

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 706	Press
508.510	~~Mis.~~
Dated	31. 3. 1862

Not to be folded or roughly handled

*Proceedings of the Madras Government, Revenue Department,
31st March 1862.*

Read the following letters:—

No. 508. From ARTHUR HALL, Esq., President to the Income Tax Commission; to J. D. SIM, Esq., Secretary to Government, Revenue Department, dated 11th November 1861, No. 73.

1. In obedience to the Orders of Government under date the 7th September 1861, No. 1,785, I have the honor to submit for the information of His Excellency the Governor in Council, the detailed report of the working of the Income Tax in the Town of Madras during the past year.

2. The necessary arrangements for carrying into effect Act XXXII of 1860 in the Town of Madras, were completed on the 1st October 1860, on which date the Income Tax Office was opened in the Mount Road Madras.

3. The Town of Madras was divided into five districts corresponding as nearly as possible with the divisions existing for the purpose of Municipal Assessments, and an Income Tax Assessor, with a suitable establishment, was appointed to each of these divisions.

4. The whole of these establishments were located in the one Office on the Mount Road, as this arrangement enabled a more complete control to be exercised over the several Departments, than if they had been scattered in different portions of the town, and facilitated references from one Assessor to another, and from the Assessors to the Commissioners, and special Commissioner.

5. The chief data upon which was based the general issue of special notices, were lists of house-holders obtained from the Municipal Commissioners, and supplemental lists furnished by the Assessors from their local knowledge, and from such general inquiries as they could make at the commencement of the working of the Act.

6. It was at first supposed that 30,000 persons would, within the Town of Madras, be liable to the service of special notices; but further experience has shown that this estimate was greatly in excess of the number of persons actually liable to Income Tax.

7. By the annexed Tabular Statement it will be seen that 25,242 special notices were issued, and that to these notices 21,571 Returns have been actually made, of which only 11,304 have up to date been found assessable under Act XXXII of 1860.

8. In the Town of Madras as elsewhere, it was extremely difficult to form anything like an estimate of the probable financial results of the Income Tax. The Commissioners after consulting members of the European Mercantile community, some natives of respectability, and examining lists of house-holders paying Municipal rates, were of opinion that the assessments would reach to 5 lacs of Rupees. In reality, however, the assessments have only amounted to 3,09,588 Rupees. But a large difference between the estimated and actual yield of the Income Tax has been, the Commissioners believe, general throughout India. In the North West Provinces the first estimate was 50 lacs of Rupees. This estimate on the introduction of Income Tax into the North West Province fell to 18 lacs, and by the latest accounts the expected income from the Tax is 30 lacs of Rupees.

9. The amount of Income Tax assessed in the Town of Madras, as shown above, is 3,09,588 (exclusive of Official salaries and Government securities) this sum seems a very inadequate result to be obtained in a city with 7,00,000 inhabitants, but as has been before represented by the Commissioners, it must be remembered that Madras has no large class of wealthy Natives; the European Merchants are few in number, and the trade of Madras is small as compared with that of Calcutta and Bombay. It must also be remarked that various Banks and Companies in Madras, have head Offices elsewhere, and have therefore not been assessed in Madras. In the same manner many Native Merchants who have branch Establishments in Madras have claimed to be assessed in the Districts where the principals reside.

10. The incidence of the tax may be roughly stated to have been 1.6 per cent. on a population estimated at 7,00,000, and the general average of the amount yielded by each assessment has been 27-6-4.

11. The Commissioners do not pretend that during the first year of the currency of Act XXXII of 1860, its execution has not been imperfect. Many parties liable to the tax have probably escaped the service of special notices, and have evaded the payment of the Income Tax altogether. Again the returns made by the majority of those served with special notices appeared so incorrect, as to make in Madras as elsewhere in India, "surcharge the rule, and the acceptance of returns the exception."

12. The total number of surcharges as shown in the annexed Tabular Statement is 8,734 as against 11,304 assessments or 77 per cent.

13. 2,713 appeals against surcharges were made, of which only 431 were successful.

14. In Madras, as elsewhere, parties making the returns have been puzzled by the complicated nature of the forms prescribed, and have omitted from ignorance entries which they should have made, and have deducted their household expenses and other disbursements from income, on which Income Tax was payable. But after making due allowance for these mistakes, it must still be said that in a majority of cases, the returns were quite untrustworthy.

15. It is an undoubted fact also, that the minds of the native public were much disturbed by the detailed inquiry into incomes, contained in the Income Tax forms. They were evidently led to think that these inquiries had not for their sole object the assessment of the 4 per cent. and 2 per cent. Income Tax, but that the Income Tax would be followed by other taxes based upon the ascertained wealth of the community.

