

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 726-727

Press
Mis.

25.26

Dated

2 - 4 - 18 60

Not to be folded or roughly handled

*Proceedings of the Madras Government, Revenue Department,
2nd April 1862.*

No. 25. Read the following letter from F. WALTHER, Esq., Secretary to the Income Tax Commission, to J. D. SIM, Esq., Secretary to Government, Revenue Department, Fort Saint George, dated Madras, 12th March 1862, No. 6:—

SIR,

1. I am desired by the Income Tax Commissioners for the Town of Madras, to request that you will obtain the orders of Government as to the correct interpretation of Act XXXII of 1860, in the following cases:—

Are Commission Agents in Madras who effect sales of goods on behalf of Consigners in England or elsewhere, required to declare the yearly profits realized by them on account of the Consigners of goods, and are such profits liable to be assessed under the provisions of Act XXXII of 1860?

2. Schedule II of the Act above quoted, is described as being for and in respect of the annual profits arising to any person in India from any profession, trade or employment, whether the same shall be carried on in India or elsewhere.

Again, Section LXXIII declares persons *not resident* in India, whether subjects of Her Majesty or not, being in receipt, through any Agent, Factor, or Receiver of any profits or income chargeable under the Act, chargeable in the name of such Agent, Factor or Receiver.

3. To take a case in point, if a Wine Merchant in England or in Bordeaux consigns Wines to an Agent in Madras, and the Wines are sold here, is such Agent to make a return of the profits derived from these sales, and are such profits liable to be assessed with Income Tax in Madras, in the same manner as if the Wine Merchant, the consigner was himself resident in Madras.

4. It should, the Commissioners observe, be remembered that the profits in Madras upon the sales there effected as above described, may not, in many cases, be accurately known to Commission Agents unless special information is furnished to them by the consigners for the purpose of making Income Tax returns, and that these profits realized in India will probably in the case of residents in England, have been returned in England with all other profits when making their Income Tax returns, and that these persons will thus have paid Income tax in England on the profits *actually earned* in India, so that if these profits earned in India are liable to Income Tax in India, they will be doubly assessed in the same manner as any English property or English profits are doubly assessed when they form any part of the income of a person resident in India.

5. The objection of double assessment does not apply to the case of residents in foreign countries, who consign goods for sale to Commission Agents resident in British India, for the profits derived on such sales if not taxed in India would altogether escape Income Tax. The profits derived as Commission by the Agents in India on sales of goods consigned to them from England or elsewhere, are of course liable to Indian Income Tax, and as such have been invariably assessed in Madras by the Income Tax Commissioners, and it is to the assessment of such profits; that Messrs. Gravier and Poulain Freres of Pondicherry, have objected, as explained in the Commissioner's letter under date 12th instant.

No. 26. ORDER THEREON, 2nd April 1862, No. 725.

Resolved to refer the foregoing letter for the orders of the Government of India.

(Signed) C. G. MASTER,

Deputy Secretary to Government.

*Proceedings of the Madras Government, Revenue Department,
2nd April 1862.*

Ordered that the following letter be despatched.

No. 27. From J. D. SIM, Esq., Secretary to the Government of Fort Saint George, to the Secretary to the Government of India, dated 2nd April 1862, No. 727.

SIR,

1. I am directed to forward for the consideration and orders of the Government of India the accompanying letter * from the Income Tax Commissioners, Madras, enquiring whether Commission Agents in Madras, who effect sales of goods on behalf of Consigners in England or elsewhere, are required to declare the yearly profits realized by them on account of the Consigners of goods; and whether such profits are liable to be assessed under the provisions of Act XXXII of 1860.

† Letter from Messrs. Gravier and Poulain Freres, 20th February 1862.
Order of Government thereon, 26th February 1862, No. 520, Petition Department.
Memorandum to Board of Revenue, 28th February 1862.
Board's Extract from Registrar of Petitions, 18th December 1861.
Letter from Income Tax Commissioners, 12th March 1862, No. 7.
Order of Government thereon, 21st March 1862.

2. The papers † respecting the case of Messrs. Gravier and Poulain Freres of Pondicherry referred to in the last paragraph of the Commissioners' letter are also forwarded.

now of course liable to Indian Income
Tax and as such have been invariably
assessed in Madras by the Income
Tax Commissioners, and it is to the
assessment of such profits, that Messrs.
Gravier and Poulain Freres of
Pondicherry, have objected, as ex-
plained in the Commissioners
letter under date 12th instant.

I have the honor to be

Sir,

Your most Obedient Servant

J. D. SIM,
Secretary.

the last para of the
Commissary's letter
are also forwarded.

J.D.S.

Fort St. George }
29 Apr. 1862 }

12

To Gov of India.

Liability to home tax of
profits realized by Agents
in Madras on account of
Consignees of goods in England
or elsewhere

Revenue 1862 Dec 16.
O. B. of Govt of India

1872.

To the Secretary to the
Government of India.
22 April 1862.

From Mr. J. G. G. G.
21/5/11

Forwarding for your
consideration letter from
Revenue & Co. Commission
ers, Madras, enquiring
whether profits realized
by Agents in Madras on
account of consignees of
goods in England or
elsewhere are liable
to home tax.

1872.