M.R.O. 1—39,000—16-10-29.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 1145 Press ~~Misc~~

Dated 28-4- ~~19~~ 1869

Not to be folded or roughly handled

R 1145/69

No. 578. Read the following letter from the Acting Secretary to the Board of Revenue, to the Acting Secretary to Government, Revenue Department, Fort Saint George, dated Madras, 23rd April 1869 :—

ADVERTING to the Order of Government, dated 13th April 1869, No. 996, I am directed by the Board of Revenue to submit a draft copy of their Circular to Collectors, containing such instructions as seem necessary on the chief portions of the Income-tax Act. The Board do not think that the preparation of any subsidiary rules is necessary; the rules and forms laid down by the Government of India being sufficiently clear. As regards the collection of Income-tax, the Circular already issued by the Board in 1864 on the Arrears of Revenue Recovery Act, contains detailed instructions and forms of the several processes, etc. The Collectors need not, therefore, now be furnished with forms or instructions on this point.

2. After the despatch of the Circular, now submitted for the early approval of Government, the Collectors will be supplied with the necessary blank forms of Registers, Returns, etc., to facilitate their work.

TO THE COLLECTOR OF

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.

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.

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.

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 21" 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

** Paragraph 28.

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".

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 issued by the Board to Collectors on the subject 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 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. Notifications should be published in the *District Gazettes*, acquainting the public with the leading provisions of the Act.

No. 579. ORDER THEREON, 28th April 1869, No. 1,145.

Miscellaneous.

THE Government approve of the Draft Circular Order which the Board propose to issue on the subject of the Income-tax Act. They are, however, of opinion that, in order to ensure uniformity, the Notification adverted to in paragraph 17 of the Board's Circular should be prepared in the Board's own Office, and thence circulated to Collectors.

(True Extract.)

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

To the Board of Revenue.

Exd. F. R. Bantleman.

Pro. of the Madras Govt
Under date the 28th ult. /69.
Read the following
letter from the Secy. to the
Bd. of Revenue -
No. 6. 23d. April /69 to Govt. -

The Govt approve of
the draft circular
order which the Board
propose to issue on the
subject of the Income
Tax Act,

They are however of
opinion that in order to
secure uniformity, this
Notification should be inserted as
in para 17 of the Bds Circ:
should be reckoned on the
Bds own Office & hence circ
related to Collectors. -

Answer Collr to do what I
have suggested in this address -
he may purchase, have a
Notification issued and in
short inforning with the
above

Coll. HDH

14 Copies to the Bd of Revr Despatch

REVENUE.

To

THE BOARD OF REVENUE.

Dated [illegible]

Read.

C.C. [illegible] 1869.

Ans.

To Board's Circular
No. 17 dated 23rd April 1869.

Extract from the Minutes of the Chief Secretary to the Government of Fort St. George, in the Revenue Department, dated the 28th April 1869.

Read the letter from the Board of Revenue, No. 17, dated 23rd April 1869, submitting, for the sanction of Government, the draft of a Circular to Collectors, explaining the provisions of the Income Tax Act, and requesting that the same may be approved.

Ordered—That the Circular proposed to be issued to Collectors by the Board of Revenue, explaining the provisions of the Income Tax Act, be approved.

