M.R.O. 14—10,000—21-4-22.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 1425 Press ~~Mis.~~

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Dated 22—10 1859.

Not to be folded or roughly handled

No. 1. From G. S. FORBES, Esq., Collector of Ganjam; to J. D. BOURDILLON, Esq., Secretary to Government, Fort Saint George; dated Chetterpore, 11th October 1859, No. 296.

1st. I have the honor to acknowledge receipt of your letter No. 1292, under date the 24th September last, forwarding Draft of an Act for licensing Trades and Professions and requiring me to state my views on its provisions.

2d. In the full public discussion which this subject has received objections to the Bill have been so variously and so clearly stated that I cannot pretend to offer any new views in expressing my own adverse opinion of it as it now stands.

3d. The original intention seems to have been to license Trades and Professions not as they are licensed in England but on nearly the same footing as under the present Mothurpha rules, which tax trades and handicrafts under a Puttah granted to each individual tax payer, at rates varying with the profits of his trade. The provisions for the working of the new law would simply have reduced to a system the somewhat arbitrary assessment of Trades under the Mothurpha extending its application at the same time to Merchants and Bankers, European as well as Native on a regularly graduated scale.

4th. The clauses which bring under the operation of the tax all persons official or otherwise who gain a living by their labour excepting only the ryot and the hired labourer give a different character to the Bill which as it now stands is an Income tax from which are exempted only those incomes which can best afford to bear a share of the public burdens, and the inclusion of which, would have enabled the framers of the Bill to lower the per centage of taxation. These incomes are of course such as are drawn from funded property or landed estates.

5th. An extension of the Mothurpha such as the Bill in its early form would have systematized, presented this advantage that it would have scarcely attracted the attention of the bulk of the petty Tradesmen and Merchants of the Native community. A tax of 3 per cent. on their profits being in many instances no great increase on their present payments and the license replacing the Puttah.

6th. The machinery by which it is sought under the Bill to secure a truthful return of incomes, would probably however excite much annoyance.

7th. The exposure of names and trade profits, to be challenged by every neighbour, seems unnecessary, it would probably be sufficient to allow a fixed period after the issue of the licenses for appeal and revision, and to permit inspection of the schedule to persons who satisfy the Collector that they have the means of correcting a false entry.

8th. At first starting the labour of assessing the tax paying portion of the community and deciding disputed cases will be sufficient to engross the entire time of the officer charged with this duty, and it will be necessary to employ a special agency for this purpose. In the 2nd year the ordinary district establishment could manage the matter.

9th. I have spoken above of the feeling with which the Act in its original form would probably have been regarded by the bulk of the Native community owing to its resemblance to the Mothurpha Regulation.

10th. The opposition it encounters from the upper portion of the Mercantile community, Native and European, arising as it does from the entire exemption enjoyed by incomes of a certain class and the consequently increased pressure of the tax on the industrial classes may be conciliated by reducing the Bill to its original scope depriving its working machinery of the objectionable publicity which Section XIV. gives to the state and circumstances of private trade, and at the same time enacting a law for the levy of a distinct tax on all incomes untouched by the license Act whether arising from official or other salaries, gains of members of the learned professions, funded property, or landed estate, excepting only the lands assessed to Government under the Ryotwary and village rent systems.

11th. This tax to be levied and assessed in the same manner as the Income tax in great Britain.

12th. The rate to be levied under both these Acts might probably be fixed at 2 or 2½ instead of 3 per cent. owing to the wider field thus gained for taxation. Objections may perhaps be urged against levying a direct tax which is to be borne by the whole community under two different laws, the objection is however theoretical and the plan would have the practical advantage of presenting to the bulk of the Native population a tax identical in character with a long recognized form of taxation and not onerous in amount. It would of course be out of the question to apply the license Act to incomes of all classes; Sections 23 and 24 already stretch the application of such a machinery in a manner inconsistent with practice and experience.

13th. On the other hand the substitution of a general Income tax for the whole population would involve greater difficulties of inquisition in the case of the small incomes of the bulk of the people who though often hoarding extensively, incur, on particular occasions, a large expenditure, and it is evident that these classes are more easily reached through the trade they practise.

14th. On these grounds a double law applying the license system to the mercantile and industrial classes and an Income tax to all other classes appears to me the easiest form of taxation available to the Government of India in the present state of society.

15th. A house tax is open to the objection that in India great wealth often resides under very humble roofs, and in such cases the rich man would escape his share of taxation.

No. 2.

ORDER THEREON, 22d October 1859, No. 1425.

Ordered to lie over.

(Signed) J. D. BOURDILLON,
Secretary to Government.

No 296

From G. S. Forbes Esquire
Collector of
Ganjam

To J. D. Bourdillon Esquire
Secretary to Government
Fort St George

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I have the honor to be
Sir
Your Most obedt Servant

Ganjam District
Collectors Office
Chitterpore
11th October 1859

G O Tuke
Collector

Revenue 1859 Department
From Sec.y to Govt. 31st Oct.r
The Collector of No. 1931.
Ganjam

To The Secretary to Govt.
Fort Saint George

Dated 11th October
Recd. 20 } 1859

No. 296
No. 1125. 22d Oct.r 1859.

Expressing an adverse opinion on the provisions of an Act for licensing trades and professions. & suggesting the passing of the enactments on the licencing system & the other on the principles of the income tax.

L

Copy forwarded to Govt
dy 10th Dec.r 1859 No. 79

Ordered, that the
No. 1425.

For Sec.y to Govt.
22 Oct.r 1859

No. 1 to 2.