Public Works (1897) Department.

G.O., No. 672 R

DATED 16 Septr 1897

[Despatch Abstract.]

S. I. Ry: Guarantee Fund: Pro: Revenue Dept stating that the — should be considered to be a Provident Fund for purposes of the Income tax Act and that subject to the usual maximum, contributions made to it are exempt from assessment. Comd to the Agent S. I. Ry:

100/3

21/9/97

Indexed 21/9/97

BACK PAPERS.

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

FURTHER PAPERS.

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

RAILWAY.

Government {1897} of Madras.

PUBLIC WORKS.

Recd.	1897.	*Enclosures*
Regd.		*Spare copies*

G.O., No. 672 R., 16th September 1897.

SEPTEMBER.

South Indian Railway Guarantee Fund

Proceedings, Revenue Department, stating that the — should be considered to be a Provident Fund for purposes of the Income-tax Act and that, subject to the usual maximum, contributions made to it are exempt from assessment, communicated to the Agent, South Indian Railway.

[To be substituted for G.O., bearing the same number and date.]

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read the following papers :—

G.O., No. 811, Revenue, dated 21st September 1886.

From the Agent, South Indian Railway, to the Consulting Engineer for Railways, Madras, dated Trichinopoly, 10th April 1897, No. 389.

Referring to G.O., No. 811, Revenue, dated 21st September 1886, copy received with your endorsement No. 588 of 5th October 1886, regarding subscriptions by employés to the Guarantee Fund of this railway being exempt from income-tax, I have the honour to inform you that, in connection with the refunds to employés of the amounts contributed by them to this fund, a question has arisen whether income-tax should be collected when the refunds are made, and I shall be glad if you can let me have a ruling on the matter.

In addition to the abovementioned question two other points require settling, namely :—

(1) Whether from the date the Provident Institution of this railway was opened the contributions to the Guarantee Fund should continue to be exempt from income-tax ;

(2) Whether the tax, if collected, should be recovered by this administration.

As the contributions to the Guarantee Fund of a large number of the employés commenced many years ago, the analysis of their accounts so as to ascertain from what dates, and on what amounts income-tax is leviable, will be a very difficult matter, it will involve employment of extra clerical staff.

Copy of note by the Examiner of Guaranteed Railway Accounts, Madras, dated 22nd April 1897.

Agent's question I.—It having been accepted in the Government order quoted by the Agent that the Guarantee Fund partook of the nature of a Provident Institution, no income-tax is leviable on refunds of contributions made to that fund up to 31st December 1890 (*vide* Government of India No. 1214 G., dated 4th August 1886) to the Director-General of Railways embodied in Accountant-General, Public Works Department, No. 744 G., dated 16th idem.

From the date, viz., 1st January 1891, of the establishment of the Provident Institution on the South Indian Railway, the Guarantee Fund must be held to have lost the purpose it served prior to that date, and to be a fund for the deposit of contributions from employés for the proper performance of their duties and for guaranteeing the company against loss, through the negligence, &c., of the contributors, refunds of those deposits are also not subject to the tax. The Agent's query may, therefore, be replied to in the negative.

Agent's question II.—As stated above the fund lost its characteristics as a Provident Institution since 1st January 1891, and contributions to it from that date are therefore liable to the tax.

Agent's question III.—Since arrears from 1st January 1891 only are recoverable, the company will perhaps require no additional establishment, but questions of this nature should be settled by the Agent in direct communication with the Collector of the Income-tax, who has, under Chapter III, paragraph 9 (2), of the Income-tax Act, entered into an arrangement with the company under which the company recover the tax due by their employés and retain a percentage of the recoveries by way of remuneration for the work done. Any extra establishment that may be required should be met from the percentage retained out of the arrears of income-tax recovered.

Enclosure.

From the Secretary to the Government of India, Public Works Department, to the Director-General of Railways, dated 4th August 1886, No. 1214 G.

I am directed to acknowledge receipt of your endorsement, No. 1633 E., dated 14th July 1886, forwarding, for disposal, letter from the Government of Bengal inquiring whether in case of resignation or dismissal the Provident Fund money refunded to an employé is subject to taxation.

2. In reply, I am to state that refunds from a Provident Fund are not so liable.

From the Agent, South Indian Railway, to the Consulting Engineer for Railways, Madras, dated Trichinopoly, 14th July 1897, No. 724.

