M.R.O. 1—38,000—16-10-23.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue **DEPARTMENT.**

G.O. No. 1523 Press ~~Mis.~~

696 697

Dated 31 82 May ~~19~~ 1883

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department,
31*st May* 1869.

No. 696. Read the following Proceedings of the Board of Revenue, dated 14th May 1869 :—

Read the following Government Order, dated 28th April 1869, No. 1,145.

RESOLVED that Government be informed that, as suggested by them in the Order above recorded, a Notification, setting forth the leading provisions of the Income-tax Act IX. of 1869, has been prepared in the Board's own Office and issued to Collectors. A copy of the Board's Circular letter, dated 4th May 1869, No. 3,004, together with the Notification which accompanied it, is herewith submitted to Government.

No. 697. ORDER THEREON, 31st May 1869, No. 1,523.

Miscellaneous.

ORDERED to be recorded.

(True Extract.)

(Signed) H. WELLESLEY,
Acting Under-Secretary to Government.

To the Board of Revenue.

Exd. F. R. Bantleman.

Govt. Records Office
REVENUE.
No.
THE BOARD OF REVENUE.
Dated May, 31st
Read.
G. O., 31st May, 1869, No. 1,528.
INCT.
1869. 666-667.
Income-tax.—Board's Proceedings requiring the issue of a Notification setting forth the leading provisions thereof.

No. 3,317.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 14th May 1869.

Read the following Proceedings of the Madras Government, dated 28th April 1869, No. 1,145, Revenue Department:—

ABSTRACT.—*Income-tax Act.*—Draft of a Circular proposed to be issued to Collectors by the Board of Revenue, containing instructions on portions of it, approved.

RESOLVED that Government be informed that, as suggested by them in the Order above recorded, a Notification, setting forth the leading provisions of the Income-tax Act No. IX. of 1869, has been prepared in the Board's own Office and issued to Collectors. A copy of the Board's Circular letter, dated 4th May 1869, No. 3,004, together with the notification which accompanied it, is accordingly submitted to Government.

(A true Extract.)

Sub-Secretary.

To the Acting Secretary to Government, Revenue Department,
with a copy of Circular letter, dated 4th May 1869, No. 3,004.

Exd. T. Cartledge.

1671/1869.

Board of Revenue,
MADRAS.

PROCEEDINGS, 14TH MAY 1869, No. 3,317.

Encl.

Copy 14 May 1869
Received

MAY.

No. 3,317.

Income-tax Act—No. IX. of 1869.—Government informed that a notification setting forth leading provisions of —, has been issued to Collectors. Copy of Board's Circular letter dated 4th May 1869, No. 3,004, together with notification, submitted to Government.

NOTIFICATION.

IT is hereby notified for the information of the general public, that under the Income-tax Act No. IX. of 1869, which came into force from the 1st of April 1869, the following incomes are wholly exempt from the tax:—

1*st*.—Incomes of all Officers, Warrant Officers, Non-Commissioned Officers and Privates of Her Majesty's Forces, or of Her Majesty's Indian Forces, who are not in Civil employment, when their pay and allowances do not exceed Rupees 500 per mensem.

2*nd*.—Incomes derived from property movable or immovable, solely employed for or dedicated to religious or charitable public purposes.

3*rd*.—Incomes of all persons whatever, whose income from whatever source derived, is less than Rupees 500 per annum.

2. All other incomes are liable to the tax.

3. All persons holding paid employments under or receiving pensions or annuities from Government or any Company, Municipal or other Public body or Association, are liable to a duty of one per centum on their salaries, pensions or annuities, when not less than Rupees 41-10-8 per mensem.

4. With regard to Government servants they shall be entitled to a refund by Examiner of Claims on income of all sums stopped by authority such as payments to pensions or annuity funds, etc., and all payments to Life Insurance Policies within a maximum of 10 per cent. of the salary.

5. The Treasurer or other such Officer of the Company, Association, Municipal or other public body, etc., will make the deductions from the salaries, pensions and annuities and will stand responsible to Government for the payment of the sum. It is, moreover, the duty of this officer to furnish the Return referred to in Section 9 of the Act with reference to the several Servants, Pensioners and Annuitants connected with such Company, Public body, Association, etc. Such of the Companies, etc., as do not deliver these returns within the prescribed time will render themselves liable to a penalty of Rupees 10 for every day of default.

