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INCOME TAXES

IN THE

BRITISH DOMINIONS.

**A Digest of the Laws imposing Income Taxes
and Cognate Taxes in the British Dominions,
Colonies, Protectorates etc.**

Compiled in the Inland Revenue Department, London.



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PREFACE.

THE extended adoption of income taxes in recent years by the dominion and colonial governments of the British Empire, combined with the increases due to the war in the rates of tax imposed in the United Kingdom and elsewhere, greatly aggravated what had long been felt to be a hardship—the charging of income tax on certain incomes both in the United Kingdom and in another part of the Empire. As a result of representations made in this sense there were included in the United Kingdom Finance Act, 1916 (section 43), Income Tax Act, 1918 (section 55), and Finance Act, 1919 (section 20), certain remedial measures which applied to the four years of assessment, 1916-17 to 1919-20.

These measures were, however, admittedly of a temporary nature, and the whole position was reviewed by the Royal Commission on the Income Tax. Following a recommendation in their Report dated 11th March, 1920 (Cmd. 615), the United Kingdom Finance Act, 1920, made in section 27 a new and more complete provision which applies to the United Kingdom year of assessment 1920-21 and subsequent years.

For the smooth administration of these reliefs the Board of Inland Revenue compiled for the use of H.M. Inspectors of Taxes from the texts of the acts, ordinances or proclamations imposing taxes on income or profits in the dominions overseas, a digest of the provisions of the laws in respect of which it appeared that claims for relief might be preferred. Requests have from time to time been addressed to the Board's officers for information as to the provisions of the dominion laws, and to meet this demand, it has been decided to publish the book. In using it the following observations should be borne in mind.

The laws digested, following the meaning given to the term "Dominion" in the Finance Act, 1920, include not only those of the self-governing Dominions, but also those of British India and British Colonies, Protectorates, etc. The inclusion of any law does not, however, necessarily mean that claims to relief from double taxation will be admitted in respect of tax thereunder, for some taxes have been included to elucidate

APPENDIX.

For convenience of reference, the rates of tax in force for the three financial years preceding that referred to in the text are given below. In some cases where the exemption limits and abatements have undergone important modification particulars are given, but many changes have been ignored, as well as changes in the other provisions of the law.

BASUTOLAND.

The rates of tax for 1920-21 were the same as for 1921-22.

BECHUANALAND PROTECTORATE.

1921-22 was the first year of assessment.

GOLD COAST COLONY.

The rate of duty has not been varied.

NYASALAND PROTECTORATE.

1921-22 was the first year of assessment.

RHODESIA—NORTHERN.

1919-20 (the first year of assessment):

Income tax.—1s. in the £ increased by 1d. in the £ for every £100 or fraction of £100 in excess of £500, up to the maximum of 2s. 6d. in the £. Companies were allowed an abatement of £500.

Super-tax.—1s. in the £.

1920-21: Income tax and Super-tax.—As for 1921-22.

RHODESIA—SOUTHERN.

1919-19: Income tax.—1s. in the £. Companies were allowed an abatement of £500.

Super-tax.—Nil.

1919-20: Income tax.—1s. in the £ increased by 1d. in the £ for each £100 or fraction of £100 by which the taxable amount exceeds £500, up to the maximum of 2s. 6d. in the £. Companies were allowed an abatement of £500.

Super-tax.—As for 1921-22.

1920-21: Income tax and Super-tax.—As for 1921-22.

SEYCHELLES.

1920 was the first year of assessment.

APPENDIX—*continued.*

BRITISH HONDURAS.

For 1921, the first year of assessment, the rates of tax were as shown in the text for 1922.

CANADA—DOMINION.

For 1919, 1920 and 1921 the surtax and the increase of the normal tax and surtax on individuals, and the tax on corporations were the same as for 1922. The normal tax on individuals for these years was as follows:—

In the case of unmarried persons, widows and widowers without dependent children, and persons who were not supporting a dependent brother or sister under the age of 18 years, or a dependent parent or grandparent—

On all income exceeding \$	but not exceeding \$					Rate per cent.
1,000	6,000	...	...	...	...	4
6,000	...	...	...	...	...	8

In the case of all other persons—

On all income exceeding \$	but not exceeding \$					Rate per cent.
2,000	6,000	...	...	...	...	4
6,000	...	...	...	...	...	8

Business Profits War Tax payable for accounting periods up to and including 1920 was allowed to be set-off against income tax in the same way as taxes under the Special War Revenue Act—see paragraph 10 of the text. The Business Profits War Tax was of the nature of an excess profits duty.