With reference to your letter, No. 1448, dated 27th April 1897, I have the honour to forward a copy of letter, No. A/13536—1488, dated 13th July 1897, from the Chief Auditor and shall be glad to know whether in view of the further remarks of this officer you share the opinion of the Examiner of Railway Accounts as given in his note of 22nd April 1897.

Enclosure.

Copy of a letter, No. A/13536—1488, dated 13th July 1897, from the Chief Auditor, Trichinopoly, to the Agent, South Indian Railway.

[Income-tax collections on refunds of guarantees—Your No. H. 659/28—2146 of 5th instant.]

In reply to the note by the Examiner of Railway Accounts, Madras, dated 22nd April last, copy of which was received with your above, I beg to make the following observations :—

1. I am unable to find any authority for the limitation placed by the Examiner upon the operation of Government of India Order 1214 G., dated 4th August 1886.

There is nothing in the Act itself limiting its operation to 31st December 1890, and, as far as I am aware, no order to this effect has been subsequently issued.

2. The Government of India has ruled that the Guarantee Fund is a Service Fund within the meaning of Rule 13 of the Notification of the Government of India, Department of Finance and Commerce, No. 593, dated 5th February 1886.

3 The objects of the Guarantee Fund as set forth in G.O., No. 811, dated 21st September 1886, are :—

(*a*) To help to form a means of subsistence to subscribers when they leave the company's service.

(*b*) To help to form a means of subsistence to a subscriber's family on his death.

(*c*) To guarantee the company against loss.

4. Under section 5 (*g*) of the Income-tax Act No. II of 1886, one-sixth of a person's salary deducted with the permission of Government for the objects named in paragraph (*a*) and (*b*) above or paid to an Insurance Company in respect of an insurance or deferred annuity on his own life or on the life of his wife is exempted from income-tax.

5. A person may, therefore, I take it, contribute to one or more funds with objects similar to those of the Guarantee Fund and to one or more Insurance Companies and claim exemption from income-tax on his contributions to such institution up to the limit of one-sixth of his salary.

6. The objects of the Guarantee Fund are the same now as in 1886, but the limit of subscription allowed free of income-tax has, since the introduction of the South Indian Railway Provident Institution in 1891, been *reduced* in the case of—

(*a*) European married employés who are members of the Provident Institution from 10 per cent. to $3\frac{3}{4}$ per cent., and in the case of—

(*b*) Unmarried Europeans and Natives from 10 per cent. to $6\frac{7}{8}$ per cent.;

the differences between the old and new rates are respectively the subscriptions of the two classes (*a*) and (*b*) to the Provident Institution.

7. I would further observe in this connection that Membership of the Provident Institution is limited to employés of the open line establishment and that persons specially engaged for the construction of the Peralam-Karikal Railway and other large capital works are excluded therefrom.

8. In conclusion, I submit that until the resolution of Government declaring the Guarantee Fund to be a Service Fund is formally cancelled, we are correct in exempting income-tax on contributions made to it, more especially as the 10 per cent. deductions are divided between the two funds (*vide* paragraph 6 above).

Endorsement from the Under Secretary, Public Works Department, Railway Branch, No. 3541 C., dated 17th August 1897.

G.O., Mis. No. 4707, Revenue, dated 7th September 1897.

Order—Mis. No. 4707, Revenue, dated 7th September 1897.

The Government understands that the objects of the Guarantee Fund remain the same as they were in 1886. This being the case, under the Government of India ruling, subscriptions to that fund continue to be exempt from liability to income-tax, subject to the general proviso that the total amount claimed, on the ground of contribution to Provident funds, to be exempt shall not exceed one-sixth of the contributor's annual salary.

(True Extract.)

(Signed) F. J. WILSON,
for Ag. Secretary to Government.

Order—No. 672 R., dated 16th September 1897.

Communicated to the Agent, South Indian Railway, with reference to his letters No. 389, dated 10th April, and No. 724, dated 14th July 1897.

(True Extract.)

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

To the Consulting Engineer for Railways.
" Agent, South Indian Railway.
" Examiner, Guaranteed Railway Accounts.

Exd. C. M. Thumbuswamy.

