M.R.O. 14—10,000—21-4-22.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 1930 Press
~~Mis.~~

362-363

Dated 22 — 10 — 1860.

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department,
22nd October 1860.

No. 362. Read the following Proceedings of the Madras Government in the Financial Department, dated 15th October 1860, No. 517 :—

Communicating for information and guidance a Resolution of the Government of India, exempting all official deductions from taxation. (Vide Financial Proceedings, 15th October 1860, Nos. 29, 30.)

No. 363. ORDER THEREON, 22nd October 1860, No. 1,930.

Ordered to be communicated to the Board of Revenue and the Offices of Civil and Military Audit.

(Signed) C. G. MASTER,
Deputy Secretary to Government.

FINANCIAL DEPARTMENT.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

Read the following Extract from the Proceedings of the Government of India, in the Financial Department, dated 21st September 1860, No. 9,647.

Read a Memorandum by Mr. C. Ashe and seven other Assistants belonging to the Office of the Secretary in this Department, dated 15th instant, representing that the Civil Auditor has, in auditing the pay abstract of the office for August last, taxed that portion of the salary of the establishment which in the shape of *fines* is credited to Government, although under Rule 12, Section C, of the Income Tax Act, all official deductions are exempted from taxation.

Read endorsement to the Officiating Civil Auditor, Fort William, No. 9,224, dated 15th instant, forwarding the above for report.

Read a letter from the Officiating Civil Auditor, Fort William, No. 2,979, dated 17th instant, stating, with reference to the above, that "the rule quoted refers to 'official deductions' from salaries, and the question at issue is, therefore, whether a fine is to be regarded in the light of an official deduction or treated simply as a punitive measure," the Auditor says that he has "allowed no exemption in such cases, on the supposition that fines should be held in the latter of these two senses, and therefore no more admissible to the indulgence of exemption than they would be were they inflicted by a Police Magistrate or other Judicial authority, the argument of which is that the Government should not in equity suffer through the misbehavior of an individual."

RESOLUTION.—The Governor General in Council observes, that the Auditor is wrong in the above view.

2. It cannot, in the opinion of His Excellency in Council, be intended that Clerks should pay Income Tax on any portion of salary stopped by way of fine by the head of the office in which they are serving, in the manner indicated in the cases adverted to; and he accordingly directs that in the cases in question, the amount of tax so levied be refunded. The assessment should be made only on the amount paid to the Clerks, though the fact of that amount being liable, or otherwise, in any particular month will fairly be held to turn on the total amount of salary assigned to their respective appointments.

3. Thus, a man whose salary is Rupees 20, and who has been fined 10 Rupees in any month, will in that month have to pay Income Tax on 10 Rupees only.

Ordered, that a copy of the above resolution be forwarded to the Civil Auditor, Fort William, for information and guidance, with reference to his letter, above noticed.

Ordered, also, that a copy of the above resolution be sent to the Sub Treasurer, Fort William, for information and guidance.

* *Home, Foreign, Military, and Public Works Departments.*
† *Governments of Bengal, North Western Provinces, Punjab, Madras and Bombay.*
‡ *Chief Commissioner of Oude; Commissioners of Nagpore, Pegu, and Tenasserim Provinces, and Resident at Hyderabad.*
‖ *Civil Auditors, North Western Provinces; Punjab, Madras and Bombay.*

Ordered, also, that a copy of the above Resolution be forwarded to the Departments,* Governments,† Administrations,‡ and Auditors,‖ noted in the margin, for information and guidance, and for the issue of further necessary orders.

(A true Extract.)
(Signed) C. HUGH LUSHINGTON,
Secretary to the Government of India.

ORDER THEREON, 15th October 1860, No. 517.
Communicated to the Revenue Department.
(True Extract.)

Chief Secretary.

To the Revenue Department.

Exd. F. Cartledge.

10 spare copies

Revenue 1860 Depart
Pro: of Govt. for October.

No. 2319.

Proceedings of the Mad. Govt. in the Financial Department.

Dated 15th October 1860.
Rec'd 20th

Communicating for information and guidance a Resolution of the Govt. of India exempting all offl. deductions from taxation

No. 1930-22d Octr.
With an

No. 1930

Ordered to be communicated to the Board of Revenue and the Officer of Civil and Military Audit.

C. Trevelyan

Fort St. Geo.
22d October 1860

To Mgt to
1 Bd. of Rev. Dispt. 22d
1 Civil Auditor
1 Mily Acct. Genl.
1 Income Tax Commissioners
1 do Special Commissioners

with Pro.
F. D. Dis. 31st.

No 362 & 363.