M.R.O. 14—18,000—27-9-24.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue **DEPARTMENT.**

G.O. No. 437 — Press ~~Mis.~~

149-150

Dated 14 . 3 . ~~19~~ 1864

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department, 14th March 1864.

No. 149. Read the following Proceedings of the Board of Revenue, dated 24th February 1864, No. 1,196:—

Read the following letter from the Acting Collector of Madras, dated Saidapet, 4th February 1864, No. 62.

Extract from the Board's Proceedings 26th January 1854.
Do. do. No. 1,960, 30th July 1855.

1. With reference to the correspondence noted in the margin, and to the accompanying copy of the Sunnud granted by the Madras Government to the late Chellappah Venkata Chella Mudaliar, I have the honor to request the Board will be pleased to obtain the sanction of Government for exempting the Government Promissory Note for Sica Rupees 9,100 in the 5 per Cent. Loan from liability to Income Tax.

2. The Board will observe from the correspondence above quoted, that Venkata Chella Mudaliar was the late proprietor of the Muttah of Kaivandur, consisting of Kaivandur itself, and another village named Tholudavakam subject to a Peshcush of Rupees 480-1-6. In the year 1840, Venkata Chella Mudaliar built a Choultry for the benefit of travellers at Kaivandur; assigned the estate of Kaivandur as an endowment for the support of this charitable structure; and deposited with the Accountant General a Government Promissory Note of 5 per Cent. Loan for Rupees 9,100 in perpetual redemption of the Peshcush due on the estate; he further executed a Deed in favor of the then Collector to the effect that the Government Promissory Note is irredeemable either by himself or his heirs and successors. Until the closing of the 5 per Cent. Loan in 1854, the interest more than covered the Government demand against the estate; but when this invested amount was transferred to the 4 per Cent. Loan according to the option then given, the interest necessarily fell off, and there was an annual deficit against the estate of Rupees 92-5-2.

3. The question as to how this deficiency should be made good was then referred by the Madras Government to the Court of Directors, who finally ruled that the Peshcush of the Kaivandur estate should be limited to the interest of the Government Promissory Note, which at the reduced rate of 4 per Cent. amounted to Rupees 392.

4. Since the Income Tax Act came into operation, the Accountant General has deducted this tax at 4 per cent, and for the last six months at 3 per cent. on the interest accruing to the State from this Bond. The amount thus charged and deducted from the interest up to December last amounts to Rupees 52-12-0; there is consequently this demand against the estate on our books.

5. The Board are aware that under Section 133 of the Income Tax Act, the profits derived from any landed property, *minus* the Government demand, is subject to Income Tax; but as the profits are in this instance appropriated for the support of the Choultry, I think that neither the profits, nor the interest on the Government security, which was evidently deposited and rendered irredeemable by the terms of the Sunnud with a view to ensure the permanency of the charity, is liable to any Income Tax; and I therefore beg to recommend that the sanction of Government may be obtained for my debiting the amount of Income Tax to the head "Refund of Income Tax," and crediting it to Land Revenue in diminution of the balance outstanding against the Kaivandur estate. If the demand is pressed against the Muttahdar, it will have to be met by him from the profits of his estate, which are solely appropriated by him for the support of the Choultry, which will consequently proportionately suffer.

Enclosure No. 1.—Copy of a Sunnud.

To Government, 17th November 1853, No. 535.
From Government, 6th January 1854, ,, 34.
Do. 1st June 1855, ,, 658.
To Government, 16th January 1857, ,, 171.
From Government, 5th February 1857, ,, 140.

1. Ordered to be submitted to Government with reference to the correspondence noted in the margin, and with the Board's recommendation that the interest on the Promissory Note in question be exempted from Income Tax and that the amount of Rupees 52-12-0 already collected be refunded as proposed by the Acting Collector and credited to Land Revenue.

2. The District Officers are however clearly in error in assuming that the landed endowment in question is under any circumstances liable to any demand on account of Peshcush so long as it is (in the terms of the Sunnud) "truly and honestly administered."

3. The demand against the villages should be permanently remitted with reference to the redemption of the Peshcush. The Choultry should be noticed in the Collector's annual report on such institutions.

No. 150.

ORDER THEREON, 14th March 1864, No. 437.

The refund is sanctioned.

(True Extract.)

(Signed) J. D. SIM,

Secretary to Government.

To the Board of Revenue.
" Accountant General.
" Civil Paymaster.

Exd. S.T. Augustin.

No. 1,196.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 24th February 1864.

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Extract from the Board's Proceedings 26th January 1854.
Do. do. No. 1,960, 30th July 1855.

1. With reference to the correspondence noted in the margin, and to the accompanying copy of the Sunnud granted by the Madras Government to the late Chellappah Venkata Chella Mudaliar, I have the honor to request the Board will be pleased to obtain the sanction of Government for exempting the Government Promissory Note for Sicca Rupees 9,100 in the 5 per Cent Loan from liability to Income tax.

2. The Board will observe from the correspondence above quoted, that Venkata Chella Mudaliar was the late proprietor of the Muttah of Kaivandur, consisting of Kaivandur itself, and another village named Tholudavakam subject to a Peshcush of Rupees 480-1-6. In the year 1840, Venkata Chella Mudaliar built a Choultry for the benefit of travellers at Kaivandur; assigned the estate of Kaivandur as an endowment for the support of this charitable structure; and deposited with the Accountant General a Government Promissory Note of 5 per Cent Loan for Rupees 9,100 in perpetual redemption of the Peshcush due on the estate; he further executed a deed in favor of the then Collector to the effect that the Government Promissory Note is irredeemable either by himself or his heirs and successors. Until the closing of the 5 per Cent Loan in 1854, the interest more than covered the Government demand against the estate; but when this invested amount was transferred to the 4 per Cent Loan according to the option then given, the interest necessarily fell off, and there was an annual deficit against the estate of Rupees 92-5-2.

3. The question as to how this deficiency should be made good was then referred by the Madras Government to the Court of Directors, who finally ruled that the Peshcush of the Kaivandur estate should be limited to the interest of the Government Promissory Note, which at the reduced rate of 4 per cent amounted to Rupees 392.

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3. The demand against the villages should be permanently remitted with reference to the redemption of the Peshcush. The Choultry should be noticed in the Collector's annual report on such institutions.

(A true Copy and Extract.)

Secretary.

To J. D. Sim, Esq., Secretary to Government, R. D., with enclosure.
Copy to G. Banbury, Esq., Acting Collector of Madras.

Exd. J. Wright.

Rec'd 1864. Department.
Pro: of Gov: Fordmarch

No. 572.

PROCEEDINGS OF THE BOARD OF REVENUE.

Dated 24th February 1864.

No. 1,196.

Submitting letter from the Acting Collector of Madras soliciting sanction of Government for exempting from the Government Promissary Note for Sicca Rupees 9,100 Income tax from belonging to Chellapah Vencata Chella Mudaliar as well as to sanction the refund of Rupees 52-12-0 to be credited to Land Revenue.

The Resolution of reduction