

Public Works (1899) Department.

RAILWAY BRANCH.

G.O., No. 957. Ry

DATED 26th Aug 1899.

[Despatch Abstract.]

Leave Allowance to officers of the
Assam Bengal Railway

Comm. to the Asst. Secy & Secy, for info.
& guidance, Memorandum from the Govt.
of India forwarding Copy of the letter to
the Accountant-General, P. W. Dept.,
stating that the — paid in England thro:
the H^{rs} of Directors are liable to income
tax.

13

Communicated to
the Agents Messrs S. J.
Railways for information
& guidance. -

Dated 31st July 1897.

Received 8th August 99

Registered — du —

Enclosures

Spare copies

228.99

Leave all matters to Officers
of the Assam Bengal Railway
forwarding for information
& guidance copy of Govt. of
India letter to the Accountant
General, P. W. D., stating
that the _____ paid in
England thro' the Board of
Directors are liable to income-tax.

To

The legend + main message R / ^{three} _{pages}

Agnes S. J. Ry

Ex. 4. R. R. R.

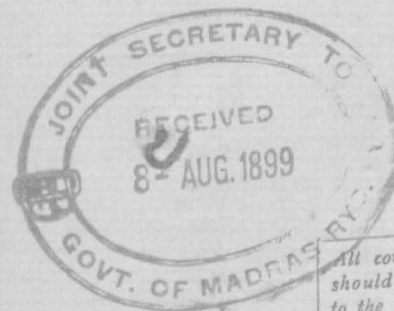
Conferences for Regd. S.

Despatched on 26/8/89

1915/185

BACK PAPERS.

FURTHER PAPERS.



No. 1424 R.E.
GOVERNMENT OF INDIA.
PUBLIC WORKS DEPARTMENT.
RAILWAY ESTABLISHMENTS.

Simla, the 31st July 1899.

Joint
The following is forwarded to the Secretary to the
Government of Madras, Public Works Department, Railway Branch,
for information and guidance.

By order,

G. H. Walker

Under Secretary.

Copy of letter No. 820 R.E., dated 3rd May 1899, from
the Secretary to the Government of India, Public Works
Department, to the Accountant General, Public Works Deptt.

With reference to your letter No. 100 G., dated 6th
March 1899, I am directed to state that the leave allowances
paid in England to Officers of the Assam Bengal Railway,
through the Board of Directors, are liable to income tax.

The allowances in question are taxable as "income"
under Part IV of the second schedule to Act II of 1886 as
they are not paid in British India.

2. The above ruling is also applicable to the servants
of the East Indian Railway referred to in paragraph 5 of
your letter under reply.

RAILWAY.

Government { 1897 } of Madras.
PUBLIC WORKS.

Recd.

} 1897.

Enclosures

Regd.

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 furlough allowances to their officers on leave in England, I have the honour to request 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 employes 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).