

Public Works (1897) Department.

G.O., No. 450 R

DATED 9 July 1897

14/7

[Despatch Abstract.]

Income Tax: Correspondence ending with
Pres: in the Revenue Dept. Combs: A letter from
the Govt of India on the subject regarding the liability
to — of the allowances of the officers of the Indian
Railway on leave in England Combs to the
Officers concerned for guidance

90/3

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14/7/97

14/7/97

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.
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FURTHER PAPERS.

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

RAILWAY.

Government (1897) of Madras.
PUBLIC WORKS.

Recd.

Regd.

1897.

Enclosures

Spare copies

G.O., No. 450 R., 9th July 1897.

JULY.

Income-tax

Correspondence ending with Proceedings in the Revenue Department communicating a letter from the Government of India regarding the liability to — of the allowances of the officers of the Madras Railway on leave in England, communicated to the officers concerned for guidance.

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read the following papers:—

Letter from the Examiner, Guaranteed Railway Accounts, Madras, dated 17th February 1897, No. 87.

With reference to the attached extract of paragraph 5 of Madras Railway Board's letter No. 907, dated 28th September 1894, regarding the method of payment of the orders of Government as to whether Indian income-tax is leviable on allowances paid in the (ii) and (iii) of the methods therein mentioned.

2. In these cases it has been the practice of the company not to recover income-tax, but this procedure appears to me to be incorrect, as the allowances are payable in India but are for the convenience of the employees remitted in the manner stated to the Board for payment in England.

ENCLOSURE.

Copy of Extract of paragraph 5 of Madras Railway Board's letter No. 907, dated 28th September 1894.

5. Adverting to paragraph 16 of No. 904, I am to explain with regard to the payment in future of furlough and sick leave allowance, &c., that there are three courses open to officers and others going on leave—

- (i) to authorise the Company's Agent and Manager to make over their pay to Agents in India;
- (ii) to authorise the Company's Agent to remit at the risk of the officers.
- (iii) to ask the Board to draw on the agent of the company by selling a Bill in London.

No. 1172 C.

Transferred to the Revenue Department for favour of disposal.

(Signed) F. D. FOWLER,
Offg. Joint Secy. to Govt.,
Railway Branch.

26th February 1897.

Read—the following G.O., Mis. No. 2273, Revenue, dated 5th May 1897:—

Read—again G.O., Mis. No. 1238, Revenue, dated 5th March 1897, referring to the Board of Revenue, for remarks, Endorsement of the Public Works Department, No. 1172 C., dated 26th February 1897.

Read—also Proceedings of the Board of Revenue, Separate Revenue, Mis. No. 1348, dated 3rd April 1897.

Order—Mis. No. 2273, Revenue, dated 5th May 1897.

The question raised by the Examiner of Railway Accounts will be submitted for the orders of the Government of India in continuation of Government Order, Mis. No. 1733, Revenue, dated 31st March 1897.

(True Extract.)

(Signed) A. R. KNAPP,
for Ag. Secretary to Government.

From the Honourable Mr. G. STOKES, I.C.S., Acting Secretary to the Government of Madras, Revenue Department, to the Secretary to the Government of India, Finance and Commerce Department, dated 5th May 1897, No. 2273 A.

In continuation of my letter, No. 1734, dated 31st March 1897, I am directed to submit the following matter for the orders of the Government of India.

2. The allowances of officers of the Madras Railway on leave in England are payable in India, but to suit the convenience of the officers concerned, they are permitted to draw their allowances in three ways, viz.—

- (i) by authorising the Company's Agent and Manager to make over their allowances to Agents in India;
- (ii) by authorising the Company's Agent to remit at the risk of the officers concerned;
- (iii) by asking the Railway Board to draw on the Agent of the Company by selling a bill in London.

3. I am to inquire whether income-tax is leviable on sums paid by either the second or the third of the methods above specified.

4. In both cases the amounts being remitted to England at the officer's request, it is a question whether they may not be considered to be received in British India and therefore be held liable to tax.

5. Apart from the question of place of receipt, it would seem that the allowances do accrue and arise in British India, and are on that account liable to tax.

6. In this connection I am to refer to the decision of the Government of India contained in Mr. Westland's letter, No. 2101, dated 28th April 1887, to the Accountant-General, Bengal, and to inquire whether that decision is to be held to apply to all payments of leave allowances in the United Kingdom to officers on leave there or, as the second paragraph of the letter would seem to imply, to the payment of such allowances only as the officers on leave are entitled to receive in the United Kingdom.

7. In the opinion of this Government leave allowances ordinarily payable in British India must be held to be income accruing and arising in British India, and the circumstance that such allowances are remitted to the officers concerned in England cannot be held to exempt such allowances from taxation under Act II of 1886.

