M.R.O. 14—10,000—21-1-22.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 2032 Press ~~Mis.~~

39-40

Dated 2 — 11 — 1860.

Not to be folded or roughly handled

Read the following letters :—

No. 39. From F. N. MALTBY, Esq., Resident of Travancore and Cochin, to T. PYCROFT, Esq., Chief Secretary to Government, Fort Saint George, dated Trevandrum, 20th October 1860, No. 69.

SIR,

I have the honor to submit for the information of Government the annexed copy of a letter from the Dévan of Cochin, No. 513, dated the 10th instant and of my answer No. 1,751, of this day's date, in which I hope, I have correctly expressed the views of the Government of India, with regard to the Income tax levied on the funded property of the Cochin Sirkar.

From W. BATES, Esq., Deputy Collector, to T. SHUNGOONY MENON, Dévan of Cochin, dated Calicut, 6th October 1860, No. 5,606.

SIR,

1. Referring to your letter of the 1st instant, No. 490, I have the honor to enclose an order on the Cochin Treasury for Rupees 14,112, being interest for the 34th and 35th half years on the accompanying four Promissory Notes of the 4 per cent. Loan of 1842 and 1843 minus Rupees 288 deducted in accordance with the orders of Government on account of Income tax on the Interest for the latter half year which fell due on the 1st August 1800.

2. A reference to the Accountant General being deemed necessary before paying you the interest on the three notes of the 5 per cent. Loan standing in the name of "Vencata Row, Dévan of Cochin," I have this day addressed that Officer on the subject and on the receipt of his reply, the same will also be made payable to you at Cochin if the state of funds in that Treasury at the time will admit of it.

3. I shall be obliged by your remitting to me the Ship Postage* on the enclosed envelope of your letter under reply.

* 1 *Anna.*

(True Copy.)

(Signed) F. N MALTBY, *Resident.*

From T. SHUNGOONY MENON Dévan, to F. N. MALTBY, Esq., British Resident of Travancore and Cochin, dated Cochin, 10th October 1860, No. 513.

SIR,

1. I have the honor to forward herewith for your information copy of a letter to my address, No. 5,606 of the 16th instant, from the Deputy Collector of Malabar, in which he states that the demand for Income tax on money vested by this Government in British Securities is made in accordance with the orders of Government.

2. I cannot help observing that such a demand by the paramount authority from a friendly State in subsidiary allowance with it would certainly not be consistent with justice. I am inclined therefore to believe that the orders, to which the Deputy Collector alludes, were either issued by the Government inadvertantly or have been misconstrued by himself.

3. Feeling convinced that you will coincide with me in opinion as to the impropriety, nay the injustice, of the demand in question, I leave the matter in your hands in the hope that you will be so good as to adopt such measures regarding it as you may deem necessary.

(True Copy.)

(Signed) F. N. MALTBY, *Resident.*

From F. N. MALTBY, Esq., Resident of Travancore, to the Dévan of Cochin, dated Trevandrum, 20th October 1860, No. 1,751.

SIR,

1. I have the honor of acknowledging your letter of the 10th instant, No. 513, on the subject of the Income tax levied upon the money invested by the Cochin Sirkar in the British India Funds.

2. You must be so fully aware of the circumstances under which the Government of British India have resolved to raise by an Income tax a revenue to meet their increased expenses, that it is unnecessary that I should dwell upon the subject. I will only observe that in all the discussions which have taken place on this important subject, the justice of the tax has been generally admitted. The difficulty attending the levy of such an impost in India has occupied the serious attention of the Government, but the tax which requires each subject of the Government to contribute in proportion to his means is the most equitable that can be devised, and now that it has become law, every loyal subject of the Government must cheerfully contribute his own share, and give every assistance in his power towards carrying out the views of the Government.

3. The question, whether the money invested in the British Funds by States in Subsidiary alliance with the British Government is liable to be taxed in common with all other income enjoyed under the protection of the British Government, has been considered by the Supreme Government; and it has been decided, that it is so. Just as any property in land and houses which the Rájás might purchase or possess in British territories would be liable to any taxation imposed on property generally, so the income derived by them from the British Funds is considered liable to this general impost. A special tax on funded property would not be a just tax, but when all those who hold property in British India are called upon to pay in proportion to their income, the property enjoyed by the Rájás in British Funds cannot, the Government have decided, be exempt.

4. This decision is in conformity with the practice in Europe. When the Income tax is imposed in England, all property held by foreigners in England, inclusive of investments in the funds pays the Income tax in common with property held by Englishmen, as all are equally enjoying the protection of the English Government with regard to property in England.

5. The British Government after mature consideration having thus decided, I am sure the decision will be cheerfully acquiesced in by all their faithful allies and subjects, and all will join in endeavoring to give effect to the laws deliberately passed by the Government under whose protection they enjoy so many blessings.

No. 40. ORDER THEREON, 2nd November 1860, No. 2,032.

The Government fully approve the reply given by the Resident to the Dévan of Cochin, on the subject of Income tax being levied on Government Securities held by His Highness the Rájá.

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

(21) Revenue 1860 Depl
From Pro: of Govt for Foreign
The Resident of
Travancore Cochin

To The Chief Secretary
to Government
Fort St George

Dated 20 October 1860.
Rect

No 69.

Enclosures annexed.

No 2032 - 2 Nov

N.

Forwards for the information of
Govt copies of letters from & to the De-
wan of Cochin regarding the levy
of Income Tax on the funded
property of the Cochin Sirkar.

Withdrawn Order

No 39440

Copy Cochin R 2 Nov

Fort St George
2 Nov 1860

Copy of a letter from the Resident of Cochin
to the Chief Secretary to Government
Fort St George