M.R.O. 14—10,000—31-4-32.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 1469	Press ~~Mis-~~
90-91	
Dated 29-10	18 59

Not to be folded or roughly handled

No. 90. Read the following letter from W. HOLLOWAY, Esq., to J. D. BOURDILLON, Esq.; Secretary to Government Fort Saint George; dated Madras, 25th October 1859.

In acknowledging the receipt of your letter dated 24th October 1859, I beg with unaffected diffidence to express my opinion on the Bill for taxing Trades and Professions. It is nearly five years since I held any office in the Revenue Department, and I know nothing experimentally of the fiscal state of Malabar; and from absence I am unable to obtain materials for conveying statistical information on the financial results of such a measure.

II. There can however be no doubt that the produce of such a tax would be very considerable. The classes who would be subjected to its operation in Malabar are very numerous, enterprising and wealthy. It appears to me equally clear that always provided that the mode of levying such a tax is unobjectionable, none more equitable can be proposed. This alone of all our financial measures touches the classes who have derived the most benefit from the State, for commercial prosperity is peculiarly the result of peace and security.

III. It might be supposed therefore that it is my opinion that this Bill should pass; but in my judgment although the levying of any tax is of necessity distasteful to the taxed, experience of all kinds, historical and otherwise, shows that more grievances result from the mode of levying than from the tax itself. I see therefore with very considerable alarm that it is proposed to enact a Bill taxing nearly all classes without any definite machinery by which it is to be worked. If it is supposed that a Collector and his subordinates will be able to check the frightful oppression, corruption and inequality which will result from the necessary delegation of the powers of this Act to Native Revenue officers, Adthikâries, Menons and others I can only say that the idea is most utopian. Of necessity the powers given are enormous, and of like necessity the very flexibility of the question of the extent of a man's income will render it almost impossible to bring home to the offending Revenue officer even the most glaring acts of unfairness. It will be said that this is a mere question of detail, but I submit that this detail is in questions of taxation of vital consequence; and I am satisfied that until an apt machinery to be definitely stated is found for the working of this Act it should not be allowed to pass into law. Probably some modification of the Punchayet system, under very careful supervision, will eventually be found the best mode of working out such a tax as this. In point of knowledge it would be most efficient always provided that its integrity and impartiality are secured. I own that I can see no other possible mode of solution. I do not believe that a result approaching the truth will be found by the examination of witnesses; and as regards books, I have no doubt whatever that when examined with a view to taxation the books will be found to exhibit an uniform loss. At the best the amount payable will be fixed empirically and the legislature can only strive to leave as little as possible to the chances of error. The radical defect of this Bill is that except as an obscure hint in Section XI. it does nothing of the kind.

IV. One objection put very forcibly at the recent Madras meeting was the exclusion of fundholders. Questions of State expediency have no doubt in this matter overruled natural equity.

V. As to the publicity to be given to the incomes of the taxpayer, and which is so opposed to the English proceeding on the subject, I do not think that the objection applies very strongly to the case of Native tradres. They care little about their affairs being published; their pecuniary affairs form a topic of conversation with the merest stranger. It is certain however that this forms a very marked objection in the mind of an European, and it is well worthy of the attention of the legislature. It is I conceive quite possible to surmount this objection in their case. I am unable to see the equity of a legislation which of necessity adapts the same rigid system to different classes. There should be uniformity in the object ofall legislation, but that object can often, and as I believe in this case, only be attained by varying the means.

VI. I think that considerable difficulty will be found in determining whether those whose profit, will place them in classes 16 and 17, are traders within the meaning of this Act or not. The seller of fruit, âpums, sweetmeats will fall within them. A house tax would perhaps better meet the case of such persons. The real objection to the Moturpha and its kindred taxes was the arbitrary mode of levying. The Bill passed as it now stands will multiply and magnify the evils found in them.

VII. While no novelty, and especially one which touches the pocket, can be introduced without some risk from an inflammable population, I do not believe that there will be any real danger if the rational cause of determining upon an adequate machinery precedes the passing of this enactment.

VIII. I must apologize for the necessary imperfection and probable crudity of these views upon a subject to which my attention has never been specially turned.

No. 91. ORDER THEREON, 29th October 1859, No. 1469.

Ordered to lie over.

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

Madras
25th October 1859.

