M.R.O. 14—10,000—21-4-22.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 2057 Press (Mis.)

404-405

Dated 20 - 9 - 1862.

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department, 20th September 1862.

No. 404. Read the following letter from W. H. CRAKE, Esq., Acting Chairman Chamber of Commerce, to T. PYCROFT, Esq., Chief Secretary to Government, dated Madras, 18th September 1862:—

SIR,

1. By desire of the Chamber of Commerce I have the honor to request the attention of Government to a Circular letter addressed by the Income Tax Commissioners to the trading community of Madras, under date 8th September, calling upon each Firm to forward lists of all persons who have consigned goods to them for sale, and statements of the profits made by such sales, since August 1860, with a view to levying Income Tax upon the annual profits of the consignors.

2. I am instructed to submit for the consideration of Government—

(1.) That it is not in the power of the consignees to furnish the returns of profits derived from consignments to this country.

(2.) That the Income Tax Act does not convey to the Commissioners the power of levying a Tax upon the profits of a trade which are only in part realized, and cannot be ascertained in this country.

3. Consignees are frequently imperfectly informed of the value of goods sent to them; on some occasions directions are conveyed by the owners, to sell at a certain price, without reference being made, or any clue being furnished to the actual value of the goods. Again, it is quite impossible for the consignees of one port to give the returns of a consignor's business in the other Indian markets, thus, a shipper might make a profit on his ventures to Madras, and sustain losses on his consignments to the other Presidencies. A shipper may also make consignments to more than one Agent, each of the Agents being unaware of the business of the other, one consignment may result in a profit, another in a loss, but it is impossible that the income arising from the business can be known to an Agent, who has moreover no power whatever to compel the shipper to declare the results of his trading. It is not of unfrequent occurrence for the actual proprietor of the goods sent here for sale, to be altogether unknown to the consignee.

4. The Government is probably aware that an extensive business exists in Native consignors from Ceylon, the Straits, and other foreign ports, the estimated profits on which could only be ascertained by a large amount of coercion.

5. With regard to the second point, the framers of the Income Tax Act would appear to have contemplated the levying of the tax upon the profits of trade carried on in this country, owned or shared in by persons resident out of India; but the Chamber submits that there was no design entertained, and no power conveyed of taxing a trade so widely differing from that indicated in the Act, as the trade in foreign consignments; a business which has its origin abroad, merely accomplishes in this country one stage in its progress, and is not completed, nor are its results ascertained, until the returns for the proceeds of the sales whether they may be made in Bills of Exchange, or in produce, are realized by the consignor in the exporting country.

6. The Indian is framed from the English Income Tax Act, and the form of tax now sought to be levied is quite unknown in England. No exporter from India was ever taxed in England for his profits on consignments made to that country.

7. Since the receipt of the Income Tax Commissioners' requisition, the Chamber has communicated with the Chambers of Commerce of Calcutta and Bombay and it has been ascertained that the Commissioners of those Presidencies have never raised such a demand.

8. The Madras Commissioners seek to make this novel imposition of the tax retrospective, and have called for returns of consignments made in 1860 upon transactions closed, and long since disposed of.

9. Finally, on a review of the circumstances stated, the Chamber trusts that the Governmen will see fit to order the Income Tax Commissioners to withdraw their demand, and instruct them

to conduct their proceedings in accordance with the late Orders of Government of India and the practice that obtains in the other Presidencies where the Income Tax Act is equally in force.

No. 726, dated 2nd April 1862.
No. 1,645, dated 2nd August ,,

10. Copies of the communications with their enclosures referred to in this letter are enclosed.

No. 534.

1. With reference to the annexed ruling of the Government of India, and Sections LXXVIII, LXXXI and CCXLIX of Act XXXII of 1860, you are requested to furnish a list of all persons who have consigned to you goods for sale in India, on their account, or for whom you have carried on any trade or dealings during the periods, commencing from the 1st August 1860 to 1st August 1861, and From 1st August 1861 to 1st August 1862, preparatory to our sending you Special Notices and the usual Forms of return to be filled up by you as the Agents, with the annual profits derived from each trade by each consignors or principals, during the periods abovenamed.

2. A similar return should also be furnished for the current year 1862-63.

Office of the Income Tax Commission,
Madras, 8th September 1862.

(Signed) N. MORISON,
For Secretary.

True copy of a circular letter addressed to each House of Agency at Madras.

(Signed) R. W. NORFOR,
Secretary Chamber of Commerce.

No. 405.

ORDER THEREON, 20th September 1862, No. 2,051.
Referred to the Income Tax Commissioners for early report.

(Signed) T. PYCROFT,
Chief Secretary.

Rev: 1862 Vespasian
No: of Govt Ref: 2078.

From the Ag. Chamber of Comm.

Dated 18th Sept. 1862
Recd 19th "

No 1
No 2051 - 20 Sept.

Submitting with observations copy of a Circular letter addressed by the Income Tax Comm.rs to the Trading Community of Madras; and expressing a hope that the Govt will see fit to order the Comm.rs to withdraw their demand, and instruct them to conduct their proceedings in accordance with the late order and the practice in the other Presidencies

No 2051.

Referred to the Income Tax Commissioners for early report.

First Sec. Geo.
20 Sept 62.

Copy to the Pres. of the Income Tax Comm.rs