M.R.O. 14—10,000—21-4-22.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue **DEPARTMENT.**

G.O. No. 1443 — Press ~~Mis.~~

322-323

Dated 27. 8— 1860.

Not to be folded or roughly handled

No. 322. Read the following letter from W. BALMAIN, Esq., Acting Civil Auditor, to T. PYCROFT, Esq., Chief Secretary to Government, Fort Saint George, dated 16th August 1860, No. 240 :—

SIR.

1. I have the honor to bring to the notice of Government, that the Act imposing the Income Tax is not so clear in all points of detail but that different constructions may be made in regard to several Sections.

2. As so short a notice of the introduction of the Act was given, and as the audit of salaries could not well be delayed till all these doubtful points were cleared up, the Civil Auditor has acted to the best of his judgment. I think it however proper at once to submit for the information and Orders of Government, the different temporary rules which have been applied or which in my opinion should be applied in auditing the bills for July. If the rulings are considered correct, I propose to send a copy to the Civil Auditor, Fort William, as uniformity of practice at the different Presidencies is very desirable.

(1.) The ex-officio Assessor should take the oath required by Section 33.

This has not yet been done. I am not aware if Commissioners have been appointed by Government before whom the oath can be taken.

(2.) The deductions on account of the Civil Funds, Annuity and Charitable, should be exempted from Income Tax.

This has not yet been acted on, but appears to me in accordance with Section 134.

(3.) All persons whose official salary and allowances would not subject them to the Tax have been exempted. They have not been assumed to possess other property and taxed till they could prove the contrary. The procedure laid down in Sections 116 to 122 could not be applied to every Civil employee.

(4.) The rule Section 4 has been applied to the monthly deductions for the Income Tax and separately to the 3 and the 1 per cent., in every calculation the odd pies have been left out.

(5.) Pensions paid after audit have been taxed in this Office ; but Iam doubtful whether Section 30 includes Civil Auditor. In regard to pensions paid before audit, the Collectors or Treasury Officers are the Assessors and in the Audit Office the gross amount of the pensions must, I presume, be passed without any deductions.

(6.) Miiltary Officers in Civil employ though their total pay and allowances, Military and Civil, do not amount to Rupees 415 per month, have been taxed for the part of their Income derived from the Civil Department. This appears to me contrary to the Section 127.

(7.) Persons not in the Army but employed in Police Corps are they exempted under Section 127 ? The European Police of Madras have not been charged with the Tax.

(8.) Military men in Civil employ, whose consolidated salary or whose Military pay and Civil allowance exceed a Captain's pay are charged on the total, after deductions on account of Tentage and Horse Allowance.

3. As it is important that the correct interpretation of these several points should be laid down as soon as possible, I hope that an early reply may be sent conveying the Orders of Government.

No. 323. ORDER THEREON, 27th August 1860, No. 1,443.

1. As the questions stated in this letter must be settled in the same way throughout India, the Governor in Council resolves to transmit them for the decision of the Government of India.

2. It appears to this Government that stoppages have been improperly made in the cases numbered 2 and 6; and that the sums so levied must be refunded.

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

Proceedings of the Madras Government, Revenue Department,
27th August 1860.

Ordered in consequence that the following letter be despatched.

No. 324. From J. D. BOURDILLON, Esq., Secretary to the Government of Fort Saint George, to W. GREY, Esq., Secretary to the Government of India, dated 27th August 1860, No. 1,444.

SIR,

1. I am directed by the Honorable the Governor in Council to forward the accompanying letter from the Acting Civil Auditor, dated 16th instant, requesting the Orders of Government on certain doubtful points connected with the Income Tax Act No. XXXII of 1860.

2. As the questions raised by Mr. Balmain in this letter will require to be treated uniformly at all the Presidencies, this Government have considered it proper to submit them for the decision of the Government of India. It appears to this Government that contributions of the Civil Fund and the Civil Salaries of Military Officers in Civil employ, have been improperly subjected to the Income Tax, by the late Acting Civil Auditor; and that the sums so levied will need to be refunded.

Gen.l Dep.

Recd the following letter

No 240.

From.

W Balmain, Esqre.

Acting Civil Auditor.

To,

T. Pycroft, Esqre.

Chief Secretary to Govt.

Sir, Fort Saint George, 16th Augt 1860, No 240

I have the honor to bring to the notice of Government that the Act imposing the Income tax is not so clear in all points of detail but that different constructions may be made in regard to several sections.