6. Servants of Companies are entitled to a refund on account of tax collected on Life Insurance or annuity payments within a maximum of 10 per cent. of the tax payable by them.

7. All Companies are divided into two classes for the purpose of assessment under this Act:—

1. Shipping Companies.
2. All other Companies.

The duty with regard to Shipping Companies is one per centum on a moiety of their net profits. In the case of all other Companies, it is one per centum on the whole of their net profits.

It is the duty of the Treasurers, Secretaries or principal Agents or Managers in India of these Companies to prepare and deliver to Collectors, Returns of their profits, as directed in Section 10. Any wilful or contumacious delay on their part will be punishable under Section 24.

8. With regard to all other incomes, whether derived from lands, houses, interest on Government Securities, etc., etc., the work of assessment is to be conducted by the issue of notices under Sections 16 and 23 of the Act. The law does not compel the public to furnish Returns of their profits, but they are expected to render all assistance they can for the guidance of the Assessing Officers, and by so doing, they are likely to secure a correct assessment in the first instance and save themselves the trouble of petitioning for revision of assessment. It is, however, the duty of all persons standing in the position of Trustees, Guardians, Curators, Agents, or Committees with regard to any Infant, Lunatic, Idiot, Married woman subject to the law of England, or person absent from India, to furnish a Return of the income of such infant, lunatic, idiot, etc., etc.; any neglect on their part in this particular, being punishable with fine under Section 24.

9. The duties levied on the incomes referred to in the above paragraph, will be in accordance with Schedule A. annexed to the Act.

10. The amount of duty thus imposed, should be paid within fifteen days from the date of the service of the notice referred to in paragraph 6. If however, a person is dissatisfied with the amount of his assessment, he may withhold payment and present a petition to the Collector of

ncome-tax for a reduction or cancelment of the duty; this petition must be presented within fifteen days from the date of the service of the notice and should bear a stamp of eight annas. An appeal from the decision of this officer still lies to the Commissioner or Commissioners of Revenue, but it cannot be admitted unless the party has previously paid the duty as fixed by the Collector of Income-tax. The appeal should, moreover, be preferred in writing within fifteen days from the date of the decision of the Collector and should bear a stamp of one Rupee. It should be accompanied with a copyof the decision of the Collector and his receipt for the payment of the tax.

11. Any person failing to pay the tax within fifteen days from the date of the service of the notice when he has presented no petition of objection, and when he has presented such petition, within a week from the passing of the order thereon, will be liable to prosecution before the Magistrate and to a fine of twice the amount mentioned in such notice or order.

12. Half yearly payments are allowed when the amount of the tax is Rupees 24 or upwards, but the first instalment should be paid within fifteen days from the date of the service of the notice, and the second instalment on the 1st day of October.

13. Any person who has paid duties under Schedule A. of Act IX. of 1868, is entitled, when making his first payment, under the present Act, to a refund of one-twelfth of such duties if he was assessed for the entire year, one-ninth if he was assessed for three-quarters of the year, one-sixth if he was assessed for the half-year, and one-third if he was assessed for the last quarter only.

14. Persons who by reason of their salaries, pensions or annuities being less than Rupees 41-10-8, are exempt from the tax, will still be liable if their salaries, pensions or annuities, together with income derived from other sources, exceed Rupees 500 per annum.

No. 3,004.

From A. MACGREGOR, Esq., Acting Secretary to the Board of Revenue.

To ALL COLLECTORS.

SIR,

I am directed by the Board of Revenue, to forward, for your information and guidance, the accompanying Order of Government, dated 13th April 1869, No. 996, and the Rules of the Government of India, with the forms appended to them, regarding the Income-tax Act IX. of 1869, recently introduced, and to request your particular attention to the following brief instructions.

2. You will observe that the present Act is divided into six parts, of which, Parts II., III., and IV., alone require instructions, as they treat of the several classes of incomes liable to assessment.

Part II.—Duties on officials and paid servants, whether under Government or any Company or public body.
Part III.—Duties on the profits of Companies.
„ IV.—Duties on all other incomes or profits.

