

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 1472

Press

~~Mis.~~

77-78

Dated

8-8-1918

Not to be folded or roughly handled

*Proceedings of the Madras Government, Revenue Department,
8th August 1863.*

No. 77. Read the following letter from H. A. BRETT, Esq., President to the Income Tax Commission, Madras, to J. D. SIM, Esq., Secretary to Government, Revenue Department, Fort Saint George, dated Madras, 29th July 1863, No. 7:—

SIR,

1. I have the honor to submit the explanations required by Government in their Order dated the 13th instant, No. 1,259, on my report upon the working of the Income Tax in the Town of Madras during the year ending 31st July 1862.

2. In paragraphs 1 and 2 of the Order, the Government do not call for any explanation, but I beg to state, with regard to the paragraph 2, that the number of persons assessed in 1861-62 was not given in my report. The number assessed was 13,211; that is, 12,765 brought forward from the first year's assessment and 446 assessed in the second year for the first time.

3. In paragraph 3 the Government desire that the cause of the decrease* in the demand of the second year may be explained. I beg to observe that, under the operation of Act XXI of 1861, the demand of the first year was brought forward to the second year, and that the amount thus brought forward, viz., Rupees 3,15,863-2-9, was subsequently reduced by cancellations and revisions to Rupees 2,83,380-3-0. But, on the other hand, the total demand was again raised by fresh assessments to Rupees 3,02,410-3-0, the sum mentioned in paragraph 5 of my report.

4. The cancellations were chiefly in assessments made during the first year on artizans, on the poorer classes of bazaarmen, on fishermen, and, in general, on persons whose incomes scarcely equalled 200 Rupees a year, and from whom the tax was levied even in the first year with great difficulty. On the introduction of the License Tax the Commissioners cancelled a great number of these assessments, but made over lists of persons who were thus exempted to Mr. Ellis, then in charge of both the Income Tax and the License Tax, with a view to these persons being charged under the latter tax. Besides these cancellations it was necessary to make a large number of revisions, under such fluctuating causes as persons failing in trade, bazaars, closing houses left without tenants, and so on.

5. It should also be observed that the 1,749 persons who applied in the second year for new forms and submitted new returns, were induced to take that step that they might get a reduction in the previous year's assessment.

6. The reductions made on the demand from the above three causes may be estimated as follows:—

	RS.	A.	P.
Cancellations for the whole year, principally in assessments of 4 Rupees	15,230	6	0
Revisions for portions of the year, for failure in trade, for closing of shops, and for non-occupancy of houses	8,252	9	9
Estimated reduction allowed on fresh returns	9,000	0	0
Total...	32,482	15	9

7. To meet this decrease all that the Commissioners could do was to serve special notices on persons who had not been previously served or assessed at all. That there should be many such persons could not be expected, for in the first year five Assessors, with large Establishments went through each division of the town, street by street, and in this way took the greatest care that every person who was liable to the tax should be duly served. The Commissioners have not therefore been able, with all their subsequent experience, to discover more than a few people who had escaped in the first year the service of a special notice.

8. With two Assessors and only a small Establishment the sum added to the demand during the year was Rupees 19,030, against a decrease of Rupees 32,482-15-9, as shown in paragraph 6, making the net demand amount to Rupees 3,02,410-3-0, the sum entered in paragraph 6 of my report. Although this increase does not fall far short of the decrease, it can scarcely be

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said that the losses and fresh assessments depend on mere casual fluctuations of such a kind as would naturally produce a balance, or nearly so, in the gross result.

9. With reference to paragraph 4 of the Government Order, I beg to state that the collections were commenced in January only instead of in October, as the Commissioners could do nothing in this way until every one assessed to the tax had been allowed the prescribed time

* Sec. III, Act XXI of 1861.

to choose whether they would make a fresh return or abide by the former assessment.* The general notice issued by the Governor General under Act XXI of 1861, was not published in the "Fort Saint George Gazette" until the 11th October 1861. The Commissioners' Notification, allowing two months for the purpose stated above, was issued on the same date. It was, therefore, impossible to begin the collections before January. A comparison of the two years work will show that while in 1860-61, with fifteen Conicopolies and a large staff, the Commissioners collected between the 1st

† The collections in the first did not commence till January.

January and the 31st July† Rupees 1,82,561-10-7, they collected in the next year in the same number of months, with an average number of six Conicopolies Rupees 1,70,070 or 57 per cent. on the demand, against 58 per cent. in the previous year.‡

‡ Only 75 per cent. (or three out of the four instalments) was actually due up to the 31st July.

10. With regard to the balance still outstanding I will submit a separate report for the information of Government.

11. With reference to paragraph 7, the Commissioners understood that Section VII, Act XXI of 1861, conferred on them the power to issue special notices only to such persons who had not been previously assessed to the tax; or secondly, to any person whom they had reason to believe had made a fraudulent return of his profits, and who had not been surcharged on the same; or thirdly, to any person whose assessment had been computed for a period less than the whole year. The Commissioners were of opinion, for the reasons stated in my last report, that in many cases the assessments must have been raised if they had been permitted to issue special notices in other than the three cases above referred to. That is, that many persons had been drawing a larger income in 1860 than 1859, on the profits of which year the first year's assessments were principally based. The number of special notices issued to persons who had never been previously assessed was 446, I have explained in paragraph 7 of this letter the reason why this number would be necessarily small. No persons were served as having made a fraudulent return. No cases of this kind came under the cognizance of the Commissioners, nor could they in the great majority of cases have issued fresh notices on such grounds, for out of the 11,304 persons served in the first year upwards of 8,734 were surcharged. The number of notices on persons who had made returns for only portions of the year was between thirty and forty.

12. The Government also required me to explain how Section VII, Act XVI of 1862, was acted upon. Act XVI of 1862 did not come into operation in the year embraced in the report, viz., 1861-62; but the Commissioners have understood Section VII of that Act as permitting them in addition to the three instances enumerated above, to serve special notices on persons whose returns have been "obviously inadequate."

No. 78.

ORDER THEREON, 8th August 1863, No. 1,472.

The explanation submitted in this letter on the points noticed in paragraphs 3, 4 and 7 of the Order of Government, dated 13th July 1863, No. 1,259, is satisfactory.

(True Extract.)

To the Income Tax Commissioners.

Exd. S. T. Augustin.

Deputy Secretary to Government.

No. 13 July 1863 of 217-219.

Revenue 1/3 Oct 1863
No. of 1863 217-219.

From

W. A. B. B. B. B.

Received of the

Revenue Day - B. B. B.

W. A. B. B. B.

Q. A. B. B. B.

Received of the

Revenue Day - B. B. B.

Q. A. B. B. B.

No. 30 July 1863.

From

Revenue Day - B. B. B.

Received of the

No. 30 July 1863.

No. 77 478.

No. 6 Aug 1863

No. 1472.

The explanation submitted

in this letter on the points

noticed in paras 3, 4 and 7 of the

order of Court dated 13 July 1863,

1863 is satisfactory.

Q. A. B. B. B.

1863

Revenue Day - B. B. B.

1863