Revenue (1897) Department.

MISCELLANEOUS SERIES.

G.O., No. 3118

Confidential 947

Dated 19th June 1897.

[Despatch Abstract.]

Requesting the Board of Revenue to ascertain & report whether Messrs Best & Co. would agree to the execution of a revised Composition deed on the basis of the revised returns of the firm's income excluding its Bangalore income

cert

I & II are

been derived

and

of the

BACK PAPERS.

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

FURTHER PAPERS.

G.O	No.	Department.	Date.	G.O	No.	Department.	Date.
	C. No 1108/98						

U. Menon

Can you tell me on whose behalf the [illegible] of the Civil and Military Station Bangalore credits Income tax & to what fund is it credited

[illegible]
1.6.97

Exact information on the point referred to is not available here. From page 21 (paras 143 & 144) of the

flagged A Bangalore admn. report it will be seen that the Income tax Revenue derived from Bangalore is entered in the Madras accounts but this latter apparently means only the accounts kept by the local Acct

flagged B & C General. In the Madras Report, however, only certain items under Parts I & II are ente[red as hav]ing been derived from Ban[galore] and con-
and [illegible]
of the [illegible]

Department.

CURRENT No. 4250

Confidential No 52

From

The Secretary to the Commissioner of Salt, Abkari and Separate Rev.

Mis: No. 2123

Dated 21st May 1897

Received 24.5.97

Registered 25.5.97

Enclosures two

Spare copies

SUBJECT.

Submitting for the orders of Government letter from the Collector of Madr[as] forwarding letter from Messrs Bea[...] and Co claiming a refund of th[e] income tax paid by them at Bang[alore] in excess of the amount mentio[ned] in the composition deed.

it would appear that they have reference to pay pensions &c of Madras Officers. The Civil Budget Estimates do not throw any light on the point. If the paper can wait for three or four days, the Madras Office will be asked to obtain the necessary information from the Acct General's Office.

The Income Tax Manual also does not furnish any definite information

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CONFIDENTIAL

Revenue (1897) Department.

CURRENT No. 4230

Confidential No. 52

GOVERNMENT OF MADRAS 24 MAY 97

The Hon: Mr Bliss C.I.E.

From

The Secretary to the Commissioner of Salt, Abkari and Separate Rev.

Order mise

The Govt agrees with the Board of Revenue and is pleased to sanction the refund to Messrs Best and Co of the tax levied on their income at Bangalore during the period covered by the Composition deed

Mis: No. 2123

Dated 21st May 1897

Received 22.5.97

Registered 22.5.97

Enclosures two

Spare copies

SUBJECT.

Submitting for the orders of Government letter from the Collector of Madras forwarding letter from Messrs Best and Co claiming a refund of the income tax paid by them at Bangalore in excess of the amount mentioned in the composition deed.

To

The Board of Rev ~~L.R.~~ Sep Rev:

Acct General

Note

The facts are clearly and concisely stated in para 2 of the Board's Resolution. ~~A separate note is therefore~~

~~unnecessary~~ Y of Govt to decide whether the company is entitled to a refund

P.T.O.

For Govt to decide whether the company's mistake may be admitted it wd appear necessary to have the exact words of the deed of composition before it and also the correspondence which lead up to the execution of deed of composition. The Collector & the Bd however appear to be satisfied that the composition was only for the Madras income & that it was based upon figures which included the Bangalore income.

Note.

Both the Collector & the Board are satisfied that the firm included in its Madras returns, which formed the basis for the deed of composition, the income arising ~~in~~ Bangalore. Therefore it seems but fair that the Bangalore ^income should not pay tax twice over. ~~however~~. The question is however, I submit, whether the firm should not convince the Collr of the Civil & Military Station of the wrongfulness of his tax instead of asking the Madras Collr to deduct that tax from the amount agreed to be paid under the composition deed. The Collr of the C & M S Bangalore may increase the tax indefinitely & so†

† long as the Madras Govt will deduct it from the tax due under the composition deed the firm will not trouble to object to the Bangalore. If the view be taken that the composition shd not have been based on the Bangalore income ~~then~~ as well as the Madras income then the proper course appears to be for the firm to state what the average of the Bangalore income was for the years in which it was included in the return on which the composition was based & then to deduct the amount from the composition amount & to execute a deed for the balance.

