M.R.O. 14—10,000—21-4-22.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue **DEPARTMENT.**

G.O. No. 2267 Press
~~Mis.~~

46-47

Dated 7—12— 1861.

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department, 7th December 1861.

No. 46. Read the following Proceedings of the Board of Revenue, dated 8th November 1861, No. 6,132 :—

Read the following letter from R. S. ELLIS, Esq., C. B., Income Tax Commissioner, to W. HUDLESTON, Esq., Secretary to the Board of Revenue, Chepauk, dated Madras, 4th November 1861, No. 1.

SIR,

1. I have the honor to solicit the Board's instructions on the following points connected with Act XVIII of 1861.

2. This Act provides for imposing a "Duty on Arts, Trades, and Dealings," and in Schedule A appended to the Act it is stated that every person who shall exercise any Art, Trade or Dealing for gain or profit shall be liable to pay the tax in one of these classes.

3. It is very desirable that there should be no doubt as to the persons who are subject to the provisions of Act XVIII of 1861.

4. There are many persons whose incomes would render them liable to be assessed in some one of these classes, and who yet may not perhaps strictly be said to exercise any Art, Trade or Dealing—as an example, there is a very numerous class of persons in the Town of Madras, who are employed as menial servants. Their wages vary from 7 to 15 or 16 Rupees per mensem. Are these persons to be exempted from the payment of the tax under Act XVIII of 1861? or should domestic service be considered a calling liable to taxation under this Act?

5. It seems unreasonable that this numerous class, who are better able to pay this tax than the lowest class of artizans, should altogether escape.

6. Again there is a numerous class of Petty Clerks and Gumáshtas who are exempt from the payment of Income tax, but whose gains would render them liable under Act XVIII of 1861.

7. So also Ship Dubashes, Law Dubashes, Petition writers form a numerous class in Madras; are these liable to the tax on "Arts, Trades, and Dealings?"

8. It is difficult without some more definite instruction than is contained in the Act itself, to determine the limit to be assigned to the terms Arts, Trades and Dealings, and I, therefore, have thought it advisable to make this reference before commencing to carry the Act into effect in the Town of Madras.

9. With reference to paragraph 9 of the Board's Circular, No. 5,107, I have the honor to submit, that it will be perhaps more convenient in the Town of Madras to collect the tax, by a single demand, except in such special cases where a relaxation of such rule would render the payment easier. In the Provinces parties, who are subject to this tax, are accustomed to the payment of the Mohturfa tax by instalments, as is the case with their payments of Land Revenue and the periodical visits to the Revenue Kacheris for these purposes are usual and give little trouble. But after consulting with the Deputy Collector of Madras, who has a large experience of the difficulties attendant on collecting small sums of money due for quit-rent and ground rent, I am disposed to think that it will facilitate the collection of the tax on Arts, Trades, and Dealings, if the amounts due by the three classes are made payable on a single demand. The frequent visits of the subordinate officers employed in collecting such a tax facilitate petty extortions, and make the tax more unpopular than it would otherwise be.

10. Schedule A of Act XVIII of 1861, contemplates the payment of the tax by all who may exercise any Art, Trade or Dealing, for *any period* between 1st August 1861, and 1st August 1862, so that in reality the total amount of the tax is, in the majority of cases, absolutely due at the present date.

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1. The Board observe that the point raised by Mr. Ellis has been set at rest by the ruling of the Supreme Government, communicated with the Proceedings of Government, dated 5th November 1861, No. 2,113, Revenue Department.

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2. The Board see no reason to object to Mr. Ellis' proposal for the payment of the tax in one sum instead of by instalments, provided that as a rule the payment be made within the first three quarters of the year at latest, discretion being left for relaxation in cases where grounds exist.

3. The sanction of Government will be requested for the arrangement proposed, to have effect in Madras Town.

(A true Copy and Extract.)

(Signed) W. HUDLESTON, *Secretary.*

No. 47. Proceedings of the Board of Revenue, dated 25th November 1861, No. 6,544:—

Read the following letter from R. S. ELLIS, Esq., C.B., Income Tax Special Commissioner, to W. HUDLESTON, Esq., Secretary to the Board of Revenue, Chepauk, dated Madras, 23rd November 1861, No. 2.

SIR,

1. I have the honor to acknowledge the receipt of the Proceedings of the Board of Revenue, dated 8th November, communicating the ruling of the Supreme Government, contained in Mr. Secretary Lushington's letter to the Chief Secretary to the Government of Bombay, dated 5th October 1861, No. 12,094.

2. In this letter it is pointed out "that Act XVIII of 1861 taxes any Art, Trade or *Dealing*, and that the term *dealing* was advisedly used instead of calling," and it is added, "this definition, therefore, exempts *most but not all* menial servants, unskilled laborers and Priests."

3. It is of importance that the intention of the Supreme Government should be clearly ascertained, as to what classes of menial servants, unskilled laborers and Priests are liable to taxation under Act XVIII of 1861, and I would, therefore, respectfully suggest that a reference be made upon this subject to the Supreme Government.

Ordered to be submitted to Government with the Board's recommendation that such a ruling be obtained from Calcutta as shall place the matter beyond doubt.

(A true Copy and Extract.)

(Signed) W. HUDLESTON, *Secretary.*

No. 48. ORDER THEREON, 7th December 1861, No. 2,267.

1. The rule laid down by the Supreme Government is that the local Governments should decide what classes are liable to pay License Tax, and refer doubtful cases only, with the reasons for and against taxation. Acting on this instruction the Governor in Council decides that domestic servants generally are exempt from the License Tax. They are doubtless, as Mr. Ellis says, often in better circumstances than artisans, but domestic service cannot reasonably be termed an art, trade or dealing, and these alone come within the scope of the License Act. The class of compredores again comes within the Act, and so also do Ship and Law Dubashes and Petition writers.

2. The Board can submit for the orders of Government any other cases in which they are in doubt.

3. The Government have no objection to the License Tax in Madras being collected in one sum for the whole year, instead of by instalments. The highest demand is only 3 Rupees and payment may be allowed in instalments at Mr. Ellis' discretion.

(Signed) J. D. SIM,

Secretary to Government.

R.D.

No. 2267

Proceedings of the Madras Govt.
Under date the 7th December 1861
Read the following
Pro. of the Bd. of Revue

Submitting a letter from the Income Tax Commissioner, recommending that his proposal of the Trade tax in one sum instead of by instalments be sanctioned. — Here enter 8th Nov. 1861 No. 6132

Submitting a letter from Income Tax Special Commissioner recommending that a reference be made to the Supreme Govt. for information regarding act XVIII of 1861. — Here enter 25th Nov. 1861 No. 6544

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Collection of License Tax in one sum instead of by instalments.—

instalments at

Mr. Ellis' discretion. —

Secret

14 Copies
To the Board of Revenue.
Dispatched

54-55

5-11-61

Board's order No 5197 of 5274/61 & No 2764/61

Revenue 1861 Departt.
Proc: of Govt. for December.

No 2267.

Proc: of the Madras Govt.
Dated 7th Decr: 61.

Exempting Domestic servants from the License Tax.

No 46 at 48.