M.R.O. 1—39,000—16-10-29.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 123 Press

250-51 Dated 24-1-1820 19

Not to be folded or roughly handled

No. 250. Read the following letter from the Sub-Secretary to the Board of Revenue, to the Acting Secretary to Government, Revenue Department, Fort Saint George, dated Madras, 14th October 1869 :—

With reference to Government Order, 2nd September 1869, No. 2,484, I am directed to submit a report from the Collector of Income-tax for the Town of Madras, in which he states that he estimates the collections from the tax during the year at Rupees 1,60,000; that the number of persons, assessed under Part IV. of the Act, will be about 5,500; and that the full establishment must be kept up during the whole of the year. The Board see no reason to question any of these conclusions.

2. The Government of India remark that the establishment, costing Rupees 1,242 a-month, has been sanctioned in opposition to the opinion of the Board of Revenue; but the facts are as follow:—The opinion of the Board, that a Special Officer must be retained in charge of the License-tax Office for the Town, was recorded in their Proceedings of the 7th November 1868, No. 2,810. When this deliberate opinion had been as deliberately over-ruled by Government, and the Income-tax had been subsequently substituted for the License-tax, the Board did not consider the difference between the two taxes so material as to warrant them in re-opening the question. Hence, their letter of the 31st March 1869, to which the Government of India refer. The Board were even then still of opinion that no tax of the description could be properly worked in the Town of Madras in the manner which had been proposed by Government, and subsequent experience and the report now submitted convince them both that the Income-tax is much more difficult to work than the License-tax, and that the establishment now entertained cannot be reduced without impairing its efficiency. If the Special Officer is done away with, the only official to whom his duties can be entrusted is the Deputy-Collector of the Town, and the Deputy-Collector has already much more than he can do, as is sufficiently manifest from the confusion in his Office which has lately come to light.

3. It is necessary, however, to point out that the Budget-Estimate of Income-tax charges, which the Board believe was framed by the Government of India without reference to the Madras Government, will be exceeded by Rupees 7,254.

4. The estimate for the Town was Rupees 6,360, and that for the districts, Rupees 18,640. The actual and sanctioned expenditure in the Town will be Rupees 15,804, and in the districts, Rupees 16,350.

5. The Board do not see how any reduction can be made, and they have every reason to believe that the excess can be met from savings in other items. Sanction for the requisite transfers will be applied for before the close of the year.

Enclosure No. 1.

From the Acting Collector of Madras, to the Acting Secretary to the Board of Revenue, dated Sydapet, 15th September 1869, No. 303.

With reference to the Board's docket on the Proceedings of Government, Revenue Department, dated 2nd September, No. 2,484, I have the honour to forward, herewith, the report* of the Collector of Income-tax in the Town of

* Original, dated 10th September 1869, No. 80, (to be returned).

Madras on the several points specified in the letter from the Supreme Government in connection with the working of Income-tax in Madras.

ENCLOSURE No. 2.

From the Collector of Income-tax, Madras, to the Acting Collector of Madras, dated Madras, 10th September 1869, No. 30.

I HAVE the honour to acknowledge a communication from the Board of Revenue of 7th instant, forwarding a copy of a letter from the Supreme Government, dated 16th August 1869, No. 2,680, with instructions to report on the same through you.

2. The Supreme Government put three questions in this letter:

(1.) What is the estimated amount of the Income-tax to be realized in Madras?

(2.) From how many persons it is to be collected?

(3.) Whether it is proposed to keep up the full establishment for the whole year?

3. In reply to the first question, judging from the late Certificate-tax having realized a lac-and-a-quarter, I thought that the present tax, considering the extended area over which assessments are made, ought to produce two lacs; but I have been obliged to modify this estimate from practical experience of the working of the Act, as I find the reduction of the maximum rate from 1½ to 1¼ affects the revenue more considerably than I first supposed it would: several who last year paid Rupees 160 only now pay Rupees 110, and many who paid Rupees 40 are now paying Rupees 24. These differences come off what is received from house-owners, holders of Government paper, absentees, &c., and I do not think therefore that any estimate above one lac and sixty thousand would be safe.

4. The number who paid License-tax was 4,100, and this number must be greatly increased this year from the extension of the tax. I think 5,500 is a low estimate, and I hope to pass it; but the labour involved in taxing the petty tradesmen is very great, there being a heavy amount of passive opposition to be overcome.

5. In reply to the third question, I have no doubt of the necessity of keeping up the present establishment during the whole year. The Government of India, in their Circular-letter of 31st March 1869, No. 1,911, impressed strongly on all the officers engaged in the collection of this tax, the need of not only making assessments, but of doing it well and thoroughly; and I often fear I have not a sufficient number as it is to carry out these instructions in their integrity. The work must be completed before the end of the year, for as one only way to recover is through the Police; we are left practically without a remedy three months after the year has closed.

6. The work did not commence until the middle of May; since then we have issued 2,832 Notices, made 1,250 assessments absolute, received 1,182 payments, exclusive of those under Part II., disposed of 319 petitions, and obtained 243 summonses. The total sum collected up to the present time is Rupees 57,07,112. This amount of work has, however, only been done by considerable effort, and yet much remains to do; the summonses last year amounted to 2,799.

7. I think from the letter of the Supreme Government now under reply that there must be some misconception in regard to the views of the Board of Revenue as to this establishment as last year. One of the Members, Mr. J. D. Sim, visited this Office, and carefully inspected the books and the whole course of the business; this visit was followed by their Proceedings of 7th September 1868, in which they express a decided opinion that the establishment was necessary, and that no person with other ministerial duties to perform could adequately also discharge those of the Collector of License-tax. The work having been increased by one-half under the Income-tax Act, such an alteration of their views, as the Supreme Government suppose, seems an impossibility.

No. 251. ORDER THEREON, 24th January 1870, No. 123.

Miscellaneous.

RESOLVED that the foregoing letter, with its enclosures, be forwarded to the Government of India, with reference to their Under Secretary's letter in the Financial Department, under date 16th August 1869, No. 2,680.

2. It will be explained to the Government of India that, under the circumstances represented by the Board of Revenue, no immediate reduction of Income-tax Establishment is expedient or feasible, but that arrangements are in contemplation which will materially reduce the charge in the coming financial year, and in the meantime sanction will be requested for the charges reported in this Government's letter, under date 15th July 1869, No. 2,055.

(True Extract.)

(Signed) R. A. DALYELL,
Acting Secretary to Government.

To the Board of Revenue.

Exd. F. R. Bantleman.

No 123. Rev: Dept 3

Proceedings of the Madras Government Under date the 24 Jany 1870.

123

Read the following letter from the Sub. Secy to the Bd of Revenue

Submitting with remarks letter from Collr of Income Tax for town of Madras reporting probable amount of Income tax collections during 1869-70 &c } Dated 14th Octr 1869.

+ The Board's letter should have been circulated to the members of the Govt with a suggestion that its disposal be deferred. In [illegible] the Dept is in ignorance of important matters for so many months. [illegible]

Resolved that the foregoing letter with its enclosures be forwarded to the Govt of India with reference to their Under Secretary's letter in the Financial Dept under date 16th August 1869 No 2680.

[illegible]

2. I will be explained to the Govt of India that under the circumstances represented by the Board of Revenue no immediate reduction of Income Tax Establishment, is expedient or feasible, but that arrangements are in contemplation which will materially reduce the charge in the coming financial year, and in the meantime provision will be requested for the charges reported in this

for his letter under date 15 July 1869 No 2933 and 5 Nov. 1869 No 2922.

Appl 25 Revised Copy Dec 1st 27.

Sd/ [illegible]