

GOVERNMENT OF MADRAS

REVENUE DEPARTMENT.

READ—the following Proceedings of the Board of Revenue, dated 16th April 1886, No. 931:—

Read—the following letter from F. A. NICHOLSON, Esq., Acting Collector of Anantapur, to the Secretary to the Board of Revenue, dated 26th March 1886, No. 136:—

I have the honor to request that you will be so good as to inform me at an early date whether I should deduct the amount payable under the Income Tax Act of 1886 from the salaries of persons who are in temporary and acting appointments drawing per month Rs. 41-10-8 or more, but whose pay will probably not exceed Rs. 500 per annum in consequence of the acting or temporary appointment lasting but for a short time during the year.

Resolution—dated 16th April 1886, No. 931.

The Board observe that the minimum income taxable under the Act is Rs. 500 per annum, section 5, clause *j*; no *monthly* minimum has been fixed as under the old Acts, section 7 of Acts XVI of 1870 and XII of 1871. They are therefore of opinion that no tax should be deducted from the monthly salaries in the case referred to by the Collector, as by the terms of the appointment the *annual* income is not likely to reach the prescribed minimum. The fact that the acting pay and allowance drawn in a particular month exceed Rs. 41-10-8 is beside the question.

2. Cases may, however, arise where, in consequence of subsequent promotion, the aggregate salary of an individual comes within the taxable limit. In such an event there is nothing to prevent his being held liable to the tax on the whole amount drawn for the year and the tax being deducted from the salary payable to him within the year.

3. The Board take this opportunity to request the orders of Government in the following cases:—

(a) Where a public servant holding a permanent appointment of Rs. 41-10-8 or more per mensem has paid the tax on his salary for the first few months of the year, and is subsequently degraded to a lower appointment and the aggregate salary drawn by him for the year falls below the minimum of Rs. 500, is the tax already levied to be refunded to him on application? The Board think that it should be, though there are no specific provisions in the Act for granting such refunds.

(b) In the case of servants whose services are lent to Court of Wards or public bodies is the tax to be levied on the gross pay or on the net amount after deducting pensionary contributions? Under clause *g*, section 5 of the Act, an abatement of the tax is allowed only on payments made to insurance companies or for the purpose of securing an annuity. Pensionary contributions are nowhere referred to in the Act, nor do they come within the scope of rule 3 of the rules sanctioned by the Government of India, under which the tax is not chargeable on sums compulsorily deducted from

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salary on account of regimental or band funds or the like. The Board think that as the pay of the appointment includes the allowance on account of pensionary contribution, the tax should be levied on the gross and not on the net pay.

(A true Copy and Extract.)

(Signed) C. F. MacCARTIE,
Acting Secretary.

To the Secretary to Government, Revenue Department.

Copy to the Collector of Anantapur.

„ „ Accountant-General.

„ to all other Collectors.

ORDER—dated 5th May 1886, No. 320, Revenue.

Miscellaneous.

The questions raised in the foregoing paper will be submitted for the orders of the Government of India.

2. In the case stated in clause (b), paragraph 3, Government are inclined to think, looking to the terms of rule 8, section 9, Chapter III of the Pension Code, that pensionary and leave contributions made by officers lent for foreign service should be treated as compulsory deductions under No. 3 of the income-tax rules issued by the Government of India and exempted from taxation.

3. Government agree with the Board in their views as regards the other cases.

(True Extract.)

(Signed) J. F. PRICE,
Ag. Secretary to Government.

To the Board of Revenue.

„ the Accountant-General.

„ the Public, &c., Departments.

„ the Military Department.

„ the Public Works Department.

„ the Director of Revenue Settlement and Agriculture.

„ the Superintendent, Revenue Survey.

„ the Inam Commissioner.

„ the Government Botanist and Director, Cinchona Plantations.

„ the Superintendent, Government Central Museum.

No. 320-A.

Copy to the Government of India, Department of Finance and Commerce.

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Exd. W. H. French.

150 Copies.

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REVENUE.

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Income Tax Act.

Certain questions raised by the Collector of Anantapur in connection with the —, forwarded for the orders of the Government of India with an expression of the views of Government.

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