDINARY MS.

G.O., No. 125051

Dated 13th June 1895

INDEXED.

[Despatch Abstract.]

STAMP DUTY ON FIRE INSURANCE POLICIES.

Forwarding to the Government of India, Proceedings of the Board of Revenue containing the opinion of the Revenue authorities as to the effect of the proposal to reduce the-----.

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.
	3092/93		14/12/94				

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.
	5547		95				

To

His Excellency the Earl of Elgin
and Kincardine, P.C., L.C.D.
Viceroy & Governor General of India in Council.

May it please your Excellency,

1. When the new Stamp Act (No. 1 of 1888) was in preparation by your Excellency's Government, the opinions of those bodies directly interested in the conditions and application thereof were considerably invited, and accordingly this Association availed itself of the opportunity then afforded of bringing forward, per the medium of the Local Government, certain representations and suggestions, which they were gratified to find had received partial recognition therein.

2. The attitude assumed by this Association relative to the tax on Fire Insurance Policies has always been of a hostile nature, and their entreaty for its

its entire abolition is based upon the fact that the imposition is in the nature of a tax upon prudence, and consequently antagonistic to sound principles of political administration and economy, and as being moreover at variance with legislation on the same subject in Great Britain, where the tax was virtually abolished many years ago. This Association feels, however, that in the current state of the finances of India the present may not be a favorable moment for urging on your Excellency's Government the total abolition of the impost, though at the same time they desire to put on record their protest against the continuance of the same in India after the Imperial Government has deemed it impolitic to retain it as a source of revenue at home.

3. Pending the abrogation of the tax altogether, this Association believes it has fundamental grounds for approaching your Excellency

12 8
Excellency's Government anent effecting such an alteration in the incidence thereof as will occasion it to press less severely on the Insurance Companies.

4. It is the opinion of this Association that the present system of levying the tax presses with undue weight on Policies which are kept in force for only one year or for a shorter period, and they respectfully submit that the incidence of the tax on Fire Insurance Policies is not fixed upon an equitable basis for the reason that it is payable only on the original issue of the policy, and not on the renewal of same in subsequent years. Thus a policy which may be required for one year only has to bear a tax of 6 annas per Rs. 1000 insured, while another policy for the same original payment of 6 annas per Rs. 1000 can be renewed year after year without further tax. It also frequently happens that policies ^{are issued} for periods of five and even seven years, and in such cases the tax is no

no heavier than if the Policy had been issued for one year only.

5. The Committee of this Association recently collected from some of the leading Fire Insurance Offices doing business in this city statistics showing the proportion of renewals to the issue of fresh Policies, and basing these calculations on an annual tax of 2 annas per Rs. 1000 insured, in place of 6 annas per Rs. 1000 on first issue only, the results conclusively proved that, owing to the large number of Policies renewed from year to year, an annual tax as indicated would increase, rather than diminish, the revenue.

6. It is, therefore, the petition of this Association that your Excellency's Government will be pleased to reduce the tax on Fire Insurance to 2 annas per cent, and, in order that the revenue of your Excellency's Government may not thereby suffer loss, this Association proposes that such tax be levied on each and every Insurance

for

1000?

for a period of twelve months, whether such Insurance be effected by a new Policy or by a renewal receipt, and also that the change be made applicable to existing Policies as they become due, thereby securing a very considerable increase to revenue for the first year.

In view of recent legislation in connection with the duty on Marine Policies of Insurance, this Association ventures to hope that the present memorial may meet with the favourable consideration of your Excellency's Government.

Your Excellency's Ver.
(Sd) Clement Poole.
Secretary.

" J. H. Symington.
Dy. Chairman.

Bombay, 20th October 1894.

(True Copy)

W. M. Keiji

Registrar.

Price & Commr: Dr P.H.
W.H.

No. 883-S.R.

GOVERNMENT OF INDIA.

FINANCE AND COMMERCE DEPARTMENT.

Calcutta, the 20th February 1895.

To

The Secretary to the Government of Madras,
Judicial Department.

Sir,

I am directed to acknowledge the receipt of your letter No.3093, dated the 14th December 1894, addressed to the Legislative Department supporting a proposal of the Chamber of Commerce Madras, regarding a reduction of the stamp duty on Fire insurance policies.

2. I am to forward copy of the Memorial addressed to the Government of India on this subject by the Bombay Association of Fire Insurance Agents referred to in the Chamber's letter and to request that, with the permission of His Excellency the Governor in Council, the Government of India may be furnished with the opinion of the Revenue Authorities in the Madras Presidency as to the effect of the proposal on the revenue.

I have the honour to be,

Sir,

Your most obedient servant,

G. M. Hart

Offg. Asstt. Secy. to the Govt. of India.

UNDER SECRETARY
24 FEB 95
PUBLIC & TR. DEPT.