To. Secretary to Government Fort St. George.

Sir

Acknowledging the receipt of your letter dated 24th October 1859, I beg with unaffected diffidence to express my opinion on the Bill for taxing trades & professions. It is nearly five years since I held any office in the Revenue department and I know nothing experimentally of the fiscal state of Malabar & from absence I am unable to obtain materials for conveying statistical information on the financial results of such a measure.

II There can however be no doubt that the produce of such a tax would be very considerable. The classes who would be subjected to its operation in Malabar are very numerous, enterprising and wealthy. It appears to me equally clear that always provided that the mode of levying such a tax is unobjectionable, one more equitable can be prepared. — This alone of all our financial resources touches the classes who have derived

the most benefit from the State for commercial prosperity is peculiarly the result of peace & security.

III I might be supposed therefore that it is my opinion that this Bill should pass but in my judgment although the levying of any tax is of necessity doubtful to the touch, experience of all kinds balanced & otherwise shows that more grievances result from the mode of levying than from the tax itself — I see therefore with very considerable alarm that it is proposed to grant a bill leaving nearly all clauses without any definite machinery by which it is to be worked — If it is supposed that a Collector & his subordinates will be able to check the frightful oppression corruption & inequality which will result from the necessary delegation of the powers of this act to native revenue officers, deliberate persons and others I can only say that the idea is most dangerous

If necessity — the powers given are enormous & of like necessity — the very flexibility of the question of the extent of a man's income, will render it almost impossible to bring home to the offending revenue officer even the most glaring

acts of unfairness — It will be said that this is a mere question of detail but I submit that this detail is in question of taxation & actual consequence and I am satisfied that until the machinery to be definitely stated is framed for the working of this act it should not be allowed to pass into Law. Probably some modification of the Pinchayet system under our careful supervision will eventually be found the best mode of working out such a tax as this. If it is a point of knowledge it would be most essential always provided that its integrity & impartiality are secured. I am that I can see no other possible mode of solution — I do not believe that a result approaching the truth will be found by the examination of witnesses & as regards both, I have no doubt whatever that when examined with a view to taxation the both will be found to [illegible] an enormous sum —

At the best the amount payable will be fixed empirically and the Legislature can only strive to leave as little as possible to the chances of error. — The radical defect of this

bill is that except as an obscure hint in Sec. XI. it does nothing of the kind

IV The objection put very forcibly at the recent Madras meeting was the exclusion of Freeholders. Practical expediency have no doubt in this matter overruled the natural equity of the matter.

V As to the publicity & keenness of the taxpayer which is so opposed to the English proceeding on the subject I do not think that the objection applies very strongly to the case of native traders — They care little about their affairs being published; their pecuniary affairs form a topic of conversation with the rascal stranger — It is certain however that this forms a very marked objection in the mind of an European & it is well worthy of the attention of the Legislature. It is I conceive quite possible to surmount this objection — I am unable to see the Equity in which case. — of a Legislature which of necessity adapts the same legal system to different classes. — There should be real uniformity in the Act of all Legislature but that object can often & as I believe

in this case be attained by varying the means

VI I think that considerable difficulty will be found in determining whether those persons whose profits will place them in classes 16 & 17 are traders within the meaning of this act or not. The sellers of fruit, ^ spices, meat &c will fall within them — A turnover would perhaps better meet the case of such persons — The real object of the Matter is by the Municipal taxes how the authority mode of levying — The bill provided as it now stands will multiply the evils found in them.

VII While no morality, especially one which touches the pocket can be introduced without some risk from an inflammable population, I do not believe that there will be any real danger if the extreme Course of determining upon an adequate Machinery precedes the passing of the enactment

VIII I must apologize for the necessary imperfection & probable crudity of these views upon a subject to which my attention has never been specially turned. —

I have the honor to be
Sir
Your most obedient Servant
Jno Lockwood

Revenue 1859 Dept.
Pr. of Govt. 31st Oct.

No. 1963

From Wm. Holloway Esq.

Dated 25th October, 1859
Recd. 26th

Expressing his opinion on the Bill for licensing Trades and professions.

No. 1169 - 29th October

Referred under

No. 1169

Ordered to lie over.

Fort St. Geo. 29th October 1859

Copy in a letter to Govt. dated 10th Dec. 1859 - No. 79

No. 90 & 91.