CANADA—BRITISH COLUMBIA.

The rates of income tax in force under the Taxation Act from 1918 to 1921 were—

Where the net income (after allowing abatements, etc.)—

exceeds \$	and does not exceed \$					Rate of tax on the whole of such amount per cent.
—	2,000	...	...	...	...	1
2,000	3,000	...	...	...	...	1½
3,000	4,000	...	...	...	...	2
4,000	7,000	...	...	...	...	4
7,000	10,000	...	...	...	...	5
10,000	20,000	...	...	...	...	7½
20,000	...	...	...	...	...	10

An abatement of \$1,500 to married individuals and \$1,200 to unmarried and widowed individuals, and a deduction of \$200 for each dependant were granted under the amending act of 1920. Prior to that there was a uniform abatement of \$1,500 (allowed then to companies also) but no deduction for dependants.

APPENDIX—continued.

CANADA—PRINCE EDWARD ISLAND.

The tax described in the text has been in force since 1920 inclusive. Prior to that date there was an income tax at the rate (inclusive of the addition made under the name of the Provincial War and Health Tax) of 2 per cent., with an abatement of \$500 in the case of income, derived solely from wages or salary or from manual labour, not exceeding \$1,200. The Fox Tax was a tax on the profits of fox-farming and was levied at the same rate.

DOMINICA.

The existing rates of tax have been in force since 1899.

GRENADA.

For 1921, the first year of assessment, the rates of tax were—

On each £ from	— to	£150	...	...	Nil
" " "	£150	" £400	...	...	3d.
" " "	£400	" £600	...	...	6d.
" " "	£600	" £800	...	...	9d.
" " "	£800	" £1,000	...	...	1s. 0d.
" " "	£1,000	" £1,200	...	...	1s. 3d.
" " "	£1,200	" £1,400	...	...	1s. 6d.
" " "	£1,400	" £1,600	...	...	1s. 9d.
" " "	£1,600	" £1,800	...	...	2s. 0d.
" " "	£1,800	" £2,000	...	...	2s. 3d.
" " "	above £2,000	...	...	...	2s. 6d.

JAMAICA.

For 1920 (the first year of assessment) the rates of tax were the same as for 1921.

NEWFOUNDLAND.

The rates in force under the Income War Tax Act, 1918, from 1917 to 1921 were—

Normal Tax: 5 per cent. on all income exceeding \$1,000 in the case of unmarried persons and widows and widowers without dependants, and exceeding \$2,000 in all other cases (including companies).

Super-tax, payable (by individuals but not by companies) in addition to the normal tax:—

On the amount by which the income—

exceeds	and does not exceed	Rate
\$	\$	per cent.
6,000	10,000	3
10,000	20,000	6
20,000	30,000	10
30,000	50,000	15
50,000	100,000	20
100,000	—	25

APPENDIX—continued.

NEWFOUNDLAND—continued.

The child deduction was allowed for both normal tax and super-tax purposes.

On net profits in excess of \$3,000 earned in any one of the four calendar years 1917 to 1920 there was imposed a Business Profits Tax at the rate of 20 per cent. For any of the years 1917 to 1919 this tax might be set off against the income tax payable for the same year.

ST. CHRISTOPHER AND NEVIS.

1922 is the first year of assessment.

ST. LUCIA.

The rates of tax for the years 1919, 1920 and 1921 were the same as for 1922.

ST. VINCENT.

1919 :—

Income	Rate of tax on whole income per cent.				
less than £50	Nil
„ £100	1
„ £200	1½
not exceeding £300	2
exceeding £300	3

1920 and 1921 :—As for 1922.

TRINIDAD AND TOBAGO.

	Rate in the £	
	1919	1920 & 1921
First £1,000	3d.	3d.
Next £1,000	6d.	6d.
„ £3,000	1s. 0d.	1s. 0d.
„ £3,000	1s. 6d.	2s. 0d.
„ £2,000	2s. 6d.	4s. 0d.
„ £2,000	3s. 4d.	4s. 0d.
„ £3,000	3s. 4d.	5s. 0d.
Balance (over £30,000)	3s. 4d.	6s. 0d.

