M.R.O. 14—10,000—21-4-22

MADRAS RECORD OFFICE.

Government of Madras.

Revenue **DEPARTMENT.**

G.O. No. 829 — Press / Mis.-

205 206

Dated 13 — 4 — 18 61.

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department,
13th April 1861.

No. 205. Read the following letter from F. WALTHEW, Esq., Secretary to the Income Tax Commission, to J. D. BOURDILLON, Esq., Secretary to Government, Revenue Department, Fort Saint George, dated Madras, 16th March 1861, No. 47 :—

SIR,

1. I am desired by the Income Tax Commissioners to obtain the orders of the Government on the following question :—

2. In the rulings contained in the Madras Gazette, page 852, No. 10,437, dated 12th October 1860, Question 3 B, and in the Financial letter of the Government of India, No. 7,926 dated 3rd September 1860, it is stated "that the Civil Auditor when taxing salaries has no "concern with the other income possessed by persons in the receipt of Government salaries;" and again "the Civil Auditor is directed to tax salaries irrespective of other income, leaving the "further taxation to which the recipient may be liable to be levied by the regular Commissioners "and local Assessors."

3. It becomes known to the Commissioners that in certain cases, the salaries of Government employés have only been taxed at 2 per cent., whereas these salaries were liable to the higher rate of 4 per cent. in consequence of the recipients having other sources of income, which, added to their salaries, raise the total incomes of these recipients to an aggregate exceeding Rupees 500 per annum.

4. The Government having ruled as shown above, that the Civil Auditor should assess salaries irrespective of other sources of income, the Commissioners beg to be informed whether they should make a supplemental assessment, on the salaries of employés described in paragraph 3; this supplemental assessment consisting of the difference between the 2 per cent. rate assessed by the Civil Auditor, and the 4 per cent. rate to which the salaries were in reality liable.

5. Should the Government think it proper to modify their ruling on this subject, the Commissioners could forward to the Civil Auditor lists of the employés whose salaries, though below Rupees 500 per annum, are liable to pay the 4 per cent. rate of Income Tax.

Ordered that the following letter be despatched.

No. 206. From J. D. BOURDILLON, Esq., Secretary to the Government of Fort Saint George, to the Secretary to the Government of India, Financial Department, dated 13th April 1861, No. 824.

SIR,

1. I am directed to forward for the orders of the Government of India copy of a letter* from the Income Tax Commissioners for the Town of Madras, requesting orders on a point connected with two rulings of the Supreme Government, dated respectively 3rd September 1860, No. 7,926, and 12th October 1860, No. 10,437, Question 3 B, on a question relating to the Income Tax Act.

* *Dated 16th March* 1861, *No.* 47.

2. In the former Order it was directed that with the view of saving trouble to the Civil Auditor's Establishment, salaries below Rupees 500 per annum were to be assessed with reference to such salaries only, *i. e.* at 2 per cent., leaving any further taxation to which the recipients might be liable, to be levied by the regular Commissioners; and in the latter the Supreme Government concurred with that of Madras in thinking that the Civil Auditor had no concern with the private income of an employé, but that it should be dealt with in the same mode as the income of persons not in public employ.

3. The question now put by the Commissioners is whether the further taxation which they are authorized to make should include (together with the private income, which, of course, they tax) the levy of an additional impost on the salary, in cases where it may be liable thereto by reason of the possession of independent income, viz., the difference between the *two* per cent., and the *four* per cent.

4. Believing it to be only just that an employé who enjoys a total income of more than Rupees 500 per annum should pay on the whole a four per cent., rate, they propose to make a supplemental assessment on his salary, whenever it may have been taxed by the Civil Auditor at the lower rate in consequence of being less than Rupees 500 per annum; but they would rather that the rulings mentioned above should be modified so that the Civil Auditor may be allowed, when officially informed that an employé whom he has taxed at two per cent., is in enjoyment of other income which brought them within the higher rate, to tax the salary at once at four per cent.

5. In the opinion of this Government the latter course appears the most desirable on the following grounds:—

(1.) It would be objectionable that the same salary should be taxed by two separate authorities, and it might cause confusion in the accounts.

(2.) The rulings above quoted were designed simply to avoid trouble to the Civil Auditor, irritation to the employés, and loss to Government (see Mr. Sandeman's letter, dated 21st August 1860, referred to in the G. G. O. of 3rd September); but if the Civil Auditor can learn officially, without being put to the trouble of making inquiries, that the salaries of certain individuals are to be taxed at four per cent., though below Rupees 500 per annum, he can do it at once with a stroke of the pen, without the necessity of investigating the affairs of the employés, or causing loss to Government by keeping up an Establishment for the purpose.

(1)

No. 700.

The Commissioners request the orders of Govt on a point connected with two orders of the Supreme Govt dated respectively 3 Sept 1860. No. 7926. and 12 October 1860. No. 10437. Question 3. 6. on a question relating to the Income Tax Act.

2. In the former order it was directed that with the view of saving trouble to the Civil Auditor's Establishment, salaries below Rs. 500 per annum were to be assessed with reference to such salaries only i.e. at 2 per cent. leaving any further taxation to which the recipients might be liable, to be levied by the regular Commissioners: and in the latter the Supreme Govt concurred with that of Madras in thinking

Income Tax Act.