16. The native community has shown little anxiety regarding the observance of secrecy in respect of their assessments. Although they have shown much reticence in regard to the sources of their income, they feel very indifferent whether the actual amount of Income Tax assessed becomes publicly known or not, probably because they are aware that the amount thus paid, is not considered by any portion of the public as any real index of the assessed person's wealth.

17. The Commissioners have already reported to the Government that, in the Town of Madras, there has been no active opposition to the Income Tax. At the commencement of the Income Tax year, a few of the wealthier natives refused to send in returns under the idea that the tax was to be abolished, but after the deputation they sent to the Commissioners was received, and was informed of the penalties to which recusant parties rendered themselves liable, they at once furnished their returns.

18. The Commissioners have only in one instance inflicted the penalty provided in Section 214, when a flagrantly fraudulent return was made by a native of a higher class.

19. It will also be observed that the distraints actually made amounted to only 221, and that of these seizures 133 have been redeemed previous to sale.

20. It will be seen that the total cost of the establishment for the year 1860-61 was Rupees 57,330-14-8 exclusive of Office rent 2,000 Rupees.

21. The amount paid in Honoraria to non-official Commissioners during 1860-61 was 5,152 Rupees, and the large sum of Rupees 9,922-6-3 was paid for printing forms and other notices.

22. Should the public avail themselves of Act XXI of 1861, very considerable reductions can be made during 1861-62, both in the cost of the establishments, and in the Honoraria paid to the non-official Commissioners, and as it is proposed to continue the use of the old forms of returns, which are now understood by the public, and of which a large number remain on hand, there will be but a small expenditure during 1861-62 on account of printing.

23. The Commissioners have already in a previous report had the satisfaction to make favorable mention of the conduct and ability of the Assessors and of the other Officers connected with the Income Tax.

24. The Commissioners are happy to be able to affirm they have in a great measure been able to prevent the new tax being converted into an instrument of extortion by the native subordinates of the Income Tax Office. This has doubtless prevented the Income Tax proving as unpopular in the Town of Madras as in some other parts of India.

25. The more educated classes have easily understood those portions of Act XXXII of 1860, which secure to them the right of having a revision and abatement made in their assessments upon a reduction occurring in their sources of profits and income, and they have availed themselves of these provisions of the Act.

26. While the Commissioners congratulate themselves upon the absence of discontent in the Town of Madras, with regard to the administration of the new Act, and to their being able to report that there has been no exhibition of ill-feeling or of resistance except in one single instance, they do not pretend that the amount realized by the Income Tax for the year 1860-61 can be regarded as representing the contribution to the Treasury of the State, which might fairly be expected from so large a town as Madras, nor are they of opinion that the effect of direct taxation should be definitely judged by the experience of a single year.

27. The Commissioners regret that Act XXXII should not have been made, in its original form, applicable for the current year 1861-62 in so far as regards incomes of 500 Rupees and upwards. This course would have afforded more ample data on which the Government could have pronounced on the success or failure of the fiscal experiment of direct taxation. With regard to incomes below 500 Rupees, the Commissioners have already submitted to Government their opinion that it is difficult to make a fair and accurate application of the Income Tax Law.

28. The provisions of Act XXXII of 1860, which are equitable and of real advantage when the richer classes come under assessment are too complicated when applied to persons who rarely keep regular accounts and whose incomes are uncertain and constantly fluctuating. The License Tax, which is a simplified Income Tax, the Commissioners believe to be in every respect more suited to this class of the community.

Statement showing the operation of the Income Tax Act in the Town of Madras for the year commencing 1st August 1860 and ending 31st July 1861.

1	2	3	4	5	6	7	8	9	10	11	12	13		14	15	16	17	18	19	20	21	22	23	24	25	
No. of Special Notices issued.	No. of Schedules returned filled up.	No. of Returns disposed of.	No. of Returns assessed.	No. of Returns exempted.	Gross amount assessed for the year 1860-61.	Amount collected and brought to account.	1860-61.	Honorarium fees paid in the year 1860-61.	Office Rent.	Printing and Contingent expenses for 1860-61.	Net Proceeds.	Assessment by Composition.		Total number of cases of Surcharge made under all the heads.	Total number of cases of Surcharge disposed of.	No. of Appeals.	No. of do. successful.	No. of complaints against the Officers of the Department.	No. of cases in which the charge was established.	Total number of Warrants issued for Distraint on account of arrears.	Total number of Warrants paid.	Total number of seizures made.	Total number of seizures redeemed.	Total number of sales by public outcry.	REMARKS.	
												No. of Cases.	Amount assessed.													
25,242	21,571	25,023	11,304	13,719	3,09,588	10 9	2,68,384	3 657,33	14 8	5,152 0 0	2,000 0 0	9,922 6 3	2,35,183 5 10 18	16,267 12 0	8,734	8,672	2,713	431	2	1	1,544	1,300	221	133	2	<i>Note Column 11.</i>—The printing charges will be much less for the year 1861-62, as there are a large number of Forms of Returns, which can be made available for the current Income Tax year. <i>Column 24.</i>—There has been only two Auctions held at which the property of 88 Defaulters were sold. There remains the property of 16 Defaulters.