No. 389 South Indian Railway Co., Ld.
AGENT'S OFFICE,
Trichinopoly, 10th April 1897.

From
THE AGENT,
SOUTH INDIAN RAILWAY,

To
THE CONSULTING ENGINEER
FOR RAILWAYS,
MADRAS.

Sir,

Referring to Government Order No. 811, Revenue, dated 21st September 1886, copy received with your endorsement No. 588 of 5th October 1886, regarding subscriptions ~~of~~ by employes to the Guarantee Fund of this Railway being exempt from Income Tax, I have the honor to inform you that in connection with the refunds to employes of the amounts contributed by them to this Fund, a question has arisen whether Income Tax should be collected when the refunds are made, and I shall be glad if you can let me have a ruling on the matter.

In addition to the abovementioned question, two other points require settling namely:—

(1) whether from the date the Provident Institution of this Railway was opened the contributions to the Guarantee Fund should continue to be exempt from Income Tax:

(2) whether the Tax, if collected, should be recovered by this Administration.

As the contributions to the Guarantee Fund of a large number of the employes commenced many years ago, the analysis of their accounts so as to ascertain from what dates, and on what amounts,

Income

1634
12/4/97

b

Income Tax is leviable, will be a very difficult matter ~~and~~ it will involve employment of extra Clerical staff.

I have the honor to be
Sir
Your most obedient Servant

A. D. G. Shelley
Capt. R.E.
Agent

From
The Agent,
South Indian Railway,
Trichinopoly.
To
The Consulting Engineer for
Railways,
Madras.
Dated
Received
No.
189
Enclosure.

Form No. 21.
500—7-1-97.

X 8

EXAMINER,
Regd. No. 231
14 APR 1897
RAILWAY ACCOUNTS, MADRAS

OFFICE OF THE CONSULTING ENGINEER FOR RAILWAYS,
Madras, 14th April 1897.

No. 1354

OFFICE NOTE.

Letter from the Agent, South Indian Railway, No. 389 dated 10th April 1897, forwarded to the Examiner of Railway Accounts for remarks.

CMH 14/4
for E. R.

Print

7 9 P

No. 1214 G. d/ 4. 8. ~~97~~ 1886.

From. The Secretary to the Govt of India, P.W.D.
To. The Director General of Railways

I am directed to acknowledge receipt of your Endorsement No. 1633 E, dated 14th July 1886, forwarding for disposal, letter from the Govt of Bengal, enquiring whether in case of resignation or dismissal the Provident Fund money refunded to an Employé is subject to taxation.

2. In reply, I am to state that, refunds from a Provident Fund are not so liable.

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Sir
Your most obedient Servant

A. G. Shelley
Capt. R.E.
Agent

From
The Agent,
South Indian Railway,
Trichinopoly.
To
The Consulting Engineer for Railways,
Madras.
Dated 189
Received
No.
Enclosure.

Form No. 21.
500—7-1-97.

EXAMINER,
Regd. No. 231
14 APR 1897
RAILWAY ACCOUNTS, MADRAS.

Office of the Consulting Engineer for Railways,
Madras, 14th April 1897.

No. 1354

OFFICE NOTE.

Letter from the Agent, South Indian Railway, No. 389 dated 10th April 1897, forwarded to the Examiner of Railway Accounts for remarks.

14/4/97

CMH 14/4
for E. R.

14/4/97

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From. The Secretary to the Govt of India, P.W.D
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From
The Agent,
South Indian Railway,
Trichinopoly.

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AILWAYS,
Madras.

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X 8

Form No. 21.
60—7-1-97.

EXAMINER,
Regn. No. 231
14 APR. 1897
RAILWAY ACCOUNTS, MADRAS.

Office of the Consulting Engineer for Railways,
Madras, 14th April 1897.

No. 1354

OFFICE NOTE.

14/4/97

Letter from the Agent, South Indian Railway, No. 389 dated 10th April 1897, forwarded to the Examiner of Railway Accounts for remarks.

14/4
for E. R.

14/4/97

EXAMINER'S REPLY.

As question I. It having been accepted in the G. O. quoted by the agent that the Guarantee fund partook of the ~ nature of a Provident Institution, no Income tax is leviable on refunds of contributions made to that fund up to 31st December 1890 - vide G. of I. No. 1214 G dated 4th August 1886 to the Director-General of Railways embodied in A. G. P. W. D. No. 744 G Dd/ 16th idem.