From the accompanying office note it is not quite clear ~~that~~ which Govt benefits by the tax collected in Bangalore by the Collr of the C & M Station. Correct information is being gathered but it is not thought worth while to delay the paper on that a/c.

W.M.
1.6.97

BACK PAPERS.

G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.

REVENUE DEPARTMENT.

Current No.

From

Dated 188 .

FOR ORDERS.

It is plainly not just that Best & Co should be taxed twice once in Bangalore & once in Madras in regard to their Bangalore Income. It is plain that Madras is their principal place of business and that it is the place where they ought to be taxed under Sec 47. Since Bangalore is not under this Local Govt the Govt of India must declare Madras their principal place of business and I submit that India should be asked to do this. B & Co. will then be assessed only in Madras and

FOR ORDERS.

... not be further interfered
... in Bangalore —

21/6/97.

9/6/97

paid.

Coll. of
unpaid
... the tax undefinitely & 50th

1.6.97

REVENUE BOARD OFFICE
MADRAS.

Proceedings of the Board of Revenue

(Separate Revenue.)

Dated 21st May 1897.

No. 2123. Miscellaneous

Read the following letter from W. Austin Esq., Collector of Madras to the Secretary to the Commissioner of Salt, Abkari and Separate Revenue, Madras, dated 25th March 1897, № $\frac{33}{a}$:—

I have the honor to state the following for the orders of the Board of Revenue.

2. The firm of Messrs Best and Co compounded its tax for five years from 1896–97 at Rs 4557 on an income of Rs 175000 and paid the tax on the 8th June 1896. On the 12th February last, a letter was received from the firm demanding a refund of Rs 156-4-0 being the amount of tax paid by it at Bangalore for its earnings at that place. I replied that I could not alter the assessment agreement entered into and that in compounding with them their Madras income alone was taken into consideration.

3. In its letter of the 3rd Instant the firm again wrote to say that it did not suggest any alteration in the amount of its composition agreement but merely wanted a refund of the excess amount of tax paid at Bangalore as its return submitted to this office in the previous ye-

always included its income at Bangalore. It was only in 1895–96 that this office learnt that the firm had a place of business at Bangalore also and when the firm applied for a certificate under section 47 of the Incometax Act this office letter No 7/3 dated the 10th July 1895 was sent and a copy thereof is herein enclosed.

4. The average of the assessed income during the five years from 1891–92 was Rs 162500 and Rs 175000 was fixed as the assessable income for the purpose of the Composition deed in consideration of possible improvement in the prospects of the firm.

5. The firm states in the accompanying letter that the profits at Bangalore have always been included in its returns to this office of its Madras income. If so it appears but fair that the tax levied at Bangalore on its income there should be refunded during the period covered by the composition deed. I make this reference as I do not consider that I have the power to in any way vary the deed of composition.

<u>Resolution</u>

Submitted for the orders of Government.

2. Messrs Best and Co executed a composition deed for the Incometax payable by them from 1896–97 to 1900–01, under S. 31 of the Act. As the average of the assessed income of the firm during the five years from 1891–92 was Rs 162500, a sum of Rs 175000 was fixed as the assessable income for each of the five years referred to in the composition deed in consideration of possible improvement in the prospects of the firm; and an incometax of Rs 4557 was paid for the first year on the 8th June 1896. The firm was subsequently assessed by the Collector of Bangalore for the

pa

the Coll

... the tax indefinitely & so

profits accruing on the transactions of the branch firm there and it now states that the profits at Bangalore have always been included in the returns furnished to the Collector of Madras and applies for a refund of the tax paid at Bangalore. Although, strictly speaking, the agreement could be enforced as the mistake was one made by the assessees themselves in not deducting their Bangalore trade from the returns, the Board considers that the tax levied at Bangalore on its income there should in all fairness be refunded during the period covered by the composition deed.

(True copy and Extract)

Edmund Willett

Assistant Secretary

To

The Secretary to Government, Revenue Department with 2 enclosures in original to be returned

Copy to the Collector of Madras

P.J.
22.5.97

D/4 1,000—20-2-96.