OFFICE OF THE INCOME TAX COMMISSIONER,
Madras, 11th November 1861.

(Signed) ARTHUR HALL,
President.

No. 509. From W. HUDLESTON, Esq., Secretary to the Board of Revenue, to J. D. SIM, Esq., Secretary to Government, Revenue Department, dated Chepauk, 5th December 1861, No. 6,770.

1. I am directed by the Board of Revenue to submit the accompanying Tabular Statement and Abstract of the Collectors' replies to the Circular issued in pursuance of the Government Order, dated 7th September 1861, No. 1,785, calling for In Cons., 9th September 1861, No. 5,701. a detailed report on the working of the Income Tax.

2. Beyond the facts exhibited by the Statement there is little for the Board to remark.

3. The tax was nowhere directly opposed, though in two localities, Combaconum and Conjeveram a spirit of opposition was slightly manifested. Surcharges were the rule, amounting to 62,710 out of 80,754 assessments, the returns being eminently untruthful.

4. The general issue of the tax in the different Districts indicates to some extent difference of treatment, and the Board are disposed to think, judging from the results obtained, that the tax has been more completely levied in the Nellore District than elsewhere.

5. The Collector availed himself largely of the assistance to be derived from the co-operation of the local inhabitants as Assessors, and the consequence is that in a District by no means wealthy, a proportionately large revenue has been raised and collected without difficulty or complaint, the assessment having been mainly fixed by the natives themselves.

6. In Bellary District the old Visabadi tax afforded facilities for forming the assessment to the Income Tax with somewhat less of guess work than prevailed elsewhere.

7. The assessment by Punchayet, by cypher, and by composition, were availed of to a very slight extent. The result confirms the previous belief that while the natives would shroud in secrecy the sources of their income, they have no desire to conceal the amount at which they are assessed, from which may probably be derived the assurance, if any doubt exist, that the tax has not gauged the wealth of the country.

8. That the forms and machinery of the Act are utterly unsuited to the country and have contributed the main difficulty to the operation of the tax needs not now to be told, nor in the face of Act XXI of 1861, and of the contemplated extension of the principle of the Trades duty is it necessary to suggest a remedy.

9. The incidence of the tax at present is very unequal. Capital invested in Government loans, and the salaries of public servants are taxed to the last penny while the profits of the wealthy trading classes of the country have been, it is believed, only lightly touched.

STATEMENT showing the operations of the Income Tax Act in the several Districts of the Madras Presidency, for the year ending 31st July 1861.

STATEMENT showing the operations of the Income Tax Act in the several Districts of the Madras Presidency, for the year ending 31st May 1901.

Districts.	Number of Special Notices issued.	Number of Returns made.	Number of Sur-charges.	Cross receipts.				Charges.		Remarks.		
				Stoppages from the pay of public servants and interest on Promissory Notes.	Collected from private individuals.	Penalties.	Total.	Establishment.	Contingent and Sundry charges.		Total.	
1	2	3	4	5	6	7	8	9	10	11	12	13
	No.	No.	No.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Ganjam...	3,170	2,527	2,196	9,770	39,240	150	49,160	1,414	4,812	6,256	42,904	
Vizagapatam...	3,412	2,929	1,696	11,757	82,642	...	94,399	1,383	181	1,564	92,835	
Godavery District...	6,702	6,023	4,629	15,139	64,436	80	79,655	1,239	481	1,720	77,932	
Kistna do.	12,000	6,902	8,397	15,974	63,055	10	78,339	1,249	408	1,657	76,683	
Nellore...	1,361	6,295	6,002	10,251	88,796	...	99,047	1,439	1,211	2,650	96,391	
Cuddapah...	5,957	3,629	3,299	8,708	64,216	306	73,230	1,040	309	1,349	71,884	
Bellary...	10,477	9,816	8,029	11,893	1,50,891	1,610	1,64,394	1,333	455	1,788	1,62,602	
Karnool...	5,432	4,635	4,333	9,177	65,686	385	75,248	1,059	393	1,452	73,796	
Madras...	3,441	2,117	3,388	9,844	17,544	6	27,394	822	74	896	26,498	Exclusive of Presidency town.
North Arcot...	4,617	3,816	1,812	15,559	50,411	89	66,059	1,258	191	1,449	64,610	
South Arcot...	7,228	6,613	3,925	10,346	40,468	280	51,094	1,275	464	1,739	49,355	
Tanjore...	5,179	3,496	2,622	28,440	54,102	...	82,542	1,539	68	1,607	80,935	
Trichinopoly...	1,392	1,003	195	7,127	17,859	1,745	26,731	1,523	120	1,643	25,088	
Madura...	4,697	3,696	1,304	11,175	57,787	100	69,062	1,585	46	1,631	67,431	
Tinnevely...	5,068	4,511	3,662	7,078	77,554	100	84,732	1,161	554	1,715	83,017	
Coimbatore...	38,742	3,209	1,634	14,308	28,439	355	43,102	1,240	392	1,632	41,470	
Salem...	3,531	2,815	1,356	10,175	21,863	...	32,038	1,365	401	1,766	30,272	
North Canara...	1,395	1,250	1,128	6,814	11,201	60	18,075	708	208	916	17,159	
South Canara...	1,544	509	282	7,998	19,895	590	28,483	340	97	437	28,046	
Malabar...	5,366	4,963	2,821	25,822	68,572	...	94,394	847	308	1,155	93,239	
Total.....	1,36,711	80,754	62,710	2,46,655	10,84,657	5,866	13,97,178	23,817	11,214	35,031	13,02,147	