From the date, viz. 1st January 1891 of the establishment of the Provident Institution on the South Indian Railway, the Guarantee fund must be held to have lost

23/4

lost the purpose it served prior to that date, and to be a fund for the deposit of contributions from employés for the proper performance of their duties and for guaranteeing the Coy: against loss, through the negligence &c of the contributors; refunds of these deposits are also not subject to the tax - The Agents' query may therefore be replied to in the negative.

Agents question II - As stated above the fund lost its characteristics as a Provident Institution since 1st Jany: 91, and contributions to it from that date are therefore liable to the tax.

Agents question III - Since arrears from 1st January 1891 only are recoverable, the Coy: will perhaps require no additional establishment, but questions of this nature should be settled by the Agent in direct communication with the Collector of Income Tax, who has, under chapter III para 9(2) of the Income Tax ~~account~~ act entered into an arrangement with the Coy under which the Coy recover the tax due by their employes and retain a percentage of the recoveries by way of remuneration for the work done. Any extra establishment that may be required should be met from the percentage retained

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out of the arrears of Income Tax recovered.

Madras }
22nd Apl: 97 }

E Wallis
C. R.

Form No. 7.

Madras, 27th April 1897.

To

Agent, S. I. R.

No. 1448 Reply No. 724, dated 14.7.97

Reminders.

Sir,

With reference to your letter No. 389 of 10th April 1897, I have the honour to forward herewith copy of note thereon by the Examiner Railway Accounts Madras for necessary action.

26/4

Despatched on 27/4/97

Subject.

4.

12

South Indian Railway.

Copy of a letter, No. A/ 13536/1488, dated 13th. July 1897
from the Chief Auditor, Trichinopoly,
to the Agent, South Indian Railway.

5

Income Tax.

Collections on refunds of Guarantees.

Your No. H. 659/28/2146 of 5th. instant.

In reply to the Note by the Examiner of Railway Accounts, Madras, dated 22nd. April last, copy of which was received with your above, I beg to make the following observations:—

1. I am unable to find any authority for the limitation placed by the Examiner upon the operation of Government of India Order 1214 G. dated 4th. August 1886.

Copy attested
~~H. g. M~~

There is nothing in the act itself — limiting its operation to 31st. December 1890 and as far as I am aware, no order to this effect has been subsequently issued.

2. The Government of India has ruled that the Guarantee Fund is a Service Fund within the meaning of Rule 13 of the Notification of the Government of India, Department Finance and Commerce, No. 593, dated

5th.

14th. July

Accompaniment to the Agent's letter No. 724

of 14th. July 1897.

Agent.

4.
f.s.p

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Copy continued.

13

5th February 1886.

3. The objects of the Guarantee Fund as set forth in Government Order No. 811 dated 21st September 1886 are:-

(a). To help to form a means of subsistence to subscribers when they leave the Company's Service.

(b). To help to form a means of subsistence to a subscriber's family on his death.

(C). To guarantee the Company against loss.

4. Under Section 5(g) of the Income Tax Act No. II of 1886, one sixth of a person's salary deducted with the permission of Government for the objects named in para. (a) and (b) above or paid to an Insurance Company in respect of an insurance or deferred annuity on his own life or on the life of his wife is exempted from Income Tax.

5. A person may therefore, I take it, contribute to one or more Funds with objects similar to those of the Guarantee Fund and to one or more Insurance Companies and claim exemption from Income Tax on his contributions to such Institution up to

14th July

R. E.,

Agent.

Accompaniment to the Agent's letter No. 724

of 14th July 1897.

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S.P

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S.P

Copy continued.

14

to the limit of 1/6th of his salary.

6. The objects of the Guarantee Fund are the same now as in 1886, but the limit of subscription allowed free of Income Tax has, since the introduction of the South Indian Railway Provident Institution in 1891, been reduced in the case of

a. European Married Employes who are members of the Provident Institution from 10% to 3¾%, and in the case of

b. Unmarried Europeans and Natives from 10% to 6⅞%; the differences between the old and new rates are respectively the subscriptions of the two classes (a) & (b) to the Provident Institution.

