Archives 1—10,000—8-10-78.

(1) Number of pages 22

(2) Date of repair 30-12-85

(3) Initials of the Referencer Lab

TAMIL NADU ARCHIVES

GOVERNMENT OF TAMIL NADU

Revenue DEPARTMENT

G.O. No. / ~~B.P. No.~~	530	Press. / ~~Mis.~~
Dated	10-5-1880	~~197~~ .

Not to be folded or roughly handled

530
1

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

10th May 1880, No. 530.

No. 61. READ THE FOLLOWING PAPER:—

Endorsement of the Chief Secretary to Government, Fort St. George, dated 11th March 1880, No. 558.

Read the following letter from the Hon. P. MACFADYEN, Chairman, Chamber of Commerce, Madras, to R. DAVIDSON, Esq., C.S.I., Chief Secretary to Government, Fort St. George, dated Madras, 5th March 1880.

I HAD the honor, on the 10th September last, of directing the attention of His Grace the Governor in Council to the disproportion that exists between the rates of License Tax demanded in this Presidency and those levied in Bengal and Bombay, and I expressed the Chamber's hope that the Madras Government would make such a revision of the schedule of the local tax as seems to the Chamber to be imperatively called for. In reply, you were good enough to inform me that the Chamber's representation would "receive full consideration in due course."

The letter to which I have referred contains such indisputable evidence of the injustice that is done to traders in this Presidency by the local tax that I beg to hand herewith, for facility of reference, a copy of that communication.

On the 24th ultimo, a Bill "to amend the law relating to the licensing of trades and dealings" was introduced into the Legislative Council of the Governor-General of India by the Honorable Sir John Strachey. In Sections 8 to 12 of the Bill, a few alterations in the Madras License Act 1878 are proposed, which do not touch the grievance that affects the class which the Chamber represent; and the Chamber have looked in vain in the Statement of Objects and Reasons for an explanation of the mover's neglect to take advantage of the opportunity that was afforded him to equalise the incidence of Imperial License taxation throughout India.

The important admission was made by Sir John Strachey at the meeting of the Viceregal Legislative Council on the 14th November last, when he introduced a Bill to substitute a comprehensive Imperial for the several local License Tax Acts, that "every local Government in India has now concurred with the Supreme Government in the opinion that taxation similar in amount to that already borne by the wealthier classes of traders should be extended to the wealthier classes of officials." As the Supreme, but not the Madras Government, are responsible for the exemption of certain classes of the community from their fair share of the burdens of the State, the Chamber will not presume to trouble His Grace in Council with a further expression of their views on this part of the subject, but I am desired to say that it is gratifying to the Chamber to learn that the Madras Government, in common with all the Indian Administrations, have endorsed the objections which are entertained by traders to the partiality shown in existing taxation.

The Chamber are encouraged by this fact to hope that the Madras Government will be pleased to take into immediate and favorable consideration the Chamber's suggestion that the time is now opportune for remedying the wrong which has for two years been borne by the traders of this Presidency. It is unnecessary, the Chamber would hope, for them to travel over again the ground that they have so often gone over in their attempts to obtain a readjustment, consistent with justice, of the burden of taxation. That the maximum License tax leviable in Madras, the least considerable of the three Presidencies, should be Rs. 800, while in Bengal it is Rs. 500, and in Bombay only Rs. 200, is in itself a fact that condemns

the local schedules in a more eloquent way than the Chamber can hope to do. "Equality in the incidence of taxation" is an end that Sir John Strachey declared on the 14th November the Government of India are anxious to obtain; and the Chamber cannot suppose that the Madras Government can be indifferent to the continuance of an inequality of the incidence of taxation in this Presidency, for which no explanation has ever been offered, and no defence can be made.

I am, therefore, to beg His Grace the Governor in Council to be good enough to amend the schedule of the Madras Act under which the License tax is levied, so that the grievance indicated may be removed, and until this is done, to issue instructions that no assessments be made for the coming year.

