

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No.	1335	<u>Press</u> <u>Mis.</u>
Dated	1-6-	1866.

Not to be folded or roughly handled

*Proceedings of the Madras Government, Revenue Department,
1st June 1866.*

No. 94. Read the following Proceedings of the Board of Revenue, dated 5th May 1866, No. 3,190.

Read the following letter from the Collector of Tinnevely, to the Secretary to the Board of Revenue, dated Trichendoor, 19th April 1866, No. 153 :—

1. I have the honor to suggest as a means of raising an additional revenue in this country, to meet the exigencies of the Imperial Government, and as preferable to the re-imposition of an Income Tax, the establishment of the succession duty on all property inherited, real or personal, according to valuation.

2. Thus, all property will pay a property tax, once at least in a generation. It is very desirable to introduce a tax which is in accordance with native ideas, and a tax of "Nuzzerana" to the superior, on coming into property, is quite appropriate. The Registration Act will generally conduce to render this tax effectual. It is utterly impossible to find out what the yearly income of Native merchants and traders may be; even gradations of License Tax press very unequally, as also do local imposts, re-distributed, through the trade, as in the former Vessabudy, or trade Income Tax of the Ceded Districts.

3. I remember an individual paying a yearly ten per cent. Vessabudy Tax, which would, allowing ten per cent. as yearly mercantile profit, have given his capital at Rupees 3,000. His estate was the subject of subsequent litigation for Rupees 4,00,000, a succession duty on which would have brought a larger sum into the treasury, than the imaginary Income Tax. Likewise, there are Zomindaries and Estates, some under wardship, and by careful management, large sums are realized for the Minor on his majority. A succession duty would here yield a fair and by no means onerous tax; of course, once the youth attains his majority, the surplus is squandered, and it might not be so easy for him to pay an Income Tax as to have received his estate after a deduction for succession duty.

4. The receipt of succession duty would involve the maintenance of no additional establishment, require none of the detestable prying into incomes and monetary transactions, or leave such a wide field for subordinate corruption and injustice.

5. I think none will venture to say that such did not take place, and were for the most part, practically irremediable under the Income Tax system. The reason why so little active opposition was evinced, was the knowledge that passive concealment would best secure the end of evasion of the tax.

6. It should not be left to Government servants, and to the holders of Government paper, to make up the deficiencies of the Imperial revenue. To the one, it is the reduction of salary, at a time when the cost of living has greatly increased; to the other, it is a reduction of interest promised to be paid. Neither of these classes profits by the increase of trade, or in the improvement in the value of land, and its produce, which is the result of increase of capital, and of the progress of national welfare.

7. Were it not that a succession tax is a legitimate source of national or imperial income, derived from the general protection and advantage of an established Government, I would suggest it as a means of local impost, to meet the many wants

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for which funds are not locally available; but, probably, if the Imperial funds were increased, there would be more liberality possible, in providing for local expenditure. I would beg the Board's consideration of this proposal, in anticipation of a sudden re-imposition of the Income Tax, which, by the precarious nature of the Opium revenue, and unforeseen contingencies of military expenditure, might, any day, be rendered necessary, to guard against a deficit, enhanced by the custom of trenching upon the cash balances.

1. Submitted for the consideration of Government.
2. The suggestion is not a novel one, but it is very generally recommended for trial by those who have experience in the country.

No. 95.

ORDER THEREON, 1st June 1866, No. 1,335.

Miscellaneous.

The Government do not concur in Mr. Wedderburn's views.

(True Extract.)

(Signed) J. D. SIM,
Secretary to Government.

To the Board of Revenue.

Rd. S. T. Augustin.

19 April 1866

Note
In this letter, Mr. Wedderburn suggests "the establishment of the succession duty on all property inherited, real or personal, according to valuation as a means of raising additional revenue for Imperial purposes and as preferable to the re-imposition of the income tax."

The Govt. submit the letter for the consideration of Govt with the remark that "the suggestion is not a novel, but it is very generally recommended for trial by those who have experience in the country."

I have heard this before.

The

The Supreme Court
have declared their
intention of not re-
solving, for the present,
to any ad-
ditional taxation.
Beyond the increase
made to the price
of salt in Madras.
Estimated to pro-
duce £135,000 / but
have hinted at the
possibility
necessity of re-vi-
siting the Income
Tax, at the year ad-
vances.