2. As so short a notice of the introduction of the Act was given, and as the Audit of Salaries could not well be delayed till all these doubtful points were cleared up, the Civil Auditor has acted to the best of his judgment. I think it however proper at once to submit for the information & orders of Government, the different temporary rules which have been applied or which in my opinion should be applied in Auditing the bills for July If the rulings are considered correct. I propose to send a Copy to the Civil Auditor Fort William as uniformity of practice at the different Presidencies is very desirable.

The

I. The Ex Officio Assessors should take the oath required by Section 33.

This has not yet been done. I am not aware if Commissioners have been appointed by Government before whom the oath can be taken.

II. The deductions on account of the Civil Funds Annuity & Charitable should be exempted from income tax.

This has not yet been acted on but appears to me in accordance with Section 134.

III. All persons whose Official Salary & allowances would not subject them to the tax have been exempted - They have not been required to assess other property & taxed till they could prove the contrary - The procedure laid down in Sections 116 to 122 could not be applied to every Civil Employee.

IV. The rule Section IV has been applied to the monthly deductions for the income tax & separately to the 2 & the 1 per cent: in every calculation the odd pies have been left out.

V. Pensions paid after Audit have been taxed in this Office; but I am doubtful whether Section 30 - includes Civil Auditor. In regard to pensions paid before Audit the Collectors or Treasury Officers are the Assessors and in the Audit Office the gross amount of the pensions must I presume be passed without any deductions.

VI. Military Officers in Civil Employ though their total pay & allowances Military & Civil do not amount to Rs 415. per month have been taxed for the part of their income derived from the Civil Department - This appears to me contrary to the Section 127.

VII. Persons not in the Army but employed in Police Corps are they exempted under Section 127? The European police of Madras have not been charged with the tax.

VIII. Military men in Civil Employ whose consolidated Salary or whose Military pay & Civil allowances exceed a Captain's pay are charged on the total, after deductions on account of Tentage & horse allowance.

As it is important that the correct interpretation of these several points should be laid down as soon as possible I hope that an early reply may be sent conveying the orders of Government.

I have the honor to be,
Sir,
Your most obedient Servant.

H. Salmon
Acting Civil Auditor.

F. A. Saint George
Civil Audit Office
16th August 1860

Rev. Dispr

No 1444

To

W Grey Esqre

Secy to the Govt of

India

Sir,

I am directed by the Honorable the Governor in Council to forward the accompanying letter from the Acting Civil Auditor dated 16th Instant requesting the orders of Govt on certain doubtful points connected with the Income Tax Act No XXXII of 1860.

2. As the questions raised by Mr Bateman in this letter will require to be treated uniformly at all the Presidencies, this Govt have

---

Rev. 1880 [illegible]
Pro: of Govt for August
No 1708.
From,
The Actg Civil Auditor,
Fort St George,
To,
The Chief Secy to Govt
Dated 16th August 1860.
Received 17 — do —
No 2210.
From Govt of India 14th Septr [illegible]
No 2141 on [illegible] 11 Octr 1860.

Requests information on certain points connected with the Income tax Act.

Copy to the [illegible] of the Income Tax [illegible] Commissioners [illegible]
11 Octr 1860.

No 3224 & 3225

No 1443. 27th Augt.

Immediate

No 1443

As the questions in this letter must be decided in the same way throughout India, the Governor in Council resolves to transmit it for the decision of the Govt of India.

2. It appears to the [illegible] the references made in the numbered 2 and 5, and [illegible] the [illegible] be [illegible] recorded

Fort St Geo.
27th Augt 1860

3 Copies by the Civil Auditor. Dispt No 28 to Govt of India

have considered it proper
to submit them for
the decision of the
Govt of India. ~~&c~~
It appears to this Govern-
~~ment to be~~ ment that contributions
~~to the deductions~~
to
~~made on account of~~
the Civil Fund ~~&c~~
~~ready and shortly~~
and ~~from~~ the Civil
salaries of Military
Officers on civil em-
ploy, ~~the Government~~
~~think with the Acting~~
~~that deposits~~
~~Civil Auditor~~ have
been improperly subjected to the Income tax, by
the late Acting Civil
Auditor;
and that the sums
so levied will accord
to be refunded.

Fort St. Geo. 27 August 1860