TRANSFERRED to the Revenue Department in continuation of endorsement, No. 1,779, dated the 13th September 1879.

(Signed) R. DAVIDSON,
Chief Secretary.

No. 62. ORDER THEREON, 10th May 1880, No. 530.

Separate Revenue, No. 3.
License Tax.

ORDERED that the following letter be addressed to the Government of India:—

(Here enter, No. 531, dated 10th May 1880.)

(True Extract.)

(Signed) C. G. MASTER,
Secretary to Government.

To the Chairman, Chamber of Commerce.

Fd. W. H. French.

20 Copies.

530/3

Chamber of Commerce,

Madras, 10*th September* 1879.

From

THE HON'BLE P. MACFADYEN,
Chairman Chamber of Commerce,
Madras.

To

THE CHIEF SECRETARY TO GOVERNMENT,
Ootacamund.

Sir,

The Chamber desires me to direct the attention of the Madras Government to the manifest injustice of levying a rate of License Tax from the trading classes in this Presidency which is out of all proportion to the rate imposed on similar classes of the community in other parts of India. A comparison of the Schedules attached to the License Tax Acts for Bengal, Madras and Bombay reveals the following scales of taxation in the different Presidencies.

Bengal. Class. A	*Bengal.* Class. B	*Madras.* Class.	*Bombay.* Class.
I 500 } 200 }	500 } 200 }	I 800	I 200
II 100	200	II 700	II 150
III 50	50	III 600	III 100
IV 20	25	IV 500	IV 80
V 5	12	V 400	V 60
VI 2 } 1 }	5 } 2 } 1 }	VI 300	VI 40
		VII 200	VII 30
		VIII 100	VIII 25
		IX 50	IX 20
		X 25	X 15
		XI 10	XI 10
		XII 4	XII 7
			XIII 5
			XIV 3
			XV 2

It will doubtless be within the recollection of His Grace the Governor in Council that the Finance Minister justified his argument in favor of this exceptionally high rate of taxation for Madras by the plea that the traders of this Presidency had made exceptionally large profits out of the rice trade during the famine. The Chamber at the time pointed out the fallacy of the Finance Minister's argument, and in a Memorial to the Secretary of State protested against the injustice of fixing the rate of license tax for Madras on such an untenable theory. In his reply, the Secretary of State observed :—"Experience can 'alone suggest what modifications should be made in the financial legislation of the 'three Presidencies. When the time comes for reviewing the measures recently 'passed, the objections of the Madras Chamber of Commerce will, I am confident, 'receive our fullest consideration." The Chamber would submit that the time

Original

Govt. of (1880) Madras.

To

REVENUE.

THE CHAIRMAN, CHAMBER OF COMMERCE.

Dated May 1880.

Printed 1880.

Read

Read

G.O., 10th May 1880, No. 530.

MAY.
Nos. 61-62.

Madras License Tax Act of 1878.—Ordering that a Letter be addressed to the Government of India with reference to one from the Chamber of Commerce requesting to amend the schedule of the—so that the inequality in the incidence of taxation in this Presidency may be removed, and that until this is done, no fresh instructions that no assessment be made for the coming year.

has arrived when this promised review of the working of the License Tax should be made.