Up to 1920 inclusive the tax was restricted to income which did not bear United Kingdom income tax.

The three years average system was first introduced in 1922.

APPENDIX—continued.

BRITISH INDIA.

The basis of assessment in 1919-20 (income-tax) 1920-21 and 1921-22 was the income of the year of assessment; for 1919-20 super-tax it was the income of the previous year. The rates of tax are shown below.

Taxable income—	Income-tax.			
	Rate per rupee on taxable income			
	1919-20 & 1920-21		1921-22	
	annas	pies	annas	pies
less than Rs. 2,000 ...	Nil		Nil	
Taxable income not less than Rs. 2,000, and total income—				
less than Rs. 5,000 ...		5		5
„ Rs. 10,000 ...		6		6
„ Rs. 20,000 ...		9		9
„ Rs. 25,000 ...		9	1	0
„ Rs. 30,000 ...	1	0	1	0
„ Rs. 40,000 ...	1	0	1	2
Rs. 40,000 and upwards	1	0	1	4

(Companies were charged at the maximum rate.)

Super-tax.

1919-20.—On total income of individuals and on undistributed income of firms, Hindu undivided families and companies—

	Rate per rupee			
	annas.			
On the first Rs. 50,000	Nil
„ next Rs. 50,000	1
„ „ Rs. 50,000	1½
„ „ Rs. 50,000	2
„ „ Rs. 50,000	2½
„ balance	3

1920-21 and 1921-22.—On total income of individuals, unregistered firms, Hindu undivided families and companies, excluding from the income of individuals income received from a super-taxed firm or family—

(a) Individuals, unregistered firms and Hindu undivided families—

	Rate per rupee.			
	1920-21		1921-22	
	annas		annas	
On the first Rs. 50,000*	...	Nil	...	Nil
„ next Rs. 50,000†	...	1	...	1
„ „ Rs. 50,000	1½	...	1½
„ „ Rs. 50,000	2	...	2
„ „ Rs. 50,000	2½	...	2½
„ „ Rs. 50,000	3	...	3
„ „ Rs. 50,000	3	...	3½
„ balance	3	...	4

* In the case of Hindu undivided family, Rs. 75,000.

† „ „ „ „ „ Rs. 25,000.

(b) Companies—on the amount by which the income exceeds Rs. 50,000: 1 anna in the rupee.

APPENDIX—continued.

BRITISH INDIA—continued.

Excess Profits Duty.

Excess Profits Duty was imposed by Act No. X of 1919 (the Excess Profits Duty Act, 1919) and applied to an business which was, during the accounting period, either carried on in British India by any person or owned or carried on in any place in India by a person ordinarily resident in British India. Any business liable to pay in respect of the accounting period excess profits duty in the United Kingdom was exempted. The tax was 50 per cent. of the amount by which the profits in the accounting period exceeded the standard profits. The accounting period was the 12 months ending 31st March, 1919, or a year of account ending in that 12 months which had been adopted for income tax purposes. Excess Profits Duty was allowed as a deduction for income tax purposes.

The tax was imposed for one year only and was not renewed.

Section 10 of the Excess Profits Duty Act, 1919, is as follows :—

“ Where the profits of any business in the accounting period are chargeable to excess profits duty under the provisions of this Act and to super-tax under the provisions of the Super-tax Act, 1917, then—

“ (i) if the amount chargeable as excess profits duty exceeds that chargeable as super-tax, excess profits duty shall alone be charged, and

“ (ii) if the amount chargeable as super-tax exceeds that chargeable as excess profits duty, super-tax shall alone be charged,

and the provisions of this Act and the Super-tax Act, 1917, shall be construed accordingly.”

STRAITS SETTLEMENTS.

The rates of tax for 1919 were :—

Amount of total income per annum—

Amount of total income per annum—		Rate per cent. on taxable income.	
Not less than \$	but less than \$		
3,000	3,000	...	1
3,600	6,000	...	2
6,000	7,200	...	3
7,200	8,400	...	4
8,400	12,000	...	5
12,000	6

The rates of tax for 1920 and 1921 were the same as for 1919.

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APPENDIX—continued.

AUSTRALIA—COMMONWEALTH.