7. I would further observe in this connection that Membership of the Provident Institution is limited to employes of the Open Line Establishment and that persons specially engaged for the construction of the Peralam–Karikal Railway and other large Capital Works are excluded therefrom.

14th July

8. In, R. E.,
Agent.

Accompaniment to the Agent's letter No. 724
of 14th July 1897.

South Indian Railway.

Copy continued.

8. In conclusion I submit that until the Resolution of Government declaring the Guarantee Fund to be a Service Fund is formally cancelled, we are correct in exempting Income Tax on contributions made to it, more especially as the 10 % deductions are divided between the two Funds (Vide para 6 above).

AGENT'S OFFICE,
TRICHINOPOLY.
14th. July 1897.

Accompaniment to the Agent's letter No. 724
of 14th. July 1897.

True Copy.
A. G. Shelley.
Captain, R. E.,
Agent.

Enc. No. 1 to C. E. R. No. 3069 of 1897
Letter No. 724 d/ 14-7-97
From A

OWS.4
5157/97

No. 724

South Indian Railway Co., Ld.
AGENT'S OFFICE,
Trichinopoly, 14th July 1897.

4 P

From
THE AGENT,
SOUTH INDIAN RAILWAY,

To
THE CONSULTING ENGINEER
FOR RAILWAYS,
MADRAS.

Print

Sir,

slip 15

With reference to your letter No. 1448 dated 27th April 1897, I have the honor to forward a copy of letter No. A/$\frac{13536}{1488}$ dated 13th July 1897 from the Chief Auditor and shall be glad to know whether in view of the further remarks of this Officer you share the opinion of the Examiner of Railway Accounts as given in his note of 22nd April 1897.

slip 60

I have the honor to be,
Sir,
Your most obedient Servant,
A. C. G. Shelley,
Captain, R. E.,
Agent.

Enclosure 1 in 4 sheets.

Pakes to ER
but first send to C R (with ref to Chief Auditor's note) for remarks
20/7

7
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2173

3069
15/7/97

From
The Agent,
South Indian Railway,
Trichinopoly.

To
The Consulting Engineer for
Railways,
Madras.

Dated
Received 189

No.

Enclosure.

No 301 (Cal 17-8-97)

5—26-6-97.
Consg. Engr.'s No. 21.

17

Office of the Consulting Engineer for Railways,
Madras, 20th July 1897.

431
20 JUL 1897
Enclosures..........
RAILWAY ACCOUNTS, MADRAS

No. 2384.

OFFICE NOTE.

Letter from the Agent, South Indian Railway, No. 724, dated 14th July 1897, forwarded to the Examiner of Railway Accounts. for remarks.

CMW

for E. R.

EXAMINER'S REPLY.

I do not think there is anything in the Auditors' note which would lead me to reconsider my previous views of the merits of the case

The Company appear to be trying to argue alternately that the Fund is a Provident Fund when a question of Income Tax is involved, and that it is not a Prov'nt Fund when it is a question of refunding security deposits no longer required. In this connection please see Agent's letter No 449 of 16th September 1896 to the Board

It has now been decided to refund to the Clerical Staff the whole of these deposits in the Guarantee Fund while

ER
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26.7.97

18

…ay still remain in the Co's service (Board's letter No 178 of 16th November/96) and from this it is obvious that the Fund is now held to be purely a guarantee fund for covering the Co's against loss & that it does not fulfil …ther of the purposes (a) & (b) mentioned in para 3 of the …ditor's note.

slip D

…the employé can now subscribe any part of his salary …s a voluntary deposit to the Provident Institution & …ether he can assign the amount at his credit in the Provident Fund towards his guarantee security so that there is no necessity or reason for considering the Guarantee Funds as a sort of voluntary Provident Fund.

E W Wallace
CR 23/7/97

Will C.R. please draft a reference to India. stating the case clearly so that it may not be referred back to us. The Local Govt. cannot, I take it, give a final ruling, so we may as well go to the fountain head at once.