REMARKS OF THE COLLECTORS ON THE WORKING OF THE INCOME TAX.

GANJAM.—The Collector states that the Income Tax is utterly unsuitable to the social and commercial habits of Hindoos, and that it could no more effect its objects by the machinery it provides than a steam engine could work upon dry land. He further states that the Act assumes certain circumstances, viz., the Assessors possess sufficient knowledge of the private affairs of those around them, &c., as facts, which are not really the case. He further thinks that the License Tax, both on account of its simplicity and completeness will prove more productive than the Income Tax, and that it would even now be an act of true wisdom to retrace the false step which has been taken, and bring the present subjects of the Income Tax Act under the extended form of the License Act.

VIZAGAPATAM.—The Collector reports that on account of the lateness of receipt of the forms from Madras, the novelty of the tax, and a want of comprehension of the unintelligible returns on the part of the Assessors caused a long delay in the operation of the tax. He also remarks that no reliance can be placed in any of the returns sent to him excepting those which were submitted by Zemindars, and that upon the whole the tax has been quietly submitted to although it is undoubtedly unpopular.

GODAVERY DISTRICT.—The Collector states that only one return out of fifty from the native community was true, and though there was no outward show of a disposition to resist the tax, still a disinclination to give in returns was apparent, and in the collections there has been but little occasion to resort to the coercive powers given in the Act.

KISTNA DISTRICT.—The Acting Collector remarks that very little was done during the first quarter beyond organizing the establishments and giving publicity to the terms of the Act, and that the returns except in a very few instances were entirely untrustworthy. He further states that the collections were made without opposition, and coercive measures were adopted only in a very few instances.

CUDDAPAH.—No remarks.

SOUTH ARCOT.—Do.

COIMBATORE.—Do.

BELLARY.—Mr. Hathaway reports that in his District only one person applied to be assessed under the cypher system, and that it was found necessary to employ coercive process in collecting the tax.

KURNOOL.—The Officiating Collector reports that he has much pleasure in stating that the work has been most efficiently carried out throughout the District by his subordinates.

NORTH ARCOT.—The Collector reports that owing to the delay in the receipt and preparation of forms and notices, the machinery of the Act did not come into full play till January last. He also states that the tax has provoked no overt hostility, but has everywhere been received with sullen distrust and aversion, and that the cry for additional aid from the Taluqs is loud and urgent.

SALEM.—No remarks.

NORTH CANARA.—Do.

MADRAS.—The Collector states that the tax, following as it did immediately upon a bad year, and being collected during a still more adverse one, it bore the heavier upon the people, and the shop-keepers of Conjeeveram threatened to close their shops, on which the Tahsildar caused printed notices to be affixed in various parts of the town, pointing out the consequences of such conduct, which prevented all opposition. Mr. Cunliffe further remarks that the Assessors were denied

information by the parties themselves, consequently the assessments first made were unduly high, and he was then obliged to reduce greatly the estimates after a full inquiry of all cases.

TINNEVELLY.—Mr. Silver reports that the collections of the tax were made with facility, and there has been no opposition whatever to the payment of the Income Tax, and that two of his Officers who had abused their authority were duly punished.

SOUTH CANARA.—The Collector states in his report that no opposition was met with in the introduction of the tax, but the assessment was not generally commenced till the beginning of March, for the printing of notices and forms was not completed till the end of 1860, and the notices were issued by the 4th January 1861.