For the three financial years 1919-20 to 1921-22 inclusive the formulæ quoted on pages 246-248 as regards income from personal exertion and from property were applicable. Additional tax and super-tax amounting together to 62·5 per cent. of the basic tax were imposed for 1919-20, and additional tax, super-tax and additional super-tax amounting together to 70·625 per cent. of the basic tax were imposed for 1920-21 and 1921-22. The rates on undistributed income of a company and on dividends and interest paid to absentees were 2s. 6d. and 8d. in the £ respectively for 1919-20, and 2s. 8d. and 8d. for 1920-21 and 1921-22.

For 1919-20 and 1920-21 the abatement to an unmarried person without dependants was £100 less £1 for every £5 by which the income exceeded £100; in 1921-22 it was £104 less £1 for every £3 in excess of £104. The abatement in other cases was £156 less £1 for every £3 in excess of £156 for all three years. The child allowance was £30 in all three years.

The tax on lottery prizes was 10 per cent. from 30th June, 1917, to 24th December, 1918; 13 per cent. from 25th December, 1918, to 29th October, 1920; and 14 per cent. from 30th October, 1920, to 17th October, 1922.

The averaging provision (see paragraph 3) was new in 1922-23.

AUSTRALIA—NEW SOUTH WALES.

The rates of tax payable in respect of income of the years 1918-19, 1919-20 and 1920-21 were as follows:—

(1) Companies:—

1918-19	...	1s. in the £	} and super-tax (see below).
1919-20	...	2s. " "	
1920-21	...	2s. " "	

(2) Other taxpayers:—

	On income from personal exertion		On income from property	
	Rate per £		Rate per £	
	1918-19	1919-20 & 1920-21	1918-19, 1919-20, & 1920-21	
	s.	d.	s.	d.
First £700...	...	0 8	0 9	} Rates in previous column with the addition of one-third
Next £1,000...	...	0 9	0 10	
" £1,000...	...	0 10	1 0	
" £2,000...	...	0 11	1 2	
" £2,000...	...	1 0	1 5	
" £3,000...	...	1 1	1 9	
Balance (above £9,700)	...	1 2	2 0	

Super-tax.—A super-tax of 3d. in the £ was payable on taxable income of the year 1918-19, and of 6d. in the £ on taxable income of the years 1919-20 and 1920-21, both by companies and by other taxpayers.

APPENDIX—continued.

AUSTRALIA—NORTHERN TERRITORY.

The existing rates of tax have been in force since 1909.

AUSTRALIA—QUEENSLAND.

The rates of tax given in the text were payable also on incomes of the years 1918-19, 1919-20 and 1920-21, except that the rate of tax deducted from debenture interest (*see* paragraph 13 (9)) was for those years 2*ad.* in the £.

The year of basis prior to the Income Tax Amendment Act, 1920 was the calendar year, and assessments were last made under the old law on income of the calendar year 1918. Certain provisions were therefore made to mitigate the double taxation which occurred through the taking into account twice over of the income for the half-year July to December, 1918.

If the income for the year ended 31st December, 1919, was less than that for the year ended 30th June, 1919, such an amount, not exceeding the former figure, as in the opinion of the Commissioner was just and reasonable, might be substituted for the latter.

If after the 30th June, 1919, any person dies who was a taxpayer from the 1st July, 1918, and so continued until the end of the annual period immediately preceding his death, the Commissioner may make any adjustment of the tax in respect of the income of the year 1918-19 and of the time thereafter up to the date of the death as will prevent any double taxation by reason of the alteration of the period of assessment.

AUSTRALIA—SOUTH AUSTRALIA.

The rates of tax on 1918-19, 1919-20 and 1920-21 income were the same as on 1921-22 income.

AUSTRALIA—TASMANIA.

The rates in force for 1919 were—

Companies.—1*s.* in the £, plus one-fifth unless the income was less than £300.

Other taxpayers :—

(a) Income from business—as for 1922.

(b) Income from property—

First £250 8*d.* in the £.

Next £150 10*d.* " "

Balance 1*s.* " "

plus one-tenth unless the income was less than £200.

Lottery Prizes :—2*s.* in the £.

The exemption limits were £125 and £100.

The rates of tax for 1920 and 1921 were the same as for 1922.

APPENDIX—continued.

AUSTRALIA—VICTORIA.

The rates of tax shown for 1922-23 have been in force since 1915-16.

AUSTRALIA—WESTERN AUSTRALIA.

