

Revenue (1897) Department.

MISCELLANEOUS SERIES.

G.O., No. 3024

DATED 14th June

[Despatch Abstract.]

*Communicating to the B.O. of Rev. letter from the
Govt. of Bombay furnishing information re:
the assessment to income tax in Bombay of
the head offices of firms having branch offices
in the Malabar St.*

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

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Revenue
Marine (1897) Department.

CURRENT No. 24871

the Board of Revenue
Secy
Order Misc No 3024 of 14th June 97
14/6/97

Communicated to From
the Board of Rev: *The Govt of Bombay*
11/6/97 *11/6/97*

No. 2483

Dated 7th June 1897

Received 11-6-97

Enclosures 1.

Spare copies

To

the Board of Rev: Sep Rev:
11-6-97

11-6-97

SUBJECT.

Furnishing information
re: the assessment to income
tax in Bombay of the head
offices of firms having branch
offices in the Malabar St.

11-6

BACK PAPERS.

G.O.	No.	Department.	Date.
u	1101	Rev	24-2-97

FURTHER PAPERS.

G.O.	No.	Department.	Date.

No. 396 of 1897-98.

Income Tax Office,

Bombay, 13th May 1897.

To

The Hon'ble Mr. J. Monteat,.

Chief Secretary to Government,

Financial Department,

BOMBAY.

Hon'ble Sir,

With reference to Government memorandum, Financial Department, No. 1063, dated 9th March last, I have the honour to submit the following report.

2. There are 12 trading firms in Bombay which have their branches at Calicut, Tellicherry, Cochin and other places in the District of Malabar. Bombay being their principal place of business, they are all assessed to the Income Tax here, and in the Bombay assessments are included the earnings of the branches worked in the Malabar District. From the nature of the transactions carried on at these branches the late Collector Mr. Seervai under the option allowed to him in the concluding portion of Government Resolution, Financial Department, No. 4194, dated 18th October 1889, did not think it necessary to make a reference regarding the earnings of the branches, to the local Income Tax Collectors.

3. These branch offices or agencies are managed by salaried agents who are not in a position themselves to form any idea of the earnings of the branches they work, under the guidance of the head offices. In the case of these branches the business of buying and selling the same commodities is not completed in one place, and hence the profit or loss cannot be worked out by the branch agencies. For instance salt, kerosine oil, piece goods, metal &c., are sent by some firms from Bombay to their branches at Calicut, Tellicherry, Cochin &c. where they are sold. In the case of some other firms, coconut oil, coir, spices and other produce of the Malabar District, are purchased by the branches there, and sent to the head offices in Bombay

where sales are effected.

4. As regards the goods which the branches receive from Bombay and sell, their books contain only the particulars of sales and do not contain particulars as to the cost prices. In many cases the head firms do not apprise the branches of the cost price of goods sent up for sale. In some cases they add a certain percentage to the cost price, and give an inflated price for the guidance of the branches; thus while the branch firm may show a loss the head office has made a profit.

5. In the case of purchases made by the branches their accounts contain only the value of purchases; they contain ^{no} information as to the ultimate realizations at Bombay and the consequent profit or loss. All the exact details of the purchases and sales appear in the books at the head office in Bombay. These books alone are complete and can furnish reliable data as to the profit or loss. Purchases and sales together make up a completed transaction. The agents or the books at the branches are cognizant of only one part or half of the transaction. The complete information appears only in the books at the head office in Bombay. I believe these and similar reasons led the late Collector Mr. Seervai to dispense with making a reference to the local Income Tax Collectors.

6. On receipt of the Government memorandum under reference I placed myself in communication with the Collector of Malabar requesting him to furnish me with the estimated income of the branch firms situated in his District for inclusion in my assessments of the head offices in Bombay for the current year. That officer has furnished me with the information, but it is not such as to be of much use in settling the assessments. In the case of two firms the Collector is unable to give the income. While in the case of other firms the values of goods ^{exported and} imported are given, but not the profits. In some cases the income is given with the following remarks in the Collector's letter.

"The income given in the statement was ascertained on enquiry, as the local agents of the firms state that their account books are at Bombay, their principal place of business."

7. In conclusion I beg to state that I do not see any objection to the assessments of the firms having branches in the Malabar District being settled in consultation with the Collector of Malabar as suggested in the letter from the Secretary to the Government of Madras.

I have the honour to be,

Dear Sir,

Your most obedient Servant,

(Signed). H. G. Cocrlavala,

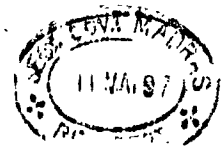
Income Tax Collector, Bombay.

True copy,

R. S. Vakil
Superintendent,

Financial Department,
Secretariat.

No. 2483 of 1897.



Financial Department.

Bombay Castle, 7th June 1897.

From

A. M. T. Jackson, Esquire, I.C.S.,

Under Secretary to the Government

of BOMBAY.

To

The Secretary to the Government of Madras,

Revenue Department.

Sir,

With reference to your letter No. 1101-Mis., dated 24th — February 1897, regarding the assessment to Income Tax in Bombay of the head offices of firms having branch offices in the Malabar District I am directed to forward for the information of the Government of Madras copy of a letter from the Collector of Income Tax, Bombay, No. 296, dated 13th May 1897 and to state that that officer has been instructed to settle the assessments of the firms in question in consultation with the Collector of Malabar.

I have the honour to be,

Sir,

Your most obedient Servant,

A. M. T. Jackson

Under Secretary to Government.

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