M.R.O. 14—10,000—21-4-22.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue **DEPARTMENT.**

G.O. No. 1024 — Press Mis.

1890-91

Dated 9 — 5 . 1862

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department, 9th May 1862.

No. 190. Read the following Extract from the Proceedings of the Government of India in the Financial Department, dated 31st March 1862, No. 2,541:—

Read again the undermentioned paper regarding the assessment of Income Tax on rewards :—

Financial Resolution, dated the 28th May 1861.

Read letter from the Civil Paymaster, Madras, No. 583*a*, dated the 23rd July 1861, and its enclosures.

Do. to the Civil Paymaster, Madras, No. 10,918, dated 6th September 1861.

Docket to the Civil Paymaster, Fort William, No. 10,949, dated the 6th idem.

Memorandum from the Civil Paymaster, Fort William, dated the 18th idem.

Docket to the Government of Bengal, No. 12,326, dated the 5th October 1861.

Letter from the Government of Bengal, No. 87*a*, dated the 29th January 1862, and its enclosures.

OBSERVATIONS.—It was ruled by this Government on the 28th May last, that rewards* paid to individuals for passing in an oriental language, or for killing wild beasts, &c., were liable to the Income Tax.

* For passing in an oriental language assessable by the Civil Paymaster. For killing wild beasts, &c., assessable by the proper Officer.

Referring to this ruling the Officiating Civil Paymaster, Madras, points out the difficulties incident to its enforcement. With reference to the practice in regard to Bengal salt rewards, he observes that there is such delay in notifying the award that many informers do not claim rewards at all, adding that if there is the further delay of auditing and taxing the reward, the moral effect and encouragement will be greatly weakened, as the gift should follow quickly after the act.

He therefore suggests that, except in cases of Government servants, all rewards should be paid without pre-audit as formerly, and included among the contingent charges.

The Civil Paymaster, Bengal, reports that rewards to informers in the Salt Department are not audited in his Office, and that it appears that a correspondence on the subject of the accumulation of these rewards took place 1859-60, between the Officiating Accountant to the Government of Bengal and the Board of Revenue, adding that, in November last, the Board decided that the audit of the Controller of Salt Chowkees was necessary previous to the adjustment of the sums paid away as rewards to informers, and that it was impracticable to pay rewards immediately after the decision of a case, the reasons assigned being that fines imposed were frequently not discharged by the offender, until some time after he had been sent to jail. Moreover, the accused was at liberty to appeal to the Controller from the decision which sentenced him to jail, a privilege for which time was allowed. The Board were, however, of opinion that rewards should not be held in deposit for a longer period than six months.

The Bengal Government submits a copy of a letter from the Junior Secretary to the Board of Revenue, in which the Board propose that the assessment be made by the Collector or Regular Assessor of the district, the recipient of the reward including in the return of his other income, the amount of such rewards received in the previous year.

The Bengal Government differs in opinion from the Board, and considers that the duty of deducting the Income Tax from the rewards in question more appropriately belongs to the Controller of Salt Chowkees, and, therefore, suggests that that Officer should be appointed a Special Assessor under Section XXXI of Act XXXII of 1860.

RESOLUTION.—Upon a further consideration of the question, the Governor General in Council is opinion that these rewards being specific sums given to promote a specific object, may be presumed to have been fixed at the amount requisite to ensure the accomplishment of the end and no more, and therefore that a deduction of the Income Tax would virtually be to lower the scale of payment, which experience had found necessary for such objects as the extirpation of wild animals or the repression of frauds in this revenue.

His Excellency in Council, accordingly, resolves that all rewards given as a specific payment for a specific object, as payments for the destruction of wild beasts or penalties paid to informers, shall be exempted from deduction of Income Tax by the Officers paying them, care being taken to distinguish cases, where such rewards or allowances are not merely isolated payments, but form part of the regular salary of an office or profits of a profession.

Bengal, Madras, Bombay, North-Western Provinces, and Punjab.

Ordered that a copy of the foregoing Resolution be sent to all the local Governments and Civil Paymasters, noted in the margin, for information and guidance.

(A true Extract.)

(Signed) C. BERNARD,
Under Secy. to the Govt. of India.

No. 191. ORDER THEREON, 9th May 1862, No. 1,024.

Ordered to be communicated to the Board of Revenue and the Presidency Income Tax Commissioners for their information and guidance.

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

Revenue 1862 No 8th
Pro: of Govt for May
No. 1275.

Extract from the
Pro: of the Govt of
India in the Financ.
Dept.

Dated 31st March
Received 9th May 1862.
No. 2541.

Forwarding for
information and guid-
-ance copy of a Resolu-
-tion on the subject of
assessment of Income
Tax on rewards. —

No. 1024 2d May

W. Muir Secy

No. 190 & 191.

No. 1024.

Ordered to be com-
-municated to the Board of
Revenue and the Residency
Income Tax Commissioners
for their information and
guidance —

I. D. S.

Fort St. George
9th May 1862

14 Copies & Sd Proc. Circ. No. 10
13 — Dt. Income Tax Comrs
3 — Dt. Com. Income Taxes