FWS
26/7/97

ER 6/8

If reference to India is to be made, it should, I think be made by Revenue Dept to the Financial Dept Govt of India, as the question is one of recovery of Income Tax. This I see from the proceedings G O No 811 of 21st September 1886 was the procedure adopted in the original case. In this case Agents first letter No 389 of 10th April/97 might be transferred to Revenue Dept with an expression of opinion of this Dept that since a properly constituted Provident Funds has been opened on the S.I.R. there appears to be no reason for continuing to regard the Guarantee Funds as a provident fund.

slip B
slip A

E W Wallace
CR 5/8/97

CR 6/9/97

No. 3541 (Cal 17-8-9)
(Rev Dept)

Cutty

19

Memo

1 S.P
(G.O. Rev. 811 of 21/9/86
Letter from Agent S.I.R No. 385 of 10/4/97
Note of Govt. Examiner Rys d 22/4/97
Letter from Agent S.I.R 724 of 14/7/97

Print

10 P

Transferred to Rev. Dept. with remark that the opinion of this Dept is that since a properly constituted Prov. fund has been opened on the S.I.R. there appears to be no reason for continuing to regard the Guarantee fund as a Provident Fund

JWL 11/8/97

Dca 15/8/97

INDEXED

21/8/97

~~Level Crossings~~

~~Elephant Gate. The Municipality have agreed to pay half the cost of a footbridge~~

might be transferred to Revenue Dept. with an expression of opinion of the

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20

Public Works (1897) Department.

CURRENT No. 9157

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1

A/-

13 P

CONSULTING ENGINEER FOR RAILWAYS
RECEIVED
13 SEP 1897
MADRAS

Order No. 672. Rd dated 16/9/97

Print

Communicated to the Agent S. I. Railway with reference to his letters No. 389 of 10 April ~~1897~~ and 724 of 14 July 1897.

FWS
R
16/9/97

From
The Revenue Department

No. 4707

Dated 7th Sept. 1897
Received
Registered } 13-9-97
Enclosures 5
Spare copies

To
The Cons. Engr. for Rys.
" Agent S. I. Ry. Despd 18/9/7
" Ex. Govt. Ry. Acct. in urgo
J. O.
11/11/97

P.S. 531

SUBJECT.

Stating that the S. I. R. Guarantee Fund should be considered to be a Provident Fund for purposes of the Income Tax Act and that subject to the usual maximum, contributions made to it are exempt from assessment.

BACK PAPERS.

No.	Date.

FURTHER PAPERS.

No.	Date.

might be transferred to Revenue Dept. with an expression of opinion of

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21—5,000—1-5-97.

~~Print~~ 21

REVENUE DEPARTMENT.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

Read Memorandum from the Public Works Department (Railway Branch), dated 17th August 1897, No.3541 C.

12 P

- : -

Order thereon No.4707 Mis. dated 7th September 1897.

The Government understands that the objects of the Guarantee Fund remain the same as they were in 1886. This being the case, under the Government of India ruling, subscriptions to that Fund continue to be exempt from liability to income tax, subject to the general proviso that the total amount claimed, on the ground of contribution to charitable funds, to be exempt shall not exceed one-sixth. of the contributor's annual salary.

(True extract)

For Ag. Secy to Government.

To the Public Works Dept. (Ry. Branch) with enclosures.

9/ks.

F. / 21 5,000—1-5-97.

Govt. of {189 } Madras.

REVENUE.

To

Dated
Recd. }
Encl.

Mis. / R. G.O., 189 , No.

SUBJECT.

22

11

ACCOUNTANT GENERAL.
PUBLIC WORKS DEPARTMENT.
GENERAL.

To

No. 744G.
Dated Simla, August 16, 1886.
Received

INCOME TAX.

Withdrawals from Provident Funds by employés dismissed or who have resigned not liable to taxation.

G. C. B. Press, Simla—No. 279 P. W. D., A. G.—19-8-86—140.

23

No. 744G.

ACCOUNTANT GENERAL.

PUBLIC WORKS DEPARTMENT.

GENERAL.

Simla, August 16, 1886.

The Examiners of Public Works Accounts, Madras and Coorg, Bombay, Bengal, North-Western Provinces and Oudh, Punjab, Central Provinces, Burma, Assam, Hyderabad, Central India, and Rajputana.
The Examiner of Accounts, Military Works.
The Examiner of Telegraph Accounts.
The Examiners of Accounts, North-Western, Eastern Bengal, Northern Bengal, Tirhoot, Madras, Central Provinces, Burma, Sind-Pishin and Bolan and Sind-Sagar State Railways.
The Examiner of Provincial Railway Accounts, North-Western Provinces and Oudh.
The Examiner of Accounts, Bhavnagar-Gondal State Railway.
The Deputy Examiner of State Railway Accounts, Assam.
The Deputy Examiner of Accounts, State Railway Stores.
The Joint Auditor and Examiner of Accounts, Bengal and North-Western Railways.