It is this work
which has led me
back here to bring
forward his pos-
sition -

There is a kind
of general idea pre-
valent. That a Texan

time enough when the entire
-position of the Income Tax
is really proposed

no doubt

[illegible]

The ruling power in
restored for the recog-
nition of South India
titles - as options
clustered in here
have been existing in
to office & to forth.
It was on this the
political rather than
the financial point
that Sir Philip Mad-
den - its first ad-
vocate in Central
India, urged its re-
vival there - the pri-
vileged classes, he
argued, would
be reconciled to the
rule, if he returned
the recognition of
climates & adopted
sons - on payment
of Naggarana - &
as he had alienated
from us if he re-
sumed their tenure

in connection with land
mains

2. Malabar Central
part of India. App.

Our Income Settlement has
proceeded on the principle
of raising for a year the
taxes on income & on
for the former village & the
understand of doubtful title.
The principle so in hand
taken the place of Naggarana
as levied under the native
form. But we cannot get
out of the Income tax point and
and Naggarana too - for the
Income tax on land is
has become a body of principle
proposals

⊕ This practice was to get
all that the court per-
far as before - in the matter
- in the matter the proposal
Emperor was here to all his
in the matter - both that & what
on the matter & what
he placed to the matter
Sir T. Lawrence's account
of the state of the matter
Council of Angkor.

understand that when
when Rich Male
here were a meeting.
His Naggarana was
thus much a line to
our little knowledge
except that the latter
is final -
The old Native power
has done it, as a
Naggarana for more
generally for them
theory was that the
State owned the soil
and was the sole source
of revenue which dignities
offices could emanate
The latest instance
of Naggarana is that I
once called on him
that of Noorstan
in 1848. Sawan Mall
the first died, possessed
of large treasure & the
Labore Durbar - acting
for Rungjeet Singh, Sec.

Capital in estates
largely & 2 a half
the first & 2 a half
loses much of its
practical force.
These can be known
cannot be put over
as put cannot repu-
late the duration of
life and one estate
would be taxed
perhaps twice in
a generation while
another still larger
escaped altogether
very to the holder
being longer-lived.
In India moreover,
the tax would fall
almost solely on
the native - another
element of inequality.

The levy of such
a tax, if imposed,
would also not be
the basis of operation

It will be impossible
to protect of personal
property so as to be
a success in duty.
As for real property the
bulk of the land in this
country is in the hands
of a few persons in
possession of 8 or 10 acres
paying from 10 to 20
Rannamally 6 feet - How
could this be put to rest
- must be taxed or worse
- for James Darnley I
question whether a success-
-tion duty could be
imposed on them con-
-sidering the small amount
- of the property.

No doubt -
the tax would
be very
little

that Mr. Wedder-
burn proposed the
bulk of the population
make no addition - we
have no Courts of Pro-
bate - nor in the case
of intervention of a lawyer
to be necessary in every
transaction - and dis-
posed of. There will
be less need of doing than
with the present tax -
and the tax will
be levied only once
in a lifetime - but
there will be the same
as much difficulty
in ascertaining the
value of the property
party and denaturing
of the duty will be
given as a duty - and
there will be
no doubt that, if

it would be a
 his able to call
 upon the H. of
 India for a more
 detailed scheme
 in the day. The
 per an - and the
 for the receipts.
 I have not been
 able to find that
 any Madras an
 Ministry of Revenue
 has been advertised
 to receive in that
 I believe they allude
 to Mr. Harrington,
 7 men of 5 thousand
 Presidencies

By des. Rep. to
 I

I see no reason
 to complain of Mr.
 Middleton's suggestions
 as they have directed him
 and instructed him to point
 out what is in the
 my previous impression that
 we in the attention of
 we did the income tax would
 be a profitable resource to
 the succession duty
 The succession tax has been
 thought of sometimes, as a
 measure of finance; but
 nothing has come of it. It
 it has been admitted to
 revise the system of its
 imposition, the local bodies
 will necessarily be required
 to report the best means of
 introducing the tax & rendering
 it equitable & efficient.
 That that question is
 raised by the Treasury &
 it seems equally advisable
 to consult the Board of Rev. to
 make Mr. Middleton's very
 crude but novel proposal
 as I do simply record
 26.5.66

I find
 upon -
 which
 from time enough to consider
 the Board of Revenue on this
 if ever - its introduction
 serious & proposed - Mr.
 which the Board has put
 enough to do with immen
 - dictly and putting
 business - JP. No 1462

No 1335
 The put do not
 concern in
 Mr. Middleton
 Bureau's views.
 S. D. C.
 11th June 66
 Chief Secy to Govt of Madras

No 9495

1866. Department.
 Secy of Govt. for Madras
 No. 1462
 PROCEEDINGS OF THE BOARD OF REVENUE,
 Dated 5th May 1866
 S. D. C.
 No. 3190.
 Submitting for consideration letter from Col-
 lector of Tinnevely suggesting establishment
 of a succession duty on all property inherited,
 in lieu of a revival of Income tax.
 For order
 1335-8-10
 with order