

Political (1895) Department.

ORDINARY MS.

G.O., No. 378

Dated 14th June 1895

INDEXED.

[Despatch Abstract.]

INCOME-TAX

Addressing the Government of India on the subject of the levy of --
upon income of Native States realized in British Territory.

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

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	1066 1363 1064.		95 95-667-11-10-95 96				

Govt. of {1898} Madras.
REVENUE.

To The Political Department.

Dated

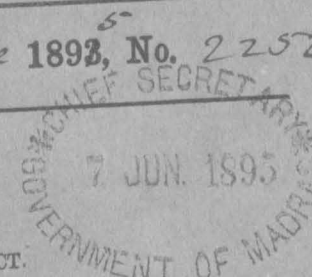
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Recd. 7 } Times
Sept 8 }
2002-2003
No. 1000
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Mis. G.O., 5th June 1893, No. 2252.
H.

SUBJECT.

Addressing the Govt. of India,
regarding the levy of income tax on
profits derived by native States
in British India.



PROCEEDINGS OF THE MADRAS GOVERNMENT.

Read the following Proceedings

of the Board of Revenue, Separate Revenue, dated
2nd May 1895 No. 1833 Mis. -

Read the following letter from the
Collector of Malabar, dated 24th April 1895 No. ⁶⁰⁵/_{Res.}

" With reference to the Proceedings of the
Board of Revenue (Separate Revenue), dated 10th
April 1895, No. 1566 Mis, I have the honour to
report that the investments referred to in my
letter, dated 19th December 1894 are "fixed deposits".
It is the interest on such deposits and not the
dividends due on Bank shares that has been assessed.

Resolution: -

Submitted to Government with
reference to Government Order 1482 Mis, dated
9th April 1895.

Order thereon dated 5th June 1895 No. 2252 Mis.

Ordered that the Government of India
be addressed.

(True extract)

[Signature]
Ag. Secretary to Government

To the Board of Rev. (S. & P. Rev.)

To the Political Dept. with draft letter.

49.63 1472 9-95 in original & returned. returned 12.9

Letter ^{Chd} ^{17/1} Coll Dept
of 14th June 1895 No 378

To.

The Secretary to The Government of
India,
Department of Finance & Commerce.

RECORDED

22 JUN 95

IN M.S

Sir,

I am ^{desired} ~~directed~~ to address you on
the subject of the levy of income tax upon income
of native states realized in British territory.

2. Your telegram of the 19th September
1894 directed that "income tax should not be
levied on profits realized by the Mysore Govern-
ment in British territory." This was in reply
to the telegram from this Govt of the 10th idem in-
timating that the Mysore Govt had sold certain
elephants in the British District of Malabar and
had possibly realized some profits by the transaction,
and enquiring whether in such cases income-tax
should be levied from the native states.

3. It is now reported that the states
of Cochin and Travancore hold fixed deposits
in the Branch Bank of Madras at Cochin and the
question has been raised whether the above ruling
applies to the interest paid on these deposits. In
submitting this case for the orders of the Govt of
India, I am to solicit, for future guidance, an
Expression

expression of the views of the Supreme Govern-
ment on the following two questions:-

(i) whether the ruling quoted refers
only to casual receipts similar to those
~~referred~~ ^{mentioned} in the telegraphic correspondence
of last September or whether it is to be held
applicable to all sources of income, inclusive
of profits derived from investments in Banks
and in Commercial undertakings; and

(ii) whether it applies only to profits made
in the name of the native state or extends also
to investments of what may be regarded as the
personal income of the Chief of the state.

4 ^{As regards} With reference to the first question,
it seems to be wholly unnecessary to forego the
tax in cases where it is collected automatically
as in the case of monies invested in British compa-
nies (Part II) or in the interest paying securities spe-
cified in part III of the second schedule of Act
II of 1886. Where, however, ~~the~~ collection of ~~the~~
tax is not automatic ^{and the tax} must be assessed and
collected in the ordinary way, involving the issue
of demands or process which may possibly be
disregarded, it may be deemed expedient to
let the income go untaxed. On the other hand
if the Govt of India is of opinion that in such
cases the tax should be ^{collected} ~~collected~~ it is for con-
sideration whether this may not best be done
by entering into an arrangement with the Darbar
for the submission of an annual return showing
the

the assessable income in the British India
and the amount of the tax due in respect of it; the
same to be paid into the treasury of the Political
Agent or Resident. So far as the native states
of this presidency are concerned this Government
does not anticipate any difficulty in ^{realizing} ~~collecting~~
the tax under some such arrangement.

5. As regards the second question
it is understood to be settled principle that no
distinction can be drawn between the income of
the state and the personal earnings of its Chief;
and that the ruling which applies in one case
must govern the other.

Ob.
8-6-95

13/6/95

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

READ AGAIN G.O., No.
189

DATED

CURRENT No.

ENCLOSURES TO C. 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
B =

CS
11/11/18

H. b

I have counted the no + date
of the letters to the A. H

14/6/91

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