For information only.

The Examiners of Guaranteed Railway Accounts, Madras, Bombay, and Calcutta.
The Auditor of Accounts, Oudh and Rohilkhand Railway.
The Government Examiners of Accounts, Southern Mahratta and Indian Midland Railway Companies.

The following is forwarded to the Examiners noted in the margin for information and guidance.

R. G. MACDONALD,
Offg. Deputy Accountant General.

No. 1214G., dated 4th August 1886.

Endorsed by the Under Secretary to the Government of India, Public Works Department.

The following is forwarded to the Accountant General, Public Works Department, for information and guidance.

No. 1214G., dated 4th August 1886.

From—The Secretary to the Government of India, Public Works Department,
To—The Director General of Railways.

I am directed to acknowledge receipt of your endorsement No. 1633E., dated 14th July 1886, forwarding, for disposal, letter from the Government of Bengal, enquiring whether in case of resignation or dismissal the Provident Fund money refunded to an employé is subject to taxation.

2. In reply, I am to state that, refunds from a Provident Fund are not so liable.

be transferred to Revenue Dept. with an expression of opinion

21st September 1886, No. 811, Revenue.

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

Read—again G.O., dated 24th March 1886, Nos. 232, 232-A, Revenue.

Abstract.—Answering in the affirmative the inquiry of the Agent, South Indian Railway, whether contributions made by railway servants to Provident Funds are exempt from assessment under the Income Tax Act, and communicating copy of these Proceedings to the Government of India for information.

Read—again the following G.O., dated 14th May 1886, Mis. No. 2848, Revenue :—

Read—the following letter from J. F. FINLAY, Esq., Officiating Under Secretary to the Government of India, Department of Finance and Commerce, to the Secretary to the Government of Madras, dated Simla, 30th April 1886, No. 518 :—

With reference to your endorsement No. 232-A, dated the 24th March 1886, I am directed to request that a copy of the rules of the fund described in paragraph 2 of the letter, No. 196, of 13th March 1886, from the Agent, South Indian Railway Company, may be furnished to the Government of India.

Order—dated 14th May 1886, Mis. No. 2848, Revenue.

Communicated to the Consulting Engineer for Railways with the request that a copy of the rules referred to may be furnished to this department for transmission to the Government of India.

(True Extract.)

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

To the Consulting Engineer for Railways.

Read—again the following G.O., dated 2nd June 1886, Mis. No. 3259, Revenue :—

Read—the following letter from the Officiating Consulting Engineer for Railways, to the Secretary to Government, Revenue Department, dated Madras, 25th May 1886, No. 585 :—

With reference to Proceedings of Government, Revenue Department, No. 2848, dated 14th May 1886, I have the honor to inform you that I learn from the Agent of the South Indian Railway that no rules have been drawn up in connection with the working of the fund referred to. Mr. Betts adds that the fund was started in July 1864, and that when some years ago the subject of the establishment of Provident Funds was under consideration, it was held that the subscriptions by the Company's servants to the existing fund served the same purpose which subscriptions to a new fund would serve, and that the members of the staff could not really afford to subscribe to two funds.

Order—dated 2nd June 1886, Mis. No. 3259, Revenue.

Ordered that the following letter be addressed to the Government of India.

(True Extract.)

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

Read—the following letter from J. F. PRICE, Esq., Acting Secretary to the Government of Madras, to the Secretary to the Government of India, Department of Finance and Commerce, dated 2nd June 1886, No. 3260 :—

In acknowledging the receipt of your letter No. 518, dated 30th April 1886, I am directed to forward copy of the Proceedings marginally noted, from which it will be observed that no rules have been drawn up in connection with the fund referred to in the letter of the Agent, South Indian Railway Company, No. 196, dated 13th March 1886.

Dated 2nd instant, No. 3259.

