No. 112. Read the following Endorsement of the Consulting Engineer for Railways, dated 6th September 1861 :—

Read the following letter from W. S. BETTS, Esq., Agent Great Southern of India Railway, to Lieutenant-Colonel C. C. JOHNSTON, Consulting Engineer for Railways, Madras, dated Negapatam, 3rd September 1861, No. 196.

SIR,

1. I beg to attach copy of a correspondence which I have had with the Collector of Tanjore, relative to the remission of certain Income Tax paid by the Inspectors and Apothecaries holding appointments on the Great Southern of India Railway.

2. The duties of each of these people necessitate the use of a horse, and they have been taxed upon the sum specially paid them for horse allowance.

3. Members of the Civil, Military, and Naval Departments of the Government, are exempted from the payment of tax on such an allowance, and I now ask for your assistance in obtaining a similar remission in favor of the Railway servants.

4. Members of each of the Departments above-named have a representative to advocate their interests with Government. I hope you will pardon me for looking upon you as not only the representative of Government in the Railway Department, but also as the channel through which Railway employés can more immediately bring their petitions under the consideration of Government.

5. Looking at the position occupied by Railway servants in this country, the Government might feel disposed on your recommendation to make the remission now applied for.

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1. Forwarded for the information of Government.

2. From paragraph 3 of the observations on which the orders of Government, No. 143, dated the 25th February 1861, was passed, it will be seen that the President of the Income Tax Commission " declared that, considering payment on account of " over time" to be a *casual* " income, he would exempt the men drawing such extra pay from the Income Tax."

3. Under the orders of Government, Nos. 92, and 431, dated 16th February 1859, and 21st July 1860, the payment of horse allowance to the Apothecaries and Inspectors of the Great Southern of India Railway was sanctioned; to the former Rupees 10 and to the latter Rupees 15 per mensem, such allowance may fairly be considered " extra pay," as in the case of payment for " over time," and as such may, it appears to me, be properly exempted from the Income Tax.

(Signed) C. C. JOHNSTON, Lieut.-Colonel,
Consulting Engineer for Railway.

From W. S. BETTS, Esq., Agent Great Southern of India Railway, to W. M. CADELL, Esq., Collector of Tanjore, dated Negapatam, 22nd August 1861.

SIR,

1. The Inspectors and Apothecaries employed in this Company claim exemption from Income Tax upon 15 and 10 Rupees respectively of their salary monthly, on the plea of this sum being allowed them as horse allowance, though it is charged as consolidated pay.

2. This plea is a correct one, as I find on referring to Consulting Engineer's letters, numbers, and dates, as per margin,* that the horse allowance is stated separately as 10 and 15 Rupees respectively, though afterwards entered in the Forms A. as consolidated pay.

* No. 22, dated 21st January 1859.
No. 67, dated 3rd May 1859.

3. I have the honor to enclose herewith a statement of the amount overpaid by them, and request you will be good enough to instruct me if their claim can be complied with, and if so, if I could deduct that amount before my paying in the next instalment to the Tahsíldár.

From W. M. CADELL, Esq., Collector of Tanjore, to W. S. BETTS, Esq., Agent Great Southern of India Railway, dated Tanjore, Vallam, 30th August 1861, No. 112.

SIR,

With reference to your letter of the 22nd instant, I have the honor to observe that Section 129 of Act XXXII of 1860, exempting travelling, &c. allowances, from Income Tax applies only to Officers in the service of Government either Civil, Military or Naval, and as the employés in the Railway Department belong to none of these classes, I am of opinion that their claim to exemption on their horse allowance is not admissible.

Statement of persons taxed in excess from July 1860 *to July* 1861.

