M.R.O. 14—10,000—21-4-22

MADRAS RECORD OFFICE.

Government of Madras.

Revenue **DEPARTMENT.**

G.O. No. 1800	Press Mis.
108-40	
Dated 11-9-	18 6 .

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department, 11th September 1861.

No. 108. Read the following letter from R. P. HARRISON, Esq., Accountant General, to J. D. SIM, Esq., Secretary to Government, Revenue Department, dated Fort Saint George, 17th August 1861, No. 109:—

SIR,

1. I have the honor to submit for the orders of Government, or for reference to the Government of India, if thought necessary, copy of a letter dated 22nd June last, and its annexure, received from the Secretary to the Madras Military Fund, suggesting, with reference to the Orders of the Government of India in the Financial Department, dated 16th March 1861, No. 3,213: —

(1.) That the Fund shall be taxed on the net amount of their receipts only, and

(2.) That the probable amount of tax leviable be paid in quarterly to the Sub-Treasurer, and that it be open to future adjustment on the receipt of the regular accounts.

2. It is not clear from paragraph 14 of the order in question, whether the assessment is intended to be made, on the net amount of income, or on the gross receipts on account of subscriptions and interest, leaving it to the Directors to recover, *pro rata*, from the recipients of pensions in India, and claim a refund or compensation, on the amount of annuities paid in England, on the receipt of account current from the Home authorities. In the latter case it appears questionable, whether the Managers of the Fund could legally exercise the functions of Assessors; and, as the course which is pursued in respect to similar institutions in Bengal has not been communicated to me, I have, as heretofore, assessed all interest on Government Promissory Notes, payable to the Manager of the Military Fund, reserving the recovery of the tax on subscriptions to be made on the adjustment of the accounts for the past year, when also refunds would be allowed on payments made in England, as well as in India, where pensions, &c., are disbursed on cheques or orders on the Sub-Treasurer, who has ex-officio Assessor levies the tax from recipients who are liable to pay.

3. An analysis of the account current which accompanies Captain Obbard's letter shows, however, that the transactions of the Fund embrace other items than mere receipt on account of subscriptions and interest on Government loans, and payments on account of annuities, as will be seen from the summary entered in the margin. It will be seen, too, that many of the items are of a character that do not come under the cognizance of this Office, and, as the accounts, in which they are embodied cannot be prepared within a twelve month of the period to which they appertain, I think the interests of the Government would be better secured if the action of this Office were applied, in the first instance, to all *bonâ fide* current income and charges passing through the public account in India. Under such an arrangement I would continue to assess orders for interest on Government loans, and subscriptions and donations received into the Treasury, and allow an abatement on the monthly sums disbursed on account of annuities, and such other payments as the Government may determine to recognize as charges on which the Managers are entitled to compensation; and leave the final adjustment to be effected on receipt of the annual accounts of the Fund. The tax payable by recipients of pensions in India would be levied by the Sub-Treasurer. As it is desirable that a uniform mode of assessment should be observed in all the Presidencies, I have been induced to refer the question for the orders of Government.

INCOME OR RECEIPTS.

1. Donations.
2. Subscriptions.
3. Minimums or recoveries from annuitants and from personal benefits to sick Officers and their families.
4. Penalty.
5. Interest, which besides interest on Government Securities includes interest on loans to Officers and in arrears of Donations and Subscriptions.
6. Insurance of loans.
7. Gratuity from the Home Government consisting of Annual Donation, and Donation equivalent to the difference between rates of interest and exchange.

PAYMENTS.

1. Annuities.
2. Passage money.
3. Equipment allowance.
4. Income allowance.
5. Pension to Insane Officer.
6. Secretary and Agent allowances.
7. Miscellanies or Contingencies.

From Captain J. OBBARD, Secretary Military Fund, to R. P. HARRISON, Esq., Accountant General, Fort Saint George, dated 22nd June 1861.

SIR,

1. I have the honor by desire of the Directors of the Military Fund, to address you with reference to the resolutions of Government of India, dated 16th March 1861.