TRICHINOPOLY.—The Officiating Collector reports that many of the returns submitted by the natives were not truthful, but he refrained from making surcharges lest they may provoke individuals to opposition. He further remarks that the cypher system has been adopted in the case of all Europeans and East Indians, and no natives applied for the introduction of this system.

MADURA.—Mr. Levinge states that the Nattoocottai Chettiars, who were served with special notices have not yet returned their profits up to the present moment, and he is now in the course of assessing them under Section 48 of the Act. He further remarks that the payment of the tax in his District has been generally voluntary on the part of the payers, and no complaint of any nature was preferred against the Officers except in the case of Mr. Hayes, the Deputy Collector.

MALABAR.—The Collector reports that although the Act came into operation on the 1st August 1860, yet it was not brought into full effect until the beginning of November 1860, and the delay arose from a difficulty in getting the several forms printed and subsequently prolonged by the non-receipt of the returns owing to the ignorance of the people in filling up the forms.

NELLORE.—The Collector of Nellore states that his report exhibits the assessment of the District as it stood on the 31st July, and that the per centage of collections would be slightly modified, owing to an abatement which has been recently granted to the Zemindar of Vencatagiri. He further reports that the easy introduction of the tax is attributed in a great measure to the hearty co-operation received from the respectable inhabitants of the District.

TANJORE.—Mr. Cadell remarks that a trifling opposition was shown in the town of Combaconum, but owing to the judicious measures adopted by the Tahsildar, every thing passed off quietly. He also states that the assessments do not include the class of Nattoocottai Chettiars, and that the working of the Act in his District has been effected in the most satisfactory manner. He, in conclusion, remarks that he has no hesitation in stating that the tax has in no way pressed, or is likely to press hard on the means of the people.

Statement of Income Tax showing the stoppages made by the Ex-Officio Assessors in the undermentioned Departments from the Pay of Public Servants and from interest on Government Promissory Notes from 1st August 1860 to 31st July 1861.

	RS.	A.	P.
<i>General Department.</i>			
Sub-Treasurer...	2,61,379	3	5
Resident at Travancore...	3,006	7	6
Commissioner of Mysore...	2,635	8	3
Deputy Commissioner East Berar...	624	7	0
Do. West Berar	1,245	11	7
Superintendent of Coorg...	664	13	0
Secretary to Government Savings Bank...	5	2	2
Resident Hyderabad, Political...	1,967	15	6
Do. Civil Treasury...	593	15	0
<i>Military Department.</i>			
Auditor of Commissariat Accounts, Madras...	6,143	13	0
Paymaster at the Presidency...	72,945	15	11
Do. for Penang...	3,036	14	7
Do. for China...	1,299	2	1
Do. Bellary...	14,890	5	0
Do. Belgaum...	38	4	0
Do. Mysore...	15,303	3	11
Do. Malabar and Canara...	15,165	10	1
Do. Nagpore...	17,387	0	4
Do. for Saugor...	1,689	0	0
Do. Poonamallee...	805	9	10
Do. Rangoon...	25,815	10	6
Do. for Moulmein...	1,892	9	0
Do. Secunderabad...	31,776	0	10
Do. Trichinopoly...	27,014	1	4
Do. Vizagapatam...	18,262	11	10
Do. for Cuttack...	1,679	15	4
Do. Masulipatam...	2,801	10	0
Do. Vellore...	1,280	4	0
Total Rupees...	5,31,351	1	0

Errors Excepted.

FORT SAINT GEORGE,
ACCOUNTANT GENERAL'S OFFICE,
19th February 1862.

(Signed) F. LUSHINGTON,
Acting Accountant General.

This Statement does not include the Collections of the Paymaster Rangoon for Moulmein during the months of May, June and July 1861, in consequence of the non-receipt of his accounts for those months, as noted in the Statements rendered to this Office by the Military Accountant for the months specified.

No. 510.

ORDER THEREON, 31st March 1862, No. 706.

1. In these papers the Presidency Income Tax Commissioners and the Board of Revenue submit their reports on the working of the Income Tax Act during the first year of its introduction, as required in the Order of Government, dated 7th September 1861, No. 1,785.