Read—the following G.O., No. 492, Press, dated 25th June 1897:—

Read—also the following letter from the Under Secretary to the Government of India, Finance and Commerce Department, No. 2695 S.R., dated 18th June 1897:—

I am directed to acknowledge the receipt of your letter, No. 2273 A., dated 5th May 1897, regarding the liability to income-tax of the allowances of the officers of the Madras Railway on leave in England.

2. I am to state that the leave allowances of the officers in question, by whatever arrangements they are drawn, are "salary" payable in India in respect of an office or employment of profit which is in India, and are therefore liable to income-tax.

3. With reference to paragraph 6 of your letter, I am to say that the ruling contained in the letter from this department to the Accountant-General, Bengal, No. 2101, dated 28th April 1887, applies only in the case of officers on leave in the United Kingdom who are entitled to receive their leave allowances in that country.

Order—No. 492, Press, dated 25th June 1897.

Communicated to the Public Works Department and to the Board of Revenue.

(True Extract.)

(Signed) C. H. B. BURLTON,
for Ag. Secretary to Government.

ORDER—No. 450 R., dated 9th July 1897.

Communicated to the Agent and Manager, Madras Railway, and Examiner, Guaranteed Railway Accounts, Madras, for information and guidance.

(True Extract.)

(Signed) F. J. E. SPRING,
Offg. Joint Secy. to Govt.,
Railway Branch.

To the Agent and Manager, Madras Railway.
" Examiner, Guaranteed Railway Accounts.
" Agent, South Indian Railway (for information).

Public Works (1897) Department.

CURRENT No. 1817

Order

*Transferred to the
Revenue Department for
favour of disposal.*

J.M. 28/2/97

Offg. Jt. Secy. to Govt. P. W. D.

Ry. Branch.

P-2/1/2/97

From

*The Examiner
G.D. Railway Accounts
Madras*

No. 87

Dated 17th February 1897

Received 19.2.97

Enclosures one

Spare copies

SUBJECT.

*Payment of Furlough and
sick allowance etc. to
M. Ry. officers.*

*Requesting orders of Govt.
as to whether Indian Income
Tax is leviable on allowances
paid in the (ii) + (iii) of the
methods mentioned in
para 5 of M. Ry. Board
letter No. 907 dt 28th Sept.*

AR

BACK PAPERS.

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FURTHER PAPERS.

G.O.	No.	Department.	Date
			2

Copy Extract of Paragraph 5 of Madison Rail-
way Board letter No 907 dated 28th September
1894.

5. Adverting to para 16 of No 904, I am to explain with regard to the payment in future of furlough and sick leave - allowance &c, that there are three courses open to officers and others going on leave:

(i) To authorise the Company's Agent and Manager to make over their pay to Agents in India.

(ii) To authorize the Company's Agent to remit at the risk of the Officers.

(iii) To ask the Board to draw on the Agent of the Company by selling a Bill in London.

19
Copy Letter N: 87 dated 17th February 1897 from
the Examiner Guaranteed Railway Accounts
Madras

With reference to the attached extract
of paragraph 5 of Madras Railway Board's
letter N: 907 dated 28th September 1894 re-
garding the method of payment of furlough
allowances to their officers on leave in England,
I have the honour to request the order of
Government as to whether Indian Income
Tax is leviable on all monies paid in the
(ii) and (iii) of the methods therein mentioned.

2. In these cases it has been the
practice of the Company not to recover
Income Tax, but this procedure appears
to me to be incorrect, as the allowances
are payable in India but are for the
convenience of the employees remitted in
the manner stated to the Board for pay-
ment in England.

Public Works (1897) Department.

CURRENT No. 4637

Order

No 16598/14/5/17.

Copy forwarded to
C.R. with reference to his
letter No 8741/17.2.57

CMJ ¹⁴/₅

bal.

From

The Revenue Department.

No. 2273. Dis.

Dated 5th May 1897.

Received 11-5-97

Enclosures

Spare copies

Despatched on 14/5/97

SUBJECT.

Stating that the question
raised by the Examiner of Railway
Accounts in regard to the liability
to income-tax of certain salaries
paid in England to Railway em-
ployes on leave will be submitted
for the orders of the Govt. of India.

1897

[illegible][illegible]

" P.W.D. ✓

From

The Hon'ble Mr. G. Stokes I. C. S.

SECRETARY TO THE GOVERNMENT OF MADRAS,

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,

Finance and Commerce Department.

Dated 5th May 1897.