2. The intention of Government appears to be to tax the Military Fund on the net amount of the income, as the resolution in question, which directs the levy from the "available "income of the Fund from all sources," allows to its Managers the amount of the tax *pro rata* from all payments in India, and compensation for the same on payment of annuities (and it is supposed other allowances there granted, which if paid in this country would be liable to a tax) disbursed in England.

3. At present the orders for payment of the interest on Government securities to the amount of nearly 80 lacs are passed periodically as subject to Income Tax, and the Fund is consequently *pro tem* assessed for a larger amount than can ultimately be claimed from it, for on account of the delay (from 12 to 14 months) in furnishing the accounts of disbursements through the India Office, the Managers of the Fund are necessarily precluded during that long interval from claiming the amount of compensation the Fund is entitled to.

4. In addition to this, the Sub-Treasurer recovers and credits to Government the Income Tax leviable from the orders which are issued from this Office in favor of pensioners, or of Officer's subscribing to the Fund who draw passage money or other sick allowances.

5. The mode proposed by the Directors to obviate the inconvenience arising from the delay in the receipt of the India Office accounts, is as follows:—

(1.) That the Fund shall be taxed on the net amount of their receipts only.

(2.) That the probable amount of tax leviable be paid in quarterly to the Sub-Treasurer, and that it be open to future adjustment on the receipt of the regular accounts.

6. I beg to enclose the last account current of the Military Fund, made up to the 30th April 1860, for the purpose of explanation and to establish the *formula* for future assessments.

The total receipts amount to.....15,77,329 4 8
and the disbursements to.....10,88,327 5 1
leaving a balance of Rupees.....4,89,001 15 7

liable to Income Tax, which it is proposed to pay quarterly in arrears into the hands of the Sub-Treasurer by means of a transfer order.

7. In the event of this mode of payment being found convenient, the orders for interest on the Fund's Government securities will of course be passed free of Income Tax, and the Sub-Treasurer will continue to levy and credit to Government the Income Tax from all orders issued from this Office, which have been pronounced by the Government of India to be taxable.

(True Copy.)

(Signed) A. LAMARENDIER,
Acting 2nd Assistant Accountant General.

No. 109. ORDER THEREON, 11th September 1861, No. 1,800.

The Government resolve to refer this letter and its enclosures for the decision of the Government of India.

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

Ordered that the following letter be despatched.

No. 110. From J. D. SIM, Esq., Secretary to the Government of Fort Saint George, to the Secretary to the Government of India, Financial Department, dated 11th September 1861, No. 1,801.

SIR,

I am directed to submit for the consideration and orders of the Government of India, a letter from the Accountant General, dated 17th ultimo, No. 109, with its enclosures, relating to the mode of taxation which should be applied to the Madras Military Fund in connection with Act XXXII of 1860.

Rec'd 1861

No. 1801

To The Secretary to the Govt of Madras.
Financial Depart.

Sir,

I am directed by the Court of Directors to transmit herewith a Despatch from the Govt of Madras, dated 17th ult. No. 109, with its enclosures, relative to the claims of the Madras Military Fund on certain proceeds of the Madras Income Tax, which the Court desire may be referred to the Madras Government for report.

I am, Sir,
Your most obedient
humble Servant
(Signed) [illegible]

Examined

Rec'd 13th April 1861 No. 2114
2112

Rec'd 1861 Department
Pro: of Govt for Sept. 1861
No. 2008
From
The Accountant General
To The Secretary to
Government
Revenue Depart.
Dated 17
Rec'd 22 August 1861.
(Encl 2)
From Govt of Madras 25 Nov/60
No. 29 No. 109

Submitting a letter from the Secretary to the Madras Military Fund on certain points connected with Income Tax.

No. 1800. 11. Sept.

Not seen by Govr Genl.

forth per order

1800

No. 1800

The Govt resolve to refer this letter, and its enclosures for the decision of the Govt of India.

Fort St George
11th Sept. 1861.

with Encls sent
Copy to the Govt of
India Financial
Printed Paper—
11 Sept/61 R. 1801.
No. 108 & 109.
Sept 20

Copy

Letter to Govt of India

Madras Military

Fund