2. The following table shows briefly the working of the Tax in the Provinces:—

DISTRICTS.	No. of Special Notices issued.	Returns Assessed.	Amount collected on in- comes exclusive of salaries and divi- dends.	No. of Sur- charges.	Percentage of columns 3 to 2.	Percentage of columns 5 to 3.
1	2	3	4	5	6	7
Presidency.....	25,242	11,304	2,68,384	8,734	45	77
Ganjam.....	3,170	2,527	39,240	2,196	80	87
Vizagapatam.....	3,412	2,929	82,642	1,696	86	58
Godavery.....	6,702	6,023	64,436	4,629	90	77
Kistna.....	12,000	6,902	63,055	8,397	58	...
Nellore.....	7,361	6,295	88,796	6,002	86	95
Cuddapah.....	5,957	3,629	64,216	3,299	61	91
Bellary.....	10,477	9,816	1,50,891	8,029	94	82
Kurnool.....	5,432	4,635	65,686	4,333	85	93
Madras.....	3,441	2,117	17,544	3,388	62	...
North Arcot.....	4,617	3,816	50,411	1,812	83	47
South Arcot.....	7,228	6,613	40,468	3,925	91	59
Tanjore.....	5,179	3,496	54,102	2,622	68	75
Trichinopoly.....	1,392	1,003	17,859	195	72	19
Madura.....	4,697	3,696	57,787	1,304	79	35
Tinnevely.....	5,068	4,511	77,554	3,662	89	81
Coimbatore.....	38,742	3,209	28,439	1,634	8	51
Salem.....	3,531	2,815	21,863	1,356	80	48
North Canara.....	1,395	1,250	11,201	1,128	89	90
South Canara.....	1,544	509	19,895	282	33	55
Malabar.....	5,366	4,963	68,572	2,821	92	57
Total...	1,61,953	92,058	13,53,041	71,444	57	78

The figures entered in column 3 are called in the statement furnished by the Board of Revenue "Returns made," but from paragraph 3 of the Board's letter they appear to represent the actual "Assessment."

3. The number of notices issued in Coimbatore must have been unnecessarily large as no more than 8 per cent. of the persons served with them were assessed. The Government are willing to make due allowance for the difficulties under which Assessors generally labored at the outset of operations, but the ratio of assessments to special notices shows either that the latter were indiscriminately issued and the people unnecessarily harassed, or that the dues of Government were not firmly exacted. The Board will call upon the Collector for full explanation as to the proceedings of his Assessors, and his own regulation of them.

4 The Surcharges next come under notice. The table shows that Surcharges were "the rule and the acceptance of the returns the exception" in most of the Districts. The number of surcharges in the Kistna and Madras exceeds the number of assessments. This is owing, the Government presume, to assessments under Section 48 of the Act being included among the surcharges. In these Districts and in those noted in the margin the surcharges were very numerous. The Board are requested to ascertain and report the number of appeals from surcharges in each of the Districts entered in their Return, and the number of cases in which the surcharges were modified or cancelled on appeal.

Ganjam..	..	87	per cent.
Nellore..	..	95	do.
Cuddapah..	..	91	do.
Bellary..	..	82	do.
Kurnool..	..	93	do.
Tinnevely..	..	81	do.
North Canara..	..	90	do.

5. The total amount of the assessments made by the Presidency Commissioners was Rupees 3,09,589; of this Rupees 2,68,384 were collected up to 31st July last. The Government trust that the balance Rupees 41,205 has been subsequently realized. The charges incurred by the Commissioners amounted to Rupees 74,405 or 24 per cent. on the assessed revenue. This proportion is large, but the establishment having been reduced in the commencement of the current year, and further reduction being practicable as stated by the Commissioners in paragraph 22, the Government believe that the result of that year will be more favorable.

Establishment..	..	57,331
Honorarium fees...	..	5,152
Office rent...	..	2,000
Printing charges..	..	9,922
Total	74,405	

6. The collection of the tax without frequent resort to coercive measures and the general behaviour of the Assessors and servants employed under the Commissioners is satisfactory.

7. The Board of Revenue do not state the total amount of the assessments made or the "demand." The total sum collected within the year was Rupees 10,84,657; the charges amounted to Rupees 35,031 or a fraction above 3 per cent. on the revenue collected. This result is satisfactory; but in examining the charges incurred in the several Districts the Government observe that in Ganjam with a revenue of Rupees 49,160 the expenditure amounted to Rupees 6,256, while in the adjoining District of Vizagapatam it was no more than Rupees 1,564, though the revenue was Rupees 94,399. The contingent and Saderwarid charges in the former District were also large. Again, in Bellary where the largest sum, viz., Rupees 1,64,394 was realized the charges did not exceed Rupees 1,792. The revenue collected in Trichinopoly was less than that collected in Madras, but the expenditure in the former was nearly double that in the latter. The revenue in North Canara was the least, but the expenditure exceeded that of Madras and South Canara. The Government request the Board of Revenue to make the necessary enquiries and carefully regulate the expenditure in the different Districts.

