

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 2172	Press ~~Mis.~~
603.104	
Dated 8. 10. 1862	

Not to be folded or roughly handled

*Proceedings of the Madras Government, Revenue Department,
8th October 1862.*

No. 103. Read the following letter from N. MORISON, Esq., for Secretary to the Income Tax Commission, Madras, to T. PYCROFT, Esq., Chief Secretary to Government, Fort Saint George, dated Madras, 29th September 1862, No. 22:—

SIR,

1. I am desired by the Commissioners of Income Tax for the Town of Madras to acknowledge the receipt of the Order of Government dated 20th instant, No. 2,051, referring for report a letter dated 18th instant, from the Madras Chamber of Commerce.

2. In this letter the attention of the Government is called to the Circular letter addressed by the Commissioners to the trading community, informing them of the decision arrived at by the Government of India on the subject of the liability to Income Tax of profits made by consignors in England, or elsewhere, on goods consigned by them in the way of trade, to consignees carrying on business in India.

3. The letter of the Chamber of Commerce raises objections to the decision of the Government of India. As the opinion of the Commissioners of Income Tax on this question has been fully expressed in their letter to the Government dated 12th March 1862, No. 6, they do not consider it necessary that they should again trouble the Government with their observations further than to remark that they were aware when making the reference, that there might be some difficulty on the part of consignees in making any very exact return of the consignor's profits, and that, although they did not doubt that the provisions of Act XXXII of 1860 were applicable to this class of profits, they were desirous before acting upon it to receive the confirmation of superior authority.

4. The only other point upon which the Commissioners desire to remark is the retrospective effect proposed to be given to the taxation of the profits of consignors. This they consider to be provided for and required by Section CCXLIX of Act XXXII of 1860, which limiting the effect of the Act until the 1st day of August 1865, sets forth that this Act "shall not then cease with respect to any assessment which ought to have been made before the said last mentioned day, but which shall not then have been made and completed."

5. The Commissioners considered that if the class of profits above described, *i. e.*, profits of consignors to India, are liable to Income Tax at all, they are also liable retrospectively from the date upon which the Income Tax Act became law.

6. I am also desired to acknowledge receipt of the Order of Government, No. 2,062 dated 22nd September 1862, and to state that the Commissioners have, in compliance with the same, stayed all further proceedings regarding the assessing of consignees pending the future orders of Government.

Ordered that the following letter be despatched.

No. 104. From T. PYCROFT, Esq., Chief Secretary to the Government of Fort Saint George, to the Secretary to the Government of India, Financial Department, dated 8th October 1862, No. 2,172.

SIR,

1. I am directed by the Governor in Council to forward, for submission to the Right Honorable the Governor General in Council, the accompanying letter from the Madras Chamber of Commerce, and report thereon by the Income Tax Commissioners relative to the decision conveyed in your letter of the 9th July last, No. 4,652; that profits made by consignors in England or elsewhere on goods consigned by them in the way of trade to consignees carrying on business in India are liable to Indian Income Tax.

2. The Chamber, it will be seen, represent that, for grounds shown, it is not in the power of consignees in India to furnish the returns of profits derived from consignments in this country. They state that such mode of levying the tax is quite unknown in England, nor has any such demand been made upon the mercantile communities of Calcutta and Bombay by the Income Tax Commissioners for those cities.

*Proceedings of the Madras Government, Revenue Department,
8th October 1862.*

3. It appears to this Government that, without questioning the equity of the general principle that all profits of trade made in India may justly be required to contribute to the revenue of the country in return for the protection afforded to it, it will for the reasons explained by the Chamber be exceedingly difficult to carry such a principle into effect. I have, therefore, in submitting the Chamber's letter to request further instructions on the subject, and to state that pending their receipt the Commissioners have been directed to stay proceedings in regard to the assessment of consignees.

4. I am to add that the Government the more readily directed the Commissioners to stay proceedings in this matter as they felt some hesitation in enforcing the present new construction of the Income Tax law, as such a measure had not as yet been attempted to be carried out by the Income Tax Commissioners of any of the other Presidency towns.

10th Dec 62

To

Revenue Department

No 2172

*The Secretary to the Government
of India Financial Department*

Sir,

*I am directed by the
Governor in Council to for-
ward for submission to the
Right Honorable the Govern-
or General in Council the
accompanying letter from
the Madras Chamber of Com-
merce, and report thereon by
the Income Tax Commissioners
relative to the decision conveyed
in your letter of the 9th July
last No. 4652, that profits
made by Consignors in England
or elsewhere in goods consigned
by them in the way of trade
to Consignees carrying on
business in India are liable*

W M

To

to Indian Income Tax.

2 The Chamber it will be seen represent that, for grounds shown, it is not in the power of Consignees in India to furnish the returns of profits derived from consignments in this country. They state that such mode of levying the tax is quite unknown in England: nor has any such demand been made upon the Mercantile Communities of Calcutta and Bombay by the Income Tax Commissioners for those cities.

3 It appears to this Government that without questioning the equity of the general principle that all profits of trade made in India may justly be required to contribute to the

revenue

It would add a new force to the effect - that we have more readily accepted the principle of proceeding in the case of the present new construction of the Income Tax law as we felt some hesitation in accepting such

revenue of the country in return for the protection afforded to it; it will for the reasons explained by the Chamber be exceedingly difficult to carry such a principle into effect. I have therefore in submitting the Chamber's letter to request further instructions on the subject, and to state that pending their receipt the Commissioners have been directed to stay proceedings in regard to the assessment of Consignees.

4 I am to add that the Govt. the most readily directed the Commissioners to stay proceedings in this matter as they felt some hesitation in enforcing the present new construction of the Income Tax law as we felt some hesitation in accepting such

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Tax on the profits made by
Consignors in England.
such a measure had not
as yet been attempted to be
carried out by the
Income Tax Commis-
sioners of any of the
other Presidency Towns.

[Handwritten initials or signature.]

8th Oct 1852

7-10/5

ca Oct 1852

Revenue 1862 *Debit*
to of *for* *debit*

No 2172.

To
 The Secretary to the
 Government of India.

Financial Department
 28th October 1862

Pro. No. $\frac{25-27}{2-4-62}$
 ~ $\frac{19-20}{2-8-62}$
 ~ $\frac{404-405}{20-9-62}$
 ~ $\frac{427}{22-9-62}$

(Regarding) viz
 instructions on the subject
 of *being* *and* *the*
 on profits by *conveyance*
 in England or elsewhere.

No 1103 & 1104.