1895
REVENUE DEPARTMENT.
Enclosure No. 2
To Current No. 3553

1895
REVENUE DEPARTMENT.
Enclosure No. 1
To Current No. 1840

TO BE RETURNED
WITH REPLY.

1895
Dept.
Enclos. No. 1
To 916
O. No.

N^o 479

MEMORANDUM

Read the following paper

From the Government of India, Finance and Commerce Department
dated 20th. February 1895 No. 883-S.R.

I am directed to acknowledge the receipt of your letter No. 8098, dated the 14th. December 1894, addressed to the Legislative Department supporting a proposal of the Chamber of Commerce, Madras, regarding a reduction of the stamp duty on Fire insurance policies.

2. I am to forward copy of the Memorial addressed to the Government of India on this subject by the Bombay Association of Fire Insurance Agents referred to in the Chamber's letter and to request that, with the permission of His Excellency the Governor in Council, the Government of India may be furnished with the opinion of the Revenue Authorities in the Madras Presidency as to the effect of the proposal on the revenue.

Referred to the Revenue Department for favour of report.

For St. George's }
the March 1895

Donel Davidson
5-3
For Chief Secretary

TO
The Revenue Department
with enclosure

8/4

G.O. 3092/3 : 14.12.94

+ papers 2, R. D. J. for

u-1126 - 27 10-5-94 - R. D. J. 1894
u-1126 - 27 13-1-94 - R. D. J. 1894
u-2283 - 27 6-11-90 - R. D. J. 1895

From

The Govt. of India

Finance & Commerce Dept.

No. 883-S.R.

Dated 20. 2. 95

Recd 24. 2. 95

Repd 25. 2. 95

Encl-1

Subject

Request to be furnished
with the opinion of the
Rev. Authorities in the
Madras Presy. as to the effect
of the proposal to reduce
the Stamp Duty on the
Fire Insurance Policies,
on the revenue

5/1
5/3

Judicial Department

MEMORANDUM

Read the following paper

From the Government of India, Finance and Commerce Department

dated 20th February 1895 No. 888-S.R.

I am directed to acknowledge the receipt of your letter

dated 14th December 1894, addressed to the Revenue Department

supporting a proposal of the Chamber of Commerce, Madras, regarding a reduction of the stamp duty on fire insurance policies.

I am to forward copy of the Memorial addressed to the Government of India on this subject by the Bombay Association of Fire Insurance

Agents referred to in the Chamber's letter and to request that, with the permission of His Excellency the Governor in Council, the Government of India may be furnished with the opinion of the Revenue Authorities in the

Madras Presidency as to the effect of the proposal on the revenue.

referred to the Revenue Department for report.

For Chief Secretary

TO
The Revenue Department

1895
REVENUE DEPARTMENT.
Enclosure No. 1
To Current No. 3553

Judicial Dept

10, 100-25-3-95.

(1895.)

REVENUE DEPARTMENT.

Current Number, ~~3553~~

2704

From

The Board of Revenue,
Separate Revenue.

CHIEF SECRETARY
1. JUN. 1895
GOVERNMENT OF MADRAS

Dated 8th May

Received 15th May

Enclosures 5 } June 1895

Madras No. 1976

SUBJECT.

Submitting to Govt with support
letters from the Superintendent of
Stamps reporting on the
reference from the Govt of
India regarding the reduction
of stamp duty on Fire Insurance
Policies

R/H

ABSTRACT.

Ref No 479/95

Endorsement No 2180

Transferred
to the Judicial Department
with reference to its endorsement
dated 6th March 1895 No 479.

W. S. S. J. J.
As Under Secretary to Govt

Ootacamund
30th May 1895

To
The Judicial Dept!



Proceedings of the Board of Revenue

(Separate Revenue),

Dated 8th May

1895.

No. 1976 Mis

Revenue Dep.

Read endorsement of the Government of Madras
dated 15th March 1895, No. 1147 Mis.

Read also reference thereon, dated 25th March
1895 referring to the Superintendent of Stamps
for early report, endorsement of Government
referring for report letter from the Government
of India (Finance and Commerce) request-
ing to be furnished with opinion in the
revenue point of view on the proposal
regarding the reduction of stamp duty on
Fire Insurance Policies.

Read also the following letter from the
Superintendent

Superintendent of Stamps, Madras, dated
22nd April 1895, No 859:—

“ Adverting to the Board’s

reference, dated 25th March 1895 on —
Government Register No 329 of 1895, I
have the honor to report as follows:—

2. From the papers received with the
above it appears that the mercantile
Community of Bombay and Madras
propose a reduction of Stamp duty
on Fire Insurance Policies and that
the Government of India wishes to
be furnished with the opinion of the
revenue authorities as to the effects of
this proposal on the Revenue.