8. The Board of Revenue do not state to what extent coercive measures were resorted to in the Provinces for the collection of the tax nor do they mention whether the conduct of the Assessors and subordinate officials was satisfactory. In Madras "the Assessors (it is stated) were denied information by the parties themselves." If by this it is meant that the parties were questioned about their incomes, such conduct was a clear infringement of the Law, and should have been strictly prevented. The Collector of Trichinopoly is stated to have "refrained from making surcharges lest they should provoke individuals to opposition." The Board will point out to the Collector that there was nothing in his instructions to warrant so weak a course. Collectors were enjoined to exercise forbearance, but it was not intended that they should be deterred by the fear of opposition from duly enforcing the Act. Such conduct can only expose the Government to contempt, and it is unjust to the people of other Districts who have been more firmly dealt with.

9. The receipts certainly do not correspond with the supposed resources of the different Districts. Nellore for instance producing much more than the far wealthier Districts of Tanjore and the Godavery. These inequalities while showing how much the realization of an Income Tax in this country depends on individual officers, were to be expected in the first year, but the Government trust that the experience gained has led to a more just and equal assessment in the current year.

10. The Commissioners and the Board of Revenue will continue to submit annual reports similar to those now reviewed.

11. Ordered that copies of these papers be transmitted to the Government of India.

(Signed) J. D. SIM,
Secretary to Government.

Rev Depart.

N^o 706

Proceedings of the Madras Government.
Under date the 31st March 1862.

Read the following letters.

From the Income Tax Com^{rs}
of the Town of Madras.

Submits a detailed report of the working of the Income tax in the town of Madras during the first year. (Here enter 11 Nov 61 N^o 43)

Pro: of the Board of Revenue.

Submits with remarks abstract of the collectors replies to the circular calling for a detailed report on the working of the Income tax during the first year. (Here enter 5 Dec 61 N^o 44)

In these papers the Presidency Income Tax Commissioners and the Board of Revenue submit their reports on the working of the Income Tax during the first year of its introduction, as required in the order of Government dated 7th September

Wd

Wd

Encs N^o 1 in a letter from the Secy. to the Govt. to the Secy. to Govt. N. S. d/15: Dec 1861 N. 5770

A 2900/61
No Enc 31 March 1862
N. 500-10

Statement showing the operations of the Income tax act in the several districts of the Madras Presidency for the year ending 31 July 1861.

31 March 1862
N. 500-10

September 1861, 1785

2 The following table shows briefly the working of the Tax in the Provinces.

*Bellevue
distinctly that
the Govt. in
these salaries
dependents.*

Districts	No. of special notices issued	Return assessed	amount collected on demand, exclusive of salaries & drawbacks	No. of persons charged	Per centage of persons charged	Per centage of persons charged
1	2	3	4	5	6	7
Presidency	25,242	11,304	268,384	8734	45	77
Ganjam	3,170	2,527	39,240	2,196	80	87
Vizagapatam	3,412	2,929	82,642	1,696	86	58
Godavery	6,702	9,023	64,436	4,029	90	77
Itanagar	12,000	6,902	63,055	8,397	58	—
Nellore	7,361	9,295	88,796	6,002	86	95
Gueldapah	5,957	3,039	64,216	3,299	61	91
Bellary	10,477	9,816	150,891	8,029	94	82
Turnool	5,432	4,035	65,686	4,333	85	93
Madras	3,441	2,117	17,544	3,388	62	—
North Arcot	4,617	3,816	50,411	1,812	83	47
South Arcot	7,228	6,613	40,468	3,925	91	39
Tanjore	5,179	3,496	54,102	2,622	68	75
Trichinopoly	1,392	1,003	17,859	195	72	19
Madurai	4,097	3,096	57,787	1,304	79	35
Tinnevely	5,068	4,511	77,534	3,662	89	81
Coimbatore	38,742	3,209	28,439	1,634	8	57
Salem	3,531	2,815	21,863	1,356	80	48
North Canara	1,395	1,250	11,201	1,128	89	90
South Canara	1,544	509	17,895	282	33	35
Malabar	5,366	4,963	68,572	2,821	92	57
Total	101,953	92,058	1,353,041	71,444	57	78

This statement is very unsatisfactory, as many districts are not included.

The figures entered in column 3 are called in the statement furnished by the Board of Revenue "Returns made" but from para 3 of the Board's letter they appear to represent the actual assessment.

3. The number of notices issued in the provinces must have been unnecessarily large as no more than 8 per cent of the persons served with them were assessed. The Govt are willing to make due allowance for the difficulties under which Assessors generally labored at the outset of operations but the ratio of assessments to special notices shows either that the latter were indiscriminately issued and the people unnecessarily harassed or that the dues of Govt were

current year and further
reduction being practicable
as stated by the commis-
sioners in para 22, the
Govt believe that the
result of that year will
be more favorable -

6. The collection of the
tax without frequent re-
sort to coercive measures
and the general behavior
of the assessors and ser-
vants employed under the
commissioners is satisfactory.