3. With regard to the duties leviable on incomes treated of in Part II., the procedure is clear. No income less than Rupees 41-10-8 is chargeable with duty under the Act. Deductions from salaries above this minimum will be made at the time of payment on the several Pay Abstracts in the case of Government Officials. In the case of servants of Companies or other Public bodies, the deductions will be made by the Treasurer or other Officer of the Company, and forwarded to you at regulated periods, not exceeding one quarter. This you must arrange with the several Companies doing business in your district. The Government of India have prescribed a form* in which they direct that the several Companies should furnish particulars with regard to the names, etc., of the several persons holding a paid employment under them, or receiving any annuity or pension from them. The first Return, according to this form, should be delivered to you on or before the 30th April 1869. In case of failure, the law should be put in force against the Treasurer; but you will have the power to remit the fine of 10 Rupees wholly or in part. The Return above prescribed should be obtained monthly from the several Companies, as the salaries of their servants are liable to change.

* Form No. 1, paragraph 26.

4. The Government of India further prescribe a Register† to be maintained to exhibit the monthly stoppages made from the payments to Servants, Pensioners, and Accountants of Companies, etc., assessed under Part II. of the Act. This Register should be kept in your Office, and particulars filled up from the monthly Returns‡ furnished by Companies or other public bodies. The maintenance of this Register will be of great help in the preparation of the half-yearly Return No. 2§.

† Paragraph 27, Register No. 2.

‡ See above paragraph.

§ Paragraph 28.

5. The Government of India have not distinctly laid it down that Returns should be submitted and Registers kept up with regard to stoppages made from salaries of Government Officials, Pensioners, and Annuitants; but as information regarding these stoppages is not less important, you will cause a Register to be maintained according to Register 2‖, omitting the names of persons as they will be found in the different Pay Abstracts. Of the first two columns in this Register, the first one should be headed "description of items" under which the Items "Official Servants" "Pensioners" and "Annuitants" are to be entered. Under each of these items the classification of the rates of salary made in the Return No. 2, paragraph 28, should be adopted. From this Register a half-yearly Return should be submitted as directed in the case of the servants, etc., of Companies.

‖ Paragraph 27.

6. In the half-yearly Return No. 2, ¶ no provision is made for exhibiting refunds. It is not likely that there will be any case of refunds, but should there be any, you will add a column, headed "Refunds," and enter there any sums that may have been so refunded. The same course should be followed in the case of the half-yearly Return prepared for the official servants of Government.

¶ Paragraph 27.

7. There is not much difficulty in the procedure with regard to assessments under Part III. The several Companies are required under the Act, to submit Returns of their net profits, which must be delivered to you before the 30th April 1869. You will take immediate steps for obtaining these statements from the several Companies, and keep a Register in your Office in the form of Register No. 1*, as directed by the Government of India in the foot-note of this form, slightly altering the headings to suit the case of Companies. This Register should be headed "Register of Assessments on Companies, under Part III."

Part III.

Paragraphs 8 and 12.

* Paragraph 27.

8. The Government of India direct, that a Return of these assessments should be submitted half-yearly. The form prescribed for this Return is that of Return No. 1†, a slight alteration being made by the addition of a column headed "Fines under Section 24" after the column for "Demand." You will notice that the last column of this Return is headed "Refunds under Section 34," which Section refers specifically to deductions of payments made under License Act IX. of 1868 for April 1869. Besides refunds under this Section, other refunds, on appeal to the Commissioners of Revenue under Section 21, may become necessary; but as these cannot be shown in the column as now headed, the column in question should be divided into two, the general heading being "Refunds" and the minor heads "Refunds under Section 34" and "Refunds under Section 21." This Sub-division of the column need, however, continue for this year alone, as no refunds on account of payments made under License-tax will occur next year. From next year there should be but one column headed "Refunds on appeal to the Commissioner of Revenue under Section 21," instead of the present column headed "Refunds under Section 34."

† Paragraph 28.

Refunds.		
Refunds under Section 34.	Refunds under Section 21.	Total.

9. The assessments under Part IV. are to be effected by the issue of Notices‡ under Section 16 of the Act. All Notices issued should be entered in the Register No. 1§ prescribed by the Government of India, and it is from this Register that you should prepare the half-yearly Return No. 1. In preparing this Return, you will make the same sub-division of the last column in regard to refunds, as has been pointed out in paragraph 8.

