

9

*Proceedings of the Madras Government, Revenue Department,
4th January 1872.*

No. 16. Read the following letter from the Acting Inspector-General, Indian Medical Department, to the Chief Secretary to Government, Financial Department, dated Fort St. George, 24th November 1871, No. 379:—

I HAVE the honour to submit the following case for the consideration and orders of His Excellency the Governor in Council.

2. In the months of July and August last Surgeon-Major vanSomeren made certain present payments to the Medical Funds to secure pensions for members of his family, the sums thus paid absorbing the whole of his pay for July, and Rs. 698-9-0 of that for August. In adjusting the abstracts for these two months, the Accountant-General deducted Income-tax on the current rate of salary payable to Dr. vanSomeren, less the usual rate of monthly subscription to the Service Fund, taking no account whatever of the extraordinary payments. To this course Dr. vanSomeren objected, and, on further reference, was informed by the Accountant-General that he had been guided in his decision by paragraph 4 of Proceedings of Government of India No. 1,888, dated 24th March 1869, but that exemption of tax would be allowed at the close of the year on sums paid to the fund to the extent of ten per cent. of annual income.

3. The appellant, however, considering that he was entitled to immediate and complete exemption on all such payments, solicited a reference to Government, and as the Accountant-General declined to forward that communication Surgeon-Major vanSomeren requests me to submit the claim which I have now the honour to enclose.

4. The chief grounds on which it is based are as follow:—

(a.) That he (Surgeon-Major vanSomeren) is obliged, by the orders of Government, to place his family on the Madras Medical Fund.

(b.) That the order quoted by the Accountant-General in support of his decision has reference only to payments to Insurance Companies and not to those made to Service Funds.

(c.) That by reason of these present payments to redeem subscriptions the appellant's pay will hereafter be increased, and he will thus have to pay Income-tax on the increment; in other words, he will have been doubly assessed, namely, on the present payment for redemption of subscriptions and on the increment of pay resulting from the redemption.

5. On referring the case to the Military Department with the view of ascertaining what course would have been adopted under similar circumstances by the Pay Examiner, I was informed that "Income-tax would be deducted on the net amount of salary, *i.e.*, after all stoppages on account of Service Funds had been made." It thus appears that a difference of system exists in the Civil and Military Departments, and I have therefore the honour to submit the appeal for the consideration and orders of Government. The correspondence (to be returned) on the subject is enclosed for ready reference.

No. 17.

ORDER THEREON, 4th January 1872, No. 9.

Miscellaneous.

THE Government consider that Dr. vanSomeren is entitled to the refund of Income-tax which he seeks.

Proceedings of the Madras Government, Revenue Department.
4th January 1872.

2. As they understand the case he made to the Military Fund certain sanctioned anticipatory payments in redemption of his liability to regular monthly payments on account of his family, thereby ensuring payment of future Income-tax on a larger income than would otherwise be taxable; "all sums stopped under the authority of Government on account of payments to Pension or Annuity Funds" being "deducted from the salary previous to assessment;" and he claimed that these anticipatory payments, which are sanctioned by rule, should be exempted from Income-tax.

3. This, however, the Acting Accountant-General has refused, and has insisted on assessing Income-tax on Dr. vanSomeren's ordinary salary, less only the ordinary deduction for Military Fund subscriptions, undertaking, however, at the close of the year to refund to Dr. vanSomeren the tax on payments made to the Military Fund for his family, if not exceeding one-tenth of his salary; and he quotes, as his authority for this procedure, paragraph 6 of the Notification of the Governor-General dated 1st April 1871.

4. The Government are of opinion that this paragraph is not at all applicable to the case in question, but has reference solely to payments to Insurance Companies.

5. Paragraph 5 first provides that "all sums stopped under the authority of Government on account of payments to Pension or Annuity Funds * * * shall be deducted from the salary previous to assessment," but that the residue of salary, though below the minimum income ordinarily taxable, shall be assessed.