SIR,

In continuation of my letter No 1734 dated 31st March 1897. I am directed to submit the following matter for the orders of the Government of India

2. The allowances of officers of the Madras Railway on leave in England are payable in India, but to suit the convenience of the officers concerned, they are permitted to draw their allowances in three ways, viz-

(i) By authorizing the Company's Agent and Manager to make over their allowances to agents in India;

(ii) By authorizing the Company's Agent to remit at the risk of the officers concerned;

(iii) By asking the Railway Board to draw

draw on the Agent of the Company by selling a bill in London.

3. I am to inquire whether income tax is leviable on sums paid by either the second or the third of the methods above specified.

4. In both cases the amounts being remitted to England at the officer's request, it is a question whether they may not be considered to be received in British India and therefore be held liable to tax.

5. Apart from the question of place of receipt, it would seem that the allowances do accrue and arise in British India, and are on that account liable to tax.

6. In this connection I am to refer to the decision of the Government of India contained in Mr. Westland's letter No. 2101 dated 28th April 1887 to the Accountant General, Bombay, and to inquire whether that decision is to be held to apply to all payments of leave allowances in the United Kingdom to officers on leave there or; as the second para of the letter would seem to imply to the payment of such allowances only as the officers on leave

7. In the opinion of the Government leave allowances ordinarily payable in British India must be held to be income accruing and arising in British India, and the circumstance that such allowances are remitted to the officers concerned in England cannot be held to exempt such allowances from taxation under Act II of 1886.

I have &c.
(Signed) G. Stokes.
Ag. Secy to Government.

(True Copy)

C. M. M. M.
For Ag. Secy to Govt.

THE SECY. TO THE GOVT. OF MADRAS,
REVENUE DEPARTMENT,

THE SECY. TO THE GOVT. OF INDIA,

No.

Subject.

Public Works (189) Department.

CURRENT No. 6385

Order

From

The Revenue Dept.

No. 492, Press.

Dated 25th June 1897.

Received 1-7-97

Enclosures 1

Spare copies

SUBJECT.

Communicating letter
from the Govt. of India, Finance
and Commerce Dept., replying
to letter from the Madras Govt. re:
the liability to income-tax of the
allowances of the Officers of the
Madras Railway on leave in Eng-
land.

4637

GWC-1
1355/97

sl. 269

AM
Communicate to SO. KAM-CP
5/7/97

FURTHER PAPERS.

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16 2,000-28-1-97.

REVENUE DEPARTMENT.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

Read again G.O.No.1238 Mis,d/5th
March '97,referring to the Board of Revenue for remarks Pro-
ceedings of the Public Works Dept.,No.1172 C,d/26th Feb: 1897

Read again G.O.No.2273 Mis,d/5th May 1897

Read again letter to the Secretary to the
Govt. of India, Finance and Commerce Department, No. 2273 A, d/
5th May 1897.

Read also the following letter from the
Under-Secretary to the Govt. of India, Finance and Commerce
Dept., No. 2695-S.R., d/18th June 1897.:-

I am directed to acknowledge the receipt of your letter No.2273 A,d/5th May '97,re: the liability to income tax of the allowances of the officers of the Madras Railway on leave in England.

2. I am to state that the leave allowances of the officers in question, by whatever arrangements they are drawn, are "salary" payable in India in respect of an office or employment of profit which is in India, and are therefore liable to income-tax.

3. With reference to para 6 of your letter, I am to say that the ruling contained in the letter from this Dept. to the Accountant-General, Bengal, No. 2101, d/28th April 1887, applies ^{only} in the case of officers on leave in the United Kingdom who are entitled to receive their leave allowances in that country.

Order thereon, No. 492, Press, dated the 25th June 1897.

Communicated to the Public Works Department and to
the Board of Revenue.
(True Extract.)

(True Extract.)

For Ag. Secretary to Government.

2. The Public Works Dept (Ky)
.. Board of Rev. Sep Rev.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

A/-

No 450. Dated 9.7.97
P. W. DEPARTMENT.
Dry Branch

PROCEEDINGS OF THE MADRAS GOVERNMENT.

READ the following

Letter from the Examiner } H.L. No: 87 of 17 Feb: 1897
Govt. Ry: Accounts Branch

P. W. D. Endorsement - " - 1172 C of 26 - do -

Prags: of the Madras } - " - 2273 M of 5 May 97
Govt. Ry: Accts: -

Go - - - - 492 Pres of 25 June 97

Communicated to
the Agent & Manager Madras
Ry. & Examiner Govt. Ry: Accts.
Madras, for information &
guidance. -

6/7/97

To

Mr. Agent & Manager, M. Ry.
- - - - Govt. Ry: Accts.
- - - - Agent S. I. Ry.
(for information)

26/5/97

A/-
N. 450. Dated 9. 7. 97.