Part IV.

‡ Form No. 2.

§ Paragraph 27.

10. The provisions contained in the Act and in the set of Rules issued by the Government of India, for carrying on the work of assessment on the incomes comprised in the Parts II. and III., are clear and complete. But the course prescribed for assessing all other incomes under Part IV. requires your special attention, as it entails the necessity for vigilance and circumspection on the Assessing Officers. Rule 10 lays it down that, "the Collector must ascertain, by every available means in his power, the various sources of income of each person to be charged, and the total amount for the year at which it may fairly be estimated." The public are relieved from the obligation of submitting Returns of their incomes, and the entire responsibility of collecting all the information necessary to arrive at a correct estimate of the income of each party is thrown on the Collectors and Assessing Officers. You and your Assessors may invite the parties to furnish particulars; but the law does not compel them to comply or provide any penalty for giving false information at this stage; such information must, therefore, be received with great caution, and care taken to corroborate it by other unobjectionable mode of inquiry.

11. The two annual Returns, prescribed by the Government of India, can be easily prepared in the required detail from the Registers referred to in paragraphs 7 and 9.

12. In paragraph 2 of the Order of Government, dated 13th April 1869, communicated to you in this Circular, it is directed that forms of Registers for recording particulars of processes issued for the recovery of the tax, should be prepared, the course prescribed in the Arrears of Revenue Recovery Act II. of 1864, being followed in this case also. In the Standing Circular of the Act, clear instructions have been issued with forms of the several Processes, Receipts, Registers, etc. You will adopt such forms as may be found necessary in the case of recovering Income-tax; and it does not appear that any new forms need be prescribed now.

Mr. Dalyell's Edition, No. 274, Board's Proceedings, dated 30th August 1864.

13. Attention will be given at once to the instructions contained in paragraphs 3 and 4 of the Order, appointing Commissioners and Assessors. It must be borne in mind that in all cases of appeals to you as "Commissioner of Revenue for the purpose of hearing appeals" from orders passed by your subordinates on petitions of objections to assessments, any decisions that you may pass will be considered final.

14. In the last two lines of paragraph 3 of the Order, it is observed that "the Board of Revenue will be vested with like powers in regard to assessments made by Collectors of districts and the Commissioner of Neilgherry Hills." You will observe that the Government do not wish Collectors of districts to avail themselves extensively of the power vested in them of making the original assessment.

15. Adverting to paragraph 7 of the Order, you are requested to furnish the Board with a list of any additional establishment which you may consider necessary to enable you to carry out the provisions of the Act. The establishment proposed should be as moderate as possible.

16. The instructions issued by the Government of India regarding other points of the Act are sufficiently clear. If you, however, entertain doubts on any point, you should at once apply for instructions to the Board. You will take active measures, immediately on the receipt of these Proceedings, for carrying the law into effect.

17. You will publish in your *District Gazette* the accompanying Notification which sets forth the leading provisions of the Act, with a translation in the vernacular of your district. You will also notify from time to time, for the information of the public, the particular days or day of the week or month on which you will hear and decide petitions of objections and appeals and also the places where you will hold Office on those days. The other officers also who are vested with powers to hear and decide such petitions and appeals should be directed to issue similar Notifications.

I have the honor to be,

Sir,

Your most obedient servant,

(Signed) A. MACGREGOR,
Acting Secretary.

Revenue Board Office,
Madras,
4th May 1869.

(True Copy.)

(Signed) J. T. MAYNE,
First Assistant.

Exd. G. A. Turton.

Encl in Bds Proc to Govt
R.D. dated 4th May 1869
No — Rev: 1577/69

1869.

Board of Revenue,

MADRAS.

Read 31st May 1869 Rev Dept

FROM THE AG. SECY. TO THE BOARD OF REVENUE,

TO ALL COLLECTORS.

Dated 4th May 1869.

Received

Encl.

MAY.

No. 3,004.

Income-tax Act—IX. of 1869.—Instructions to Collectors in regard to levy of assessment under —.—Proceedings of Government and Rules of Government of India on subject, forwarded.