Messrs Best & Co

Income tax case

C No. 4350 of 97

Uncirculated

REVENUE DEPARTMENT.

From ~~The Hon'ble~~

The Hon Mr Blair C.I.E.

Dated 189 .

FOR ORDERS.

I don't seem to have been supplied with a copy of the Inc=Tax Manual. I might as well have one.

BB
17/6/97

(1) Please draft
(2) Also send Hon a copy of the manual

18/6/97

Vide notifn flagged A.

(1) Submitted
(2) The Madras Librarian has been written to on the subject

18-6-97

Flag B.

Since circulating the accompanying current and the notes thereunder it has been found that the Govt of India in making the Income tax Act applicable to the Civil & Military Station Bangalore have specially excluded section 47 of the Act.+

Accordingly the Bd has on a previous occasion held that the Collector of the C & M Station Bangalore might assess the tax on the profits of companies &c accruing and arising in that Station without taking into consideration whether they had a branch or head office in British In

In the circumstances brief
with the Collector of Madras
the Board are assured that
the returns upon which the
composition deed with Messrs
[illegible] & Co was based included
their Bangalore income. & since
~~[illegible]~~ the Collector of Bangalore
has now been assessing them
separately on this income it
seems unfair that this portion
of their income shd pay tax twice
over.

The remedy proposed by the Bd
is that this Govt shd deduct the
amount of the tax levied in
Bangalore from that leviable
in Madras under the deed of
composition. The objection to this
is that the Bangalore Collector
may raise that tax indefinitely
& that so long as this Govt
will deduct it from the tax
due under the composition deed
the firm will not trouble to object
in Bangalore.

The true remedy seems to
~~be~~ for the firm & this Govt to cancel
the present deed of composition
& execute a fresh one on the ~~[illegible]~~
basis of revised returns excluding

FOR ORDERS.

[illegible] 16/6/97

[illegible] 17/6/97

the Bangalore income.

Submitted that the
firm may be asked whether
they will agree to this course.
If they will not then they
must pay both taxes or
convince the Collr of the
Civil & Military Station
Bangalore of the wrongfulness
of his tax

[illegible] 15.6.97

[illegible] 16/6/97.

Secy (from orders)

DS 19/6/97

Read C.No. 4350 of 97

Order Misc No. 3118 dated 19 June 1897

The Govt observes that the proposal of the Board of Revenue is open to the objection that the Collector at the Civil and Military Station, Bangalore, may raise the tax on the income derived by Messrs. Best and Co at that Station indefinitely, for ~~to any extent he likes and that~~ so long as this Govt undertakes to deduct it from the amount annually due under the Composition deed, the firm ~~wh~~ will have no ~~may not have sufficient incentive to take~~ motive to object ~~exception~~ to the Bangalore assessment. In the opinion of the Govt, the true remedy under the circumstances is to have the deed now in force cancelled and a fresh one executed in its place on the basis of ~~the~~ revised returns of the firm's income excluding ~~its~~ its Bangalore income. The Board will

therefore

therefore be requested to ascertain and report whether Messrs Best and Co will agree to the adoption of the above course, ~~they being given to understand that if they will not, they will be required to pay the full tax under the deed and the Bangalore tax as well unless they are able to convince the Bangalore Collector of the inequitableness of the latter tax and get it cancelled~~

Issue.

19/6/97

18/6/97

18/6/97

To

The Board of Rev: Sep Rev:

Lr. 2 encl. Despd 19/6/97

18.VI.97

Note

The Madras Librarian has been written to for the supply ~~submission~~ of copies of the Income tax manual to the Hon. and H.E.

18/6/97

When given for copying ——

When copied ——

When examined ——

When signed ——

189 .

READ AGAIN G.O., No. DATED
189 ,

CURRENT No.

ENCLOSURES TO C. No.

ORDER OF GOVERNMENT .. .. .. A A A A A A A

LETTER OF GOVERNMENT.

STATEMENT WITH DITTO.

PAPERS NOT FILLED UP, BEING MEANT FOR DESPATCH IN ORIGINAL.

N.B.—
A = Copy in full.
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