	Amount of Income Tax paid.			Actual amount to be paid.			Difference.			Remarks.
	RS.	A.	P.	RS.	A.	P.	RS.	A.	P.	
Inspector T. Tod...	49	8	0	44	1	0	5	7	0	
Do. J. Western	61	8	0	54	12	0	6	12	0	
Apothecary Kistnasawmy Náyudu	13	4	0	11	0	0	2	4	0	
Inspector J. Allexander	26	0	0	9	12	0	16	4	0	
Do. A. T. Jaffrey	73	12	0	66	7	0	7	5	0	
Apothecary Ubboy	52	0	0	43	1	0	8	15	0	
Inspector Dart...	26	0	0	9	12	0	16	4	0	
Do. Cochrane	66	10	0	59	5	0	7	5	0	
Apothecary Rouse	81	2	0	73	7	0	7	11	0	
Do. Appasawmy	16	0	0	6	0	0	10	0	0	
Inspector W. M. McCracken	10	0	0	3	12	0	6	4	0	
Do. T. McCracken	55	11	0	47	4	0	8	7	0	
Do. C. Redwood	67	6	0	59	6	0	8	0	0	
Apothecary Dorasawmy	37	11	0	32	3	0	5	8	0	
	26	0	0	9	12	0	16	4	0	
Rupees...	662	8	0	529	14	0	132	10	0	

AGENT'S OFFICE,
NEGAPATAM,
22nd August 1861.

(Signed) WILLIAM S. BETTS, *Agent.*

(True Copies.)

3rd September 1861.

(Signed) WILLIAM S. BETTS, *Agent.*

No. 113.

ORDER THEREON, 8th October 1861, No. 1,949.

1. The Consulting Engineer for Railroads submits, for the favorable consideration of Government, an application from the Agent, Great Southern of India Railway, for the exemption from Income Tax of the allowance granted to the Inspectors and Apothecaries on that line for the keep of horses.

2. The Agent, it appears, had applied to the Collector of Tanjore, who considered that Section 129 of Act XXXII of 1860, was applicable only to Officers in the service of Government.

3. The Consulting Engineer is of opinion that the extra allowances in question, which were sanctioned in the orders quoted by him in paragraph 3 of his observations, may be properly exempted for the same reason which led the President of the Income Tax Commission to declare that payments, on account of "over time" should be considered *casual* income, and therefore exempt from taxation.

4. As regards this interpretation of the Act it is observed that Ruling No. 17, "Income Tax Manual," expressly declares that "Extra remuneration paid to Clerks in the Post Office for "working extra hours on the arrival of the Overland Mails is liable to Income Tax, and that "the same rule is declared applicable everywhere and in all Departments in respect to like "allowances."

5. Under this ruling payments on account of "over time" should not be exempted.

6. But under Ruling 24 of the "Income Tax Manual," which declares that allowances on account of horses, boat-hire, and travelling made to Railway Officers, are not chargeable with Income Tax, the allowances referred to in the present correspondence may be properly exempted.

(Signed) J. D. SIM,
Deputy Secretary to Government.

No 1949

Proceedings of the Madras Government

Under date the 8th October 1861

Read the following

letter from the Agent Great

Southern of India Railway

Recommending that

the sanction of Govt ~~might~~ be

~~obtained for~~ a remission of

Income Tax on the horse

allowance of Apothecaries and

Inspectors employed on the

Railway.

(Here enter 3rd September 1861

No 196)

The Consulting

Engineer for Railroads

submits for the favorable

consideration of Government

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(9)

Exemption from taxation of the horse allowance to Apothecaries &c &c of the G. S. & R. Co.

I do I

13 Copies - President Income Tax Comrs.
3 " Special Comrs. of Do
14 " Board of Revenue.
3 " Accountant General.
3 " Civil Paymaster.
1 " Agent Great Southern of India Railway
4 " Financial Railway Dept.

Do for table Book

1st October 82

5-6
18-2-59
90-1
21-7-60
138+136
25-2-61

Revenue 1861 Departt.
Pro: of Govt for October.

No 1949.

Pro: of the Madras Govt:-
Dy 8th October 1861.

Exempting from Income
Tax the allowance granted
to Inspectors and apothecaries
on the Great Southern of India
Railway for the keep of
Horses-

No 112 & 113.