6. Then paragraph 6 provides that a refund of the tax shall also be made on the year's proved payments to Insurance Companies, provided that the sum so paid, plus the payments to the Service Funds, shall not exceed ten per cent. of the claimant's whole salary. The Government are clearly of opinion that the procedure and limitation enjoined by this last paragraph are applicable solely to payments to Insurance Companies and not to Service Funds.

7. Dr. vanSomeren is entitled, in the terms of paragraph 5, to have "all sums" paid by rule to the Service Funds deducted from his salary prior to assessment to Income-tax, and the Government desire that the Acting Accountant-General will give effect to this rule in his case by a refund of the tax levied on any such payments.

(True Extract.)

(Signed) W. HUDLESTON,
Secretary to Government.

To the Acting Inspector-General, Indian Medical Department.
,, the Accountant-General.
,, the Board of Revenue.

Exd. F. R. Bantleman.

Revenue Department.

No. 9.

PROCEEDINGS of the MADRAS GOVERNMENT.

Under date the 14th December 1872.

Read the following letter from the

Ag. Inspector-General, Indian
Medical Department.

Submitting for the consideration and
orders of Govt., an appeal from Surgeon
Major VanSomeren, asking a refund of
Income Tax paid, on payments made to
the Medical Fund.

(Here Enter 24th Nov: 1871, N. 379)

The Government
consider that Dr. VanSomeren
is entitled to the refund
of Income tax which he seeks.

2. As they understand
the case, he made to the
Military Fund, certain
sanctioned anticipatory
payments, in redemption
of his liability to regular
monthly payments on
account of his family, thereby
ensuring payment of future
Income tax on a larger
income.

income than would otherwise
be taxable, "all sums stopped
under the authority of Govern-
ment on account of payments
to pension or annuity funds"
being "deducted from the salary
prior to assess

and he claimed that these
anticipatory payments, which
are sanctioned by rule, should
be exempted from income tax

3 This, however, the
Ag. Accountant General has
refused, and has insisted
on assessing income tax
on D. Van Someren's ordinary
salary, less only the ordinary
deduction for Military Fund
subscriptions, undertaking,
however, at the close of the
year to refund to D. Van Someren
the tax on payments made to
the Military Fund for his family,
if not exceeding one-tenth
of his salary, and he quotes
as his authority for this
procedure, para 6 of the

Notification

Notification of the Governor
General, dated 1st April 1871.

4 The Government are
of opinion that this para is
not at all applicable to the
case in question, but has
reference solely to payments
to Insurance Companies -
Para 5 first provides that
"all sums stopped under the
authority of Government on
account of payments to pension
or annuity funds x x x shall
be deducted from the salary
prior to assessment," but
that the residue of salary,
the below the minimum income
ordinarily taxable, shall be
assessed.

6. Then para 6 provides
that a refund of the tax shall
also be made on the year's
proved payments to Insurance
Companies, provided that
the sum so paid plus the
payments to the Service Funds
shall not exceed 10 per cent.

of the claimants' whole
salary. The Government are
clearly of opinion, that the procedure
and limitation enjoined by this
last para are applicable solely
to payments to Insurance
Companies, and not to Service funds.

Y^{rs} D. Vandomere is
entitled, in the terms of para 5,
to have "all sums" paid by
rule to the Service funds deducted
from his salary prior to
assessment to Income tax,
and the Government desire
that the Acting Accountant
General will give effect to
this rule, in his case, by a
refund of the tax levied on
any such payments.

L.D.

2. To the As. Insp. G. H. Ind. Med. Dept. - Despatch
6 Jan 1872
6. - " - Accountant General. S
14 - " - the Board of Revenue

Refund of Income
tax to Dr. Van So-
maren.

✓
Gobt. of 1872 Madras.

REVENUE.

To

THE ACTING INSPECTOR-GENERAL,
INDIAN MEDICAL DEPARTMENT

&c. &c. &c.

Dated January 4th.

Recd.

For.

G. O., 4th January 1872, No. 9.

JANUARY.

Nos. 16-17.

*Income-tax paid by Dr. van Someren. —Pass-
ing orders on the letter from the Acting Inspector-
General, Indian Medical Department, asking for
a refund of the tax paid on payments made to the
Medical Fund.*