7. The Board of Revenue
do not state the total amount
of the assessments made
or the "Demand" - The total
sum collected within the
year was Rupees 10,84,657; the
charges amounted to Rs.
35,031 or a fraction above
3 per cent on the Revenue
collected. This result is
satisfactory, but in re-
specting the charges in-
curred in the several dis-
tricts the Govt observe
that in Sanjam with a

revenue of Rs. 49,160 the
expenditure amounted to
Rs. 6256, while in the ad-
joining District of Vijaya-
patnam it was no more
than Rupees 1564 though
the revenue was Rs. 94,399.
The contingent and Sa-
derward charges in the
former District were also
large. Again in Bellary
where the largest sum
viz. Rupees 1,64,394 was re-
ceived the charges did not
exceed Rs. 1792. The revenue
collected in Erichinopoly was
less than that collected in
Marras but the expenditure
in the former was nearly
double that in the latter. The
revenue in North Tanjore
was the least but the ex-
penditure exceeded that
of Marras and South Tanja-
ore. The Govt request the
Board of Revenue to make
the necessary inquiries and
carefully regulate the ex-
penditure in the different Districts.

The

8. The Board of Revenue do not state to what extent coercive measures were resorted to in the Provinces for the collection of the tax nor do they mention whether the conduct of the assessors and subordinate officials was satisfactory. In Madras "the assessors (it is stated) were denied information by the parties themselves." If by this it is meant that the parties were questioned about their incomes, such conduct was a clear infringement of the Law and should have been strictly prevented. The collector of Trichinopoly is stated to have "refrained from making surcharges that they should provoke individuals to opposition." The Board will point out to the collector that there was nothing in his instructions

to warrant so weak a course - collectors were joined to exercise forbearance but it was not intended that they should be deterred by the fear of opposition from duly enforcing the Act. Such conduct can only expose the Govt to contempt and it is unjust to the people of other districts who have been more firmly dealt with.

9. The receipts certainly do not correspond with the supposed resources of the different ^{Districts}. Bellary for instance producing much more than the far wealthier districts of Bangalore and the Kodaverry. These inequalities while showing how much the realisation of an Income Tax in this country depends on individual officers, were to be expected in the first

first year but the Govt
trust that the experience
gained has led to
a more just and equal
assessment in the
current year. -

10. The Commissioners
and the Board of Revenue
will continue to submit
annual reports similar
to those now reviewed.

11. Orders that copies
of these papers be trans-
mitted to the Govt of
India. -

Isd

14 Copies to the Secy of the Govt of India

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(16)
On the working of the
Income Tax during 1861

Revenue 1862 Deptt.
Pro: of Govt for March

N. 706.

Pro: of the Madras Govt.
Df 31st March 1862.

From Coll of Govt am of 10 May/62
Cms 1453 (reference to P. 100 of the G.O.)
From the Coll of Govt to the B. of Rev.
Df 14th Nov/61 Cms 2925.
From B. of Rev. Df
23 Augt/62 Cms 2455.

From H. A. P. R. E. G. President
to the Income Tax Commissioner
Df 13 June 1862 Cms 1398.
Lapsing orders on
letters from Income Tax
Commissioners and Revenue
Board reporting on the working
of the Income Tax Act in
this Presidency during the
first year of its introduction.

Copy to
Df 14th Nov/61

Rev Deptt
N^o 707-

The Secretary to the Govt of India
Financial Department.

Sir,

I am directed
by His Excellency the
Governor in Council
to forward herewith
for the information
of the Government of
India copies of the
papers noted in the
margin relating to
the working of the
Income Tax in this
Presidency during the
first year of its in-
troduction, together with
a statement of the stoppages made
by the Ex: Officer A. P. R. E. G. but
not included in the returns furnished
by the B. of Rev. & the Commissioners
for the Town of Madras.

From the Income Tax papers
for the Town of Madras
Df 11 Nov/61 N. 705 with 1 enclos.
From B. of Rev Df 9 Decr/61
N. 6770 with 2 enclos.
Pro: of Govt. of 11th March 1862
N. 706.

Wt

From St. George
31st March/62

To Supreme Court

Ms. 571.

101

Received 1862 Dec 1st
 Do of Govt for March

No 704.

To the Secretary to the
 Govt of India
 Civil Dept.
 23rd March 1862

Transmitting for information:
 the copy of certain papers relating
 to the working of the (income)
 of the India Revenue during the first
 year of its introduction, together
 with a statement of the charges
 made by the various offices of the

101