In proof of the Chamber's assertion that the chief profits of the rice-trade during the famine did not fall into the hands of Madras traders, but into those of the native cultivators and dealers in Bengal and Burmah, permit me to direct your attention to the Administration Report of British Burmah for 1877-78. After showing that the trade of the Province had increased during the famine year by over £2,800,000 or 21·9 per cent. on the trade of the previous year, the Chief Commissioner goes on to say (para. 152) :—"This improvement is 'mainly due to the great demand which existed for the staple product of the 'Province—rice, throughout the year of review .... The high prices paid caused 'immense sums of money to be poured into the country, much of which found its 'way into the hands of the cultivators who were thus enabled to purchase goods to 'a larger extent than in previous years, whereby the traders and other residents 'of the towns were likewise benefited, and the import trade considerably increased." In para. 162, the Commissioner remarks that "the speciality in the exports 'of the year was the enormous increase which took place in the value of grain 'and pulses. Notwithstanding that the shipments of rice and paddy were but '28,131 tons in excess of those in 1876-7, the value increased by £1,352,158 or '45 per cent." The Chamber have no means of referring to the official statistics of the export trade in rice from Bengal during the same year, but there can be no reasonable doubt that the Bengal cultivators and dealers shared with those of Burmah in that prosperity connected with the famine trade which is so forcibly emphasised by the Chief Commissioner of Burmah.

At it would appear to have been the intention of the Government of India, when imposing the License Tax, to assess those at the highest rate who had profited most by the famine, the Chamber venture to hope that the anomaly and injustice of saddling Madras traders,—who acted only as distributors of food grain and shared none of the profits that fell to the Bengal and Burmah producers—with such an invidious rate of taxation may at length be acknowledged and remedied. Under the present scale of taxation Madras, whose ordinary trade utterly collapsed during the famine, and from the effects of which it is even still suffering, is made to pay an undue proportion towards the famine insurance fund, if indeed such a fund, in the present state of the Indian Exchequer, can be said to exist. During the Bengal Famine in 1873-74 Bengal traders imported large quantities of grain from Burmah and Madras, but the Chamber are not aware that those traders were specially taxed on the ground that they must have made money out of the famine. There would seem, therefore, to be no precedent for the present exceptionally heavy rate of taxation imposed on Madras traders, and as they are called upon to pay heavy Municipal taxes in addition to those levied for Imperial purposes, the Chamber trust that the Madras Government will make such a revision of the schedule of the License Tax Act as seems to be imperatively called for.

I have the honor to be, Sir,

Your most Obedient Servant,

(Signed) P. MACFADYEN,

Chairman.

R. D.
13 MAR 80

530/5

Chamber of Commerce,

Madras, 5th *March* 1880.

From

THE HON'BLE P. MACFADYEN,
Chairman Chamber of Commerce,
Madras.

To

THE CHIEF SECRETARY TO GOVERNMENT,
Fort St. George.

Sir,

I had the honor, on the 10th September last, of directing the attention of his Grace the Governor in Council to the disproportion that exists between the rates of License Tax demanded in this Presidency, and those levied in Bengal and Bombay, and I expressed the Chamber's hope that the Madras Government would make such a revision of the schedule of the local tax, as seems to the Chamber to be imperatively called for. In reply, you were good enough to inform me, that the Chamber's representation would "receive full consideration in due course."

The letter to which I have referred contains such indisputable evidence of the injustice that is done to traders in this Presidency by the local tax, that I beg to hand herewith, for facility of reference, a copy of that communication.

On the 24th ultimo, a Bill "to amend the law relating to the licensing of trades and dealings" was introduced into the Legislative Council of the Governor General of India by the Honorable Sir John Strachey. In sections 8 to 12 of the Bill, a few alterations in the Madras License Act 1868 are proposed, which do not touch the grievance that affects the class which the Chamber represent; and the Chamber have looked in vain in the Statement of Objects and Reasons for an explanation of the mover's neglect to take advantage of the opportunity that was afforded him to equalise the incidence of Imperial License taxation throughout India.

The important admission was made by Sir John Strachey at the meeting of the Viceregal Legislative Council on the 14th November last, when he introduced a Bill to substitute a comprehensive Imperial for the several local License Tax Acts, that "every local Government in India has now concurred with the Supreme Government in the opinion, that taxation similar in amount to that already borne by the wealthier classes of traders, should be extended to

the wealthier classes of officials." As the Supreme, but not the Madras Government, are responsible for the exemption of certain classes of the community from their fair share of the burdens of the State, the Chamber will not presume to trouble his Grace in Council with a further expression of their views on this part of the subject, but I am desired to say, that it is gratifying to the Chamber to learn that the Madras Government, in common with all the Indian Administrations, have endorsed the objections which are entertained by traders to the partiality shewn in existing taxation.