Read—again the following G.O., dated 6th July 1886, Mis. No. 3977 :—

Read—the following letter from J. F. FINLAY, Esq., Officiating Under Secretary to the Government of India, Department of Finance and Commerce, to the Secretary to the Government of Madras, Revenue Department, dated Simla, 24th June 1886, No. 1557 :—

Referring to your letter No. 3260, dated the 2nd June 1886, I am directed to request that, with the permission of His Excellency the Governor of Madras, the Government of India may be furnished with a statement of the purposes to which the fund referred to by the Agent, South Indian Railway Company, is applied.

Order—dated 6th July 1886, Mis. No. 3977, Revenue.

Communicated to the Consulting Engineer for Railways, with reference to the correspondence ending with his letter No. 585, dated 25th May 1886, and with the request that the statement called for by the Government of India may be furnished.

(True Extract.)

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

To the Consulting Engineer for Railways.

Read—again the following G.O., dated 13th August 1886, Mis. No. 4847 :—

Read—the following letter from Colonel C. J. SMITH, R.E., Consulting Engineer for Railways, to the Secretary to Government, Revenue Department, dated Ootacamund, 1st August 1886, No. 918½ :—

With reference to Proceedings of the Revenue Department, No. 3977, dated 6th July 1886, I have the honor to inform you that the Agent of the South Indian Railway reports that the objects of the fund referred to are as follows :—

To help to form a means of subsistence to subscribers when they leave the Company's service;

Or should a subscriber die while he is in the Company's service, to help to form a means of subsistence to his family.

No rules appear to have been framed for working the fund, and the only further information obtainable is that as the servants leave the service they draw the contribution *plus* interest that has accrued to them and *minus* any deficiencies in their accounts, so guaranteeing the Company against loss.

Order—dated 13th August 1886, Mis. No. 4847, Revenue.

Ordered that the following reply be despatched to the Government of India.

(True Extract.)

(Signed) H. E. STOKES,
Secretary to Government.

Read—the following letter from H. E. STOKES, Esq., Secretary to the Government of Madras, to the Secretary to the Government of India, Department of Finance and Commerce, dated 13th August 1886, No. 4848 :—

With reference to your letter of the 24th June last, No. 1557, I am directed to forward a copy of the Proceedings* of this Government embodying a report from the Consulting Engineer for Railways as to the purposes to which the fund formed of subscriptions by the servants of the South Indian Railway Company from their salaries is applied. It will be seen that it is simply a savings fund, from which the subscriber when he leaves the Company's service, or his family after his death, withdraws his savings with interest.

* Dated 13th instant, No. 4847.

Read—the following letter from J. F. FINLAY, Esq., Officiating Under Secretary to the Government of India, Department of Finance and Commerce, to the Secretary to the Government of Madras, Revenue Department, dated Simla, 2nd September 1886, No. 2903 :—

With reference to the correspondence ending with your letter No. 4848, dated the 13th August 1886, I am directed to state that the Government of India approves the orders issued by the Government of Madras to the effect that contributions made by the servants of the South Indian Railway Company to the Provident Institution of the Railway are not liable to assessment under Act II of 1886.

Order—dated 21st September 1886, No. 811, Revenue.

Miscellaneous.

Communicated to the Consulting Engineer for Railways and to the Board of Revenue.

(True Extract.)

Secretary to Government.

To the Board of Revenue.
,, the Consulting Engineer for Railways.
,, the Accountant-General.
,, the Public Works Department, Railway Branch.

Exd. W. H. French.

100 Copies.

27

Govt. of {1886} Madras.

REVENUE.

Issued

Recd.

Encl.

G.O., 21st September 1886, No. 811.

SEPTEMBER.

Income Tax Act, II of 1886.

Letter from the Government of India approving the orders of this Government, that contributions made by the servants of the South Indian Railway Company to the Provident Fund of the Railway are not liable to assessment under —, communicated to the Consulting Engineer for Railways and to the Board of Revenue.

OWE·1
9157/57

Govt. of {1886} Madras.

REVENUE.

Issued

Recd.

Encl.

G.O., 21st September 1886, No. 811.

SEPTEMBER.

Income Tax Act, II of 1886.

Letter from the Government of India approving the orders of this Government, that contributions made by the servants of the South Indian Railway Company to the Provident Fund of the Railway are not liable to assessment under —, communicated to the Consulting Engineer for Railways and to the Board of Revenue.

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