2. In the former order it was directed that with the view of saving trouble to the Civil Auditor's Establishment salaries below Rupees 500 per annum were to be assessed with reference to such

that the Civil Auditor had no concern with the private Income of an Employé, but that it sh? be dealt with in the same mode as the income of persons not in public employ.

3 The question now put by the Commissioners is whether the further taxation which they are authorized to make sh? include (together with the private income, which, of course, they tax) that portion of an employés salary which the Civil Auditor has left untaxed. viz. the difference between the 2 per cent & the 4 per cent.

4 Believing it to be only just that an employé who enjoys a total income of more than Rs. 500 per annum should pay on the Whole a 4 per cent rate, they propose to make a supplemental assessment on his salary whenever it may have been taxed by the Civil Auditor at the lower rate in consequence of being less than Rs. 500 per annum: but they wd rather that the rulings mentioned above sh? be modified so that the Civil Auditor might be allowed, when officially informed that the Employé whose he had taxed at 2 per cent, were in enjoyment of other income which brought them within the higher rate, to tax the salary at once at 4 per cent.

Income Tax Act.

2. In the former order it was directed that with the view of saving trouble to the Civil Auditor's Establishment salaries below Rupees 500 per annum were to be assessed with reference to such [illegible] salaries

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The latter course appears the most desirable of the two on the following grounds.

(1) It wd be objectionable that the same salary shd be taxed by two separate authorities. It might cause confusion in the accounts.

(2) The present ruling was made simply to avoid trouble to the Civil Auditor, irritation to the employés, and loss of Govt (see Mr Saunder's letter of 21 August 1860. referred to in the G. G. O. of 3 Sept.) but if the Civil Auditor can learn officially, without being put to the trouble of making enquiries in every case, that the salaries of certain individuals are to be taxed at 4 per cent though below Rs 500 per annum, he can do it at once with a stroke

(4)

of the pen, without the necessity of investigating the affairs of the employés, or causing loss of Govt by keeping up an establishment for the purpose.

The rulings having, in the one case emanated from & in the other, received the sanction of, the Govt of India, the matter perhaps shd be referred to Calcutta.

CJ Ll
March 28.

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Memo on a question relating to the Income Tax Act

No. 824.

To

The Secretary to the Government of India
Financial Depart.

Sir,

I am directed to forward for the orders of the Govt. of India copy of a letter* from the Income Tax Commissioners for the Town of Madras requesting anders on a point connected with two rulings of the Supreme Govt. dated respectively 3rd. September 1860 No. 7926, and 12th October 1860 No. 10437. Question 3. being a question relating to the Income Tax Act.

2. In the former order it was directed that with the view of saving trouble to the Civil Auditors Establishment salaries below Rupees 500 per annum were to be assessed with reference to such [illegible] salaries

* dated 16th March 1861 - No. 47.

salaries only - i.e. at 2. per cent. leaving any further taxation to which the recipients might be liable, to be levied by the regular Commissioners; and in the latter the Supreme Govt. concurred with that of Madras in thinking that the Civil Auditor had no concern with the private income of an employé, but that it should be dealt with in the same mode as the income of persons not in public employ.

3. The question now put by the Commissioners is whether the further taxation which they are authorized to make should include (together with the private income) which of course the levy of an additional impost they tax) ~~that portion of~~ on the salary, in cases where it may ~~employe's salary which the~~ be liable thereto by reason of the suspicion Civil Auditor has left unchecked. of independent income; viz: the difference between the 2. per cent and the 4. per cent.

Believing

4. Believing it to be only just that an employé who enjoys a total income of more than Rupees 500 per annum should pay on the whole at 4 per cent rate, they propose to make a supplemental assessment on his salary, whenever it may have been taxed by the Civil Auditor at the lower rate in consequence of being less than Rupees 500 per annum: but they would rather that the rulings mentioned above should be modified so that the Civil Auditor may be allowed, when officially informed that an employé whom he has taxed at 2 per cent, ~~more~~ is in enjoyment of other income which brought him within the higher rate, to tax the salary at once at 4 per cent.

In

5. In the opinion of this Govt. the latter course appears the most desirable on the following grounds.

(1) It would be objectionable that the same salary should be taxed by two separate authorities and it might cause confusion in the accounts.

(2.) The ~~previous~~ rulings above quoted were designed simply to avoid trouble to the Civil Auditor, invitation to the employés, and loss to Govt. (see Mr. Sandeman's letter dated 21st August 1860. referred to in the G.G.O. of 3rd September) but if the Civil Auditor can learn officially, without being put to the trouble of making enquiries, ~~in every case~~, that the salaries of certain individuals

individuals are to be taxed at 4 per cent though liable Rupees 500 per annum he can do it at once with a stroke of the pen, without the necessity of investigating the affairs of the employés or causing loss to Govt. by keeping up an Establishment for the purpose.

C&W

Fort St. Geo
13th April 1861

To The Govt of India

on a question relating to the Income Tax Act.

Revenue 1861 Dept.
Pro: of Govt for April

No 824.

From

The Secretary to Govt of India in the Fin. Dept.

Dd 15th April 1861.

From the Secy to the Govt of India Dd 17th May /61 No 1298

The question that the Civil Auditor should tax Govt employes on salaries below 500 Rs per annum at 4 per Cent when officially informed that their other income brought them within that rate, referred to the Govt of India.

No 205 & 206