The Chamber are encouraged by this fact to hope that the Madras Government will be pleased to take into immediate and favourable consideration, the Chamber's suggestion that the time is now opportune for remedying the wrong which has for two years been borne by the traders of this Presidency. It is unnecessary, the Chamber would hope, for them to travel over again the ground that they have so often gone over in their attempts to obtain a readjustment, consistent with justice, of the burden of taxation. That the maximum license tax leviable in Madras, the least considerable of the three Presidencies, should be Rs. 800, while in Bengal it is Rs. 500, and in Bombay only Rs. 200, is in itself a fact that condemns the local schedules in a more eloquent way than the Chamber can hope to do. "Equality in the incidence of taxation," is an end that Sir John Strachey declared on the 14th November the Government of India are anxious to obtain; and the Chamber cannot suppose that the Madras Government can be indifferent to the continuance of an inequality of the incidence of taxation in this Presidency for which no explanation has ever been offered, and no defence can be made.

I am, therefore, to beg His Grace the Governor in Council to be good enough to amend the schedule of the Madras Act under which the License tax is levied, so that the grievance indicated may be removed, and until this is done to issue instructions that no assessments be made for the coming year.

I have the honor to be, Sir,

Your most Obedient Servant,

Chairman.

On C. No 1584.

530/1

REVENUE DEPARTMENT.

No. 1584

From The Chairman Chamber of Commerce

Dated 5 March 1880.

FOR ORDERS.

Read 8th March 1880.

Recorded in Letter Book No. 15 Page

Sent to the Chief Secretary to Government

(Also to the Chief Secretary)

Dated 8th March 1880.

Received 10th March 1880.

Recorded in Letter Book No. 15 Page

Submitting a memorial from the Chamber of Commerce praying for the abolition of the Octroi duties levied within the municipality of the suburbs of Bombay, and stating the reasons which in their opinion render the abolition necessary.

Read 10th March 1880.

Ordered that the memorial be forwarded to the Revenue Department with a request that it may be considered in connection with the memorial from the Municipal Commissioner for the City of Bombay, dated 1st March 1880.

By Order,

Chief Secretary.

To the Chairman Chamber of Commerce.

No. 558

Transferred to the Revenue Department with a request that it may be considered in connection with the memorial from the Municipal Commissioner for the City of Bombay, dated 1st March 1880.

By Order,

Chief Secretary.

Bombay Castle
8th March 1880.

To the Chairman Chamber of Commerce.

Sir,

I am directed to forward herewith, for the information of the Chamber of Commerce, a copy of a letter from the Municipal Commissioner for the City of Bombay, dated 1st March 1880, on the subject of the Octroi duties levied within the municipality of the suburbs of Bombay.

I have the honor to be,
Sir,
Your most obedient servant,
Chief Secretary to Government.

Bombay Castle
8th March 1880.

To the Municipal Commissioner for the City of Bombay.

Sir,

I am directed to forward herewith, for the information of the Municipal Commissioner, a copy of a letter from the Chamber of Commerce, dated 5th March 1880, on the subject of the Octroi duties levied within the municipality of the suburbs of Bombay.

I have the honor to be,
Sir,
Your most obedient servant,
Chief Secretary to Government.

FOR ORDERS.

c. 16/3/80 R. 5/4/80.

On C. No 1584.

530/9

Office Note - License Tax Act III of 1880.

Madras III of 1878
Bombay III of 1878
Northern India
Bengal I of 1878

The present complete Act of the Govt of India with the Acts of 1878 of all the four Presidencies, corrected according the Govt of India Act, are circulated as directed by the Honorable Mr Stuart Hogg.

