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M.R.O. 14—10,000—21-4-22.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 2207 Press ~~Mis.~~

381-382

Dated 22-11 1860.

Not to be folded or roughly handled

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

No. 381. Read the following letter from ARTHUR HALL, Esq., President to the Income Tax Commission, to J. D. SIM, Esq., Acting Secretary to Government, Revenue Department, dated Madras, 16th November 1860, No. 21 :—

SIR,

1. I have the honor by desire of the Income Tax Commissioners, to submit for the ruling of Government, the following case which came before the Board, at their last meeting, and upon which, there was a difference of opinion.

2. " A house of business proves, that their profits during the past year, were " nil." Is this firm liable, or not, to be taxed upon the current year, and if so upon what data should the Assessment be made ?"

3. Section 98, Rule 2 provides for the assessment of those commencing business within the year of Assessment, but rules do not appear to have been laid down in regard to cases of the above description.

Ordered that the following letter be despatched.

No. 382. From J. D. SIM, Esq., Acting Secretary to the Government of Fort Saint George, to the Secretary to the Government of India, Financial Department, dated 22nd November 1860, No. 2,207.

SIR,

1. I am directed to submit for the orders of the Right Honorable the Governor General in Council a question on which there has arisen a difference of opinion among the Income tax Commissioners of the town of Madras.

2. A house of business proves that their profits during the past year were "nil." Is this firm liable or not, to be taxed upon the current year, and if so, upon which data should the assessment be made ?

3. The Commissioners point out that though Section 98 Rule 2 of the Income Tax Act provides for the Assessment of those commencing business within the year of assessment, no rules have been laid down with regard to cases of the foregoing description.

4. This Government, I am to state, are of opinion that the fact of a firm having made no profits last year, should not preclude their liability to be taxed on the profits which they may make during the current year. For the convenience of the public, the duties to be charged are permitted to be computed upon the profits of the preceding year, but it could hardly have been in contemplation by the framers of the Act, to give up all hold on an individual or firm during the first year of the act coming into operation because no profits had been made in the year preceding.

5. The question being, however, of general importance, and one upon which a similarity of procedure throughout India is desirable, I am instructed to solicit the orders of the Supreme Government upon it.

Revenue Dept.

No 2207

The Secretary to the Govt of B
India. Financial Dept.

Sir

I am directed to
submit for the orders of the Right
Hon: the Governor-General in Coun-
cil a question on which there has
arisen a difference of opinion
among the Income tax Com-
missioners of the Town of Madras.

2 A house of Business
proves that their Profits during
the past year were "nil". Is
this firm liable or not, to be
taxed upon the current year's
and if so, upon which data
should the assessment be
made?

3 The Commissioners
point out that though Sec. 28
Rule 2 of the Income Tax Act
provides

provides for the Assessment of those commencing business within the year of assessment, no Rules have been laid down with regard to cases of the fore-going discription

4 This Government, I am to state, are of opinion that the fact of a Firm having made no profits last year, should not preclude their liability to be taxed on the profits which they may make during the current year. For the convenience of the public, the duties to be charged are permitted to be computed upon the profits of the preceding year, but it could hardly have been in contemplation by the Framers of the Act, to give up all hold on an individual or firm during the first year of the act coming into operation because no profits had been made in the year preceding.

5. The question being, however, of general importance, and upon which a similarity of procedure throughout India is desirable, I am instructed to solicit the orders of the Supreme Govt upon it

C Elliott

Fort St. George
2d November 1860.

12 Copies Pt. J. Taylor Esq. Asst. Sec.

Revenue 1860 Dept.
Pro: of Govt for Nov.

No 2207.

To
The Secretary to the
Govt of India.
Financial Depart.
Dated 22nd November 1860.

Rec'd 7-12-60 Jan 7 1861 Cons. 345
in pro: 28th Feby No. 464.

Forwarding for orders a question on which there has arisen a difference of opinion among the Income Tax Commissioners of the Town of Madras.

Nos 381 & 382.

Govt of India

Regarding a certain question connected with the Income Tax