Income Tax.—The rates of tax for the year ending 30th June, 1920, were:—2d. in the £ plus '006 of a penny for every £ by which the net income exceeded £100, up to the maximum of 2s. 6d. in the £; there was no super-tax. For the two years ending 30th June, 1922, the rates were:—2d. in the £ plus '006 of a penny for every £ by which the net income exceeded £100, up to the maximum of 4s. in the £, and in addition 15 per cent. super-tax as for the next year.

In all three years the exemption limit for married etc. taxpayers was £150, there was no special exemption limit for elderly persons, no deduction for dependants and no abatement.

In all three years "absentees" were charged 50 per cent. extra tax, but were not deprived of any abatements or deductions.

Dividend Duty.—On profits made on and after 1st July, 1917, up to 30th June, 1919, the rates of duty were as shown in the text for subsequent periods, except that no 15 per cent. addition was made.

FIJI.

The income tax came into force as from 1st July, 1920. The half-year 1st July to 31st December, 1920, was treated as a separate assessment period. The rates of tax in force for 1921 were also in force for that period, but the exemption limits and abatements were £500 and £1,000 instead of £250 and £500.

NEW ZEALAND.

For the two financial years 1919-20 and 1920-21 the rates of charge were as follows:—

(i) *Income Tax*:—On net taxable income—

(1) Interest on debentures of companies, 1s. in the £.

(2) Income of companies, where such income—

(a) does not exceed £1,000, 1s. in the £;

(b) exceeds £1,000, 1s. in the £ increased by 1/200th of 1d. for every £ of such excess, up to the maximum of 3s. in the £.

(3) Income of other taxpayers, where such income—

(a) does not exceed £400, 6d. in the £;

(b) exceeds £400, 6d. in the £, increased by 1/200th of 1d. for every £ of such excess, up to the maximum of 3s. in the £.

(ii) *Special War Tax*:—On assessable income (i.e., before allowing the deductions corresponding to those in paragraphs 4 (v), 7 and 8 of the text) in excess of £300—

APPENDIX—continued.

NEW ZEALAND—continued.

- (1) Interest on debentures of companies, 1s. 6d. in the £.
- (2) All other income :—
- (a) Where the income in respect of which the special war tax is payable does not exceed £400, 6d. in the £; increased under (c) below.
- (b) Where such income exceeds £400, 6d. in the £ increased by 1/200th of 1d. for every £ of such excess, up to the maximum of 3s. in the £, increased under (c) below.
- (c) The rates prescribed under (a) and (b) are increased by 50 per cent., and the total is the rate of special war tax payable.

The Government Life Insurance Department, and, in respect of income derived from life insurance business, all companies carrying on the business of life insurance were exempt from the special war tax.

For the years 1919-20 and 1920-21 the child deduction was £25 for each child under 16 years of age, and the insurance and superannuation fund deductions were limited to £50 and £100 respectively.

For the year 1921-22 the rate of tax, allowances etc. were as for 1922-23, except that 20 per cent. was added to the rates shown at (3) in paragraph 9.

GUERNSEY.

The rate of tax for 1920 (the first year of assessment) and 1921 was 7d. in the £. For 1922 it was 6d. in the £.

ISLE OF MAN.

The rates of tax for 1920-21 and 1921-22 were as follows :—

	Rate of tax in the £
If the total income did not exceed £500	10d.
" " " " £1,000	1s. 0½d.
" " " " £1,500	1s. 3d.
" " exceeded £1,500	1s. 5½d.

For 1922-23 the rates of tax were :—

If the total income did not exceed £500	5d.
" " " " £1,000	6½d.
" " " " £1,500	7½d.
" " exceeded £1,500	8½d.

ADDENDUM.

BRITISH INDIA—Addendum to paragraph 19.

In order to separate exempt (agricultural) income from taxable (business) income it is provided by rules made under the Act that "..... in the case of income derived in part from agriculture and in part from business an assessee shall be entitled to deduct from such income the market value of any agricultural produce raised by him or received by him as rent in kind, which he has utilized as raw material for the purposes of his business or the sale receipts of which are included in the accounts of his business. The balance of such income shall be deemed to be income derived from the business, and no further deduction shall be made therefrom in respect of any expenditure incurred by the assessee as a cultivator or receiver of rent in kind."

As an exception to this general rule it is provided that—"income derived from the sale of tea grown and manufactured by the seller shall be computed as if the growing, manufacture and sale of such tea were a business, and 25 per cent. of such income shall be derived from business."

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