2. The principal distinctive feature of the Madras License Tax Act, as it originally stood is not altered in its amended form, for its schedule of rates still goes up to Rs 800; while the highest rates for other Presidencies are:-

Bombay Rs 200 Sec: Sch: B.
Northern India 500 - - - A.
Bengal — 500 - - - - B.

Madras classifies the Traders "upon their annual profits". Rate not fixed 2% Minimum. Max. Rs 800 or Rs 4000 & upwards.

Bombay classifies its Assessees bi-sectional. Rate not to exceed 2% on "annual net earnings" Max. Rs 200.

Bengal classifies its Assessees bi-sectional. Rate not to exceed 2% on "annual earnings" Max Rs 500.

This

This is the objection which the Madras Chamber of Commerce takes to the Madras Schedule of rates in its present letter.

3. The Schedules of several Residencies, as they stand now, are placed below in juxta position:—

Madras - Class - Rs	Bombay - class Rs	Northern India class Rs	Bengal Calcutta class Rs.	Rangoon class Rs.
I - 800	I - 200	I { 500, 200, 150, 100	I { 500, 200	I { 500, 200
II - 700	II. 150.		II 100.	VI. 100.
III. 600	III 100.		III 50.	III 50
IV. 500	IV 80.	II { 75, 50, 25, 10.	IV 25	III 20
V. 400	V 60		V 12	V 5
VI. 300	VI 40.		VI { 5, 2, 1	IV { 2, 1
VII. 200	VII 30			
VIII 100	VIII 25			
IX 50.	IX 20			
X 25.	X 15			
XI 10.	XI 10.			

Rest Indian Classification. Lowest rate 2% on "annual net earnings". Bombay.

In Bombay the classification is the same as the Schedule rate viz. 2% on "annual income from business", and the lowest rate is now the same everywhere except in Bengal, where the Act of 1870 has been retained without any amendment, and where, consequently it stands at one rupee with a minimum of taxable annual earnings as low as Rs 100 against a uniform minimum of Rs 500 in other Presidencies.

4. When Sir John Strachey was speaking, as late as 24 Dec last, on the provisions of the Trade & Professions Tax Bill (afterwards abandoned) he pointed out that one of the objects of the Bill was to apply

[illegible] for a key of [illegible] Silver [illegible] Bombay Gazette [illegible] Bombay [illegible] the last [illegible] Bombay [illegible] Bombay [illegible] Rs 500. [illegible] Bombay [illegible] Rs 10. in Madras. Bombay & Calcutta

The Bengal list is left unchanged. It keeps down to Rs 500 minimum earnings of Rs 25.

Supplement to Gazette of India Jan. 3 1880. Page 27

[illegible] Bombay [illegible] Bombay [illegible]

When the Ch. Pres. in [illegible] Bombay [illegible] of Licence [illegible]

apply throughout India the maximum tax at present leviable in Madras. But in his Financial statement of 24th Feb: 1880, when he gave his reasons for the course which had been determined upon in regard to this Bill it appeared that the first proposal "which had for its object "the equitable re-adjust-ment of taxation" but which had no financial importance" was not abandoned & the only alteration then made in the law related to the exemption of the lower class of traders, and one or two matters of detail.

Page 593 & 594 Supplement to Gazette of India of 28th 1880

The first recital of the contract (No. 28) of 22nd Sept. 1865 clearly entitles us to exemption partially, but for the first & 2nd Clauses thereof the Government of India can by order exempt us from

Page 595

Pages 612 & 613

from classification in Class I. II. & III. of the Schedule. & direct that

530/11

persons & Corpn. therein be declared shall be charged in IV. the 2nd limit of Max: rate. Therein be something left to consult my purpose. L.P. 3/4

C. No 1580

Chamber of Commerce
&
Income Tax Act

Revenue Department
Govt: Govt: of 10th ellay 1880
Gos No. 530

RSub234. R24.do - RC24.do Rs54.3
c-12/4/80 Rdlg to Com 4.5H