3. In Act I of 1879 no rates of duty
were prescribed separately for Fire Policies
and they were included under other
classes

classes of policies. In Act I of 1888 —
distinct rates were prescribed for them
and the same left unaltered in Act VI
of 1894.

x Fire Insurance L. Of the four classes of Policies —
Sea Insurance
Life Insurance
Guaranteed In-
surance
Fire and Sea Insurance Policies are
being received in large numbers here
to be stamped. The accounts maintained
in this office show only the number
of Policies received daily and the —
amount of duty levied thereon without
particulars as to their description, amount
assured and the period for which they
relate.

5. The total number of policies of
all descriptions received and the —
amount of duty levied thereon during
the past 10 years, compared with the —
revenue realized from the sale of —
Special

Special adhesive stamps and with the total stamp Revenue are shown in the subjoined table.

years	Revenue from stamping policies		Revenue from stamping unexecuted documents	Total Stamp Revenue	Percentage of column 3 to 4	Percentage of column 3 to 5
	No. of Policies received	Amount of duty received				
1	2	3	4	5	6	7
		Rupees	Rupees	Rupees		
1885-86	8,359	11,264	162,854	58,98,199	6.92	.19
1886-87	9993	11,205	1,11,740	58,21,637	10.03	.19
1887-88	12,493	15,450	1,06,986	59,71,670	14.44	.26
1888-89	14,472	16,540	1,13,634	61,35,123	14.56	.27
1889-90	15,494	20,000	1,27,685	65,01,023	15.66	.31
1890-91	15,450	17,301	1,27,721	64,55,921	13.55	.27
1891-92	16,275	19,339	1,20,268	67,48,760	16.08	.29
1892-93	15,451	19,014	1,22,057	73,53,653	15.58	.26
1893-94	18,119	21,688	1,16,014	74,32,674	18.69	.29
1894-95	17,211	16,158	1,58,172	78,73,387	10.22	.21
Total	1,43,317	1,67,959	12,67,131	6,61,92,047	13.25	.25
Average	14,332	16,796	126,713	6,61,92,05	13.25	.25

* As made out from the Accountant General's books.

It will be observed that the annual average revenue

revenue realized from stamping policies of all descriptions during the last decade was below Rs 17,000. This is 13.25 per cent of the Revenue derived from stamping documents and only 0.25 per cent of the total stamp revenue.

6. The Chambers of Commerce of Madras and Bombay point out that at present the stamp duty is payable only on the original issue of the Policy and not on the renewal of the same in subsequent years and that if an annual duty of 2 as per Rs 1000 assured be levied in place of 6 as per Rs 1000 on first issue the yearly revenue will increase, as a large number of policies will be received year after year. It is believed that at present a large number of Fire Policies on which a stamp duty has been levied for a year remain unrenewed for several years together or until the policy is

is allowed to lapse.

7. The total annual stamp revenue is not likely to be materially affected, should the proposed change be carried out as the present ^{revenue} realized from stamping policies is so small as 0.25 per cent of the former!

Resolution —

The report from the Superintendent of stamps read above will be submitted to Government with reference to its endorsement No 1147 ^{Miss} dated 15th March 1895 ~~Miss~~ The Board concurs in the view expressed in the concluding para of the report and regrets that in the absence of accurate statistics as to the duration of policies it is not in a position to state definitely what the exact amount of gain or loss to the revenue would be if the proposal of the Chamber of Commerce were adopted

(True Copy and Extract)

To The Secretary to Government,
Revenue Department, with one
original enclosure returned
Copy to the Superintendent of
Stamps
E.P.H. 1895
Enclosed
Assistant Secretary

Genl. DEPARTMENT.

Papers to be read in Proceedings:—

Again G.O., dated 18 , No.
Again G.O., dated 18 , No.
Current No. 916 of 1895, dated 20th Feb from The S. G. S.

Current No. 2714 of 1895, dated 30th May from The R. D.

under d/ 13th June 1895 No 1250
The S. G. S. will be addressed
12/6/95

Letter No 1250

To the Secy to the S. G. S. 18/95
Dep. Secy to the S. G. S. 18/95
Dated 18/95
19/6/95

Sir,

As desired in our Herts letter of the 20th Feb last, No 883-S.R., on the subject of a proposal to reduce the stamp duty payable on fire insurance policies, I am directed to forward, for favor of submission to H. E. The S. G. in C, the accompanying copy of the Memoirs of the R. D. of the 8th May '95, No 1976 Miss, containing the opinion of the Revenue

P.T.O.

authorities as to the effect of the reduction of stamp
the proposal on the revenue. Duty on fire insurance
policies.

15-6-95

do

12/6/95

8/6/95

C.S.

When given for copying _____
When copied _____ } 189
When examined _____
When signed _____

READ AGAIN G.O., No.
189

DATED

CURRENT No.

ENCLOSURES TO O. No.

ORDER OF GOVERNMENT A A A A A A A

LETTER OF GOVERNMENT.

STATEMENT WITH DITTO.

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

N.B. -

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