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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.**

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Compiled in the Inland Revenue Department, London.

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## PREFACE.

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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

others, or because no decision as to the precise nature of the tax dealt with has yet been given. Details of the administrative machinery have been omitted throughout, as irrelevant.

With a few exceptions, the digest of each law has been arranged upon a uniform plan (of which particulars immediately follow this preface), irrespective of the particular structure or arrangement of the Act summarised, in order to facilitate reference and render an index unnecessary.

The order of the dominions affected is alphabetical (a) by continents, (b) by dominions within a continent, and (c) by states or provinces within a dominion.

While every care has been taken to ensure accuracy in the digest, it should be understood that it has not been scrutinised by the authorities of the jurisdictions in which the laws are in force, and that it is not to be regarded as an authoritative official exposition of the dominion laws.

The book includes all current dominion income tax laws of which the texts had been received at the time of going to press. Particulars of changes in the law in recent years have been omitted, but the rates of tax in force during the three preceding years in each case are given in the appendix. Changes in the law are frequent, and it is proposed to issue periodical supplements to keep the book up to date.

INLAND REVENUE,

SOMERSET HOUSE, LONDON.

*April, 1923*

## ARRANGEMENT OF EACH DIGEST.

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THE matter indicated by each section and paragraph heading below will always be found against the numbers stated; any section or paragraph not required for a particular digest has been omitted.

### Introductory.

#### I.—SCOPE OF THE TAX.

1. Income Charged.
2. Income Exempted.

#### II.—COMPUTATION OF INCOME.

3. Year and Basis of Assessment.
4. Deductions.
5. Set-off of Losses.

#### III.—PERSONAL ALLOWANCES ETC.

6. Exemption Limit.
7. Personal Allowances.
8. Life Insurance and Similar Allowances.

#### IV.—COMPUTATION OF TAX.

9. Rates of Tax.
10. Set-off of other Taxes paid in the Dominion.
11. Provisions regarding Double Taxation.

#### V.—PAYMENT.

12. Due Date, Taxation at the Source etc.

#### VI.—CORPORATE, JOINT ETC. INCOME.

13. Companies and Income from Companies.
14. Partnerships.
15. Married Women.
16. Trusts and other Cases.

#### VII.—SPECIAL TRADES ETC.

17. Non-resident Traders, Shipowners etc.
18. Mining Concerns.
19. Farming.
20. Other Cases.

#### VIII.—TABLE OF ACTS, LAWS ETC. (on which the Note is based).

## TABLE OF INCOME TAX RATES.

—	BASUTOLAND. 1921-22 (Income year).	BECHUANALAND PROTECTORATE. 1921-22 (Income year).
RATES OF TAX FOR INDIVIDUALS.	<p><i>Normal Tax</i>—</p> <p>1s. in the £ plus <math>\frac{1}{2000}</math> d. for every £ of net taxable income, up to maximum of 2s. in the £.</p> <p><i>Super-tax</i>—</p> <p>1s. in the £ plus <math>\frac{1}{500}</math> d. for every £ of super-taxable income up to maximum of 5s. in the £.</p>	<p>1s. in the £ increased by <math>\frac{1}{2000}</math> d. in the £ for every £ in the taxable amount up to the maximum of 2s. in the £.</p>
RATES OF TAX FOR COMPANIES.	<p><i>Normal Tax</i>—1s. 6d. in the £.</p> <p><i>Super-tax</i>—Nil. (Certain private companies are charged normal tax at the rate appropriate to individuals.)</p>	<p>1s. 6d. in the £. (Certain private companies are taxed on the scale applicable to individuals.)</p>
EXEMPTION LIMIT.	<p><i>Normal Tax</i>—£300. Not allowed to companies.</p> <p><i>Super-tax</i>—£2,500.</p>	<p>Married persons and widowed, etc., persons with dependent child—£500. Other individuals—£300. Not allowed to companies.</p>
ABATEMENT.	<p><i>Normal Tax</i>—</p> <p>Married persons and widowed, etc., persons with dependent child—£300 less £1 for every £10 above £600 (and see text). Other individuals—£300 less £1 for every £ above £300 (and see text). Not allowed to companies.</p> <p><i>Super-tax</i>— £2,500 less £1 for every £ above £2,500.</p>	<p>Married persons and widowed, etc., persons with dependent child—£500, less £1 for every £10 above £600 (and see the text). Other individuals—£300, less £1 for every £ above £300 (and see the text). Not allowed to companies.</p>

TABLE OF INCOME TAX RATES—*continued*.

	KENYA 1921.	NYASALAND PROTECTORATE. 1921-22.																																																																																							
<b>RATES OF TAX FOR INDIVIDUALS.</b>	<table> <thead> <tr> <th></th> <th></th> <th>%</th> </tr> </thead> <tbody> <tr> <td>First £100 ...</td> <td>Nil</td> <td></td> </tr> <tr> <td>Next £100 ...</td> <td>2</td> <td></td> </tr> <tr> <td>„ £100 ...</td> <td>3</td> <td></td> </tr> <tr> <td>„ £100 ...</td> <td>4</td> <td></td> </tr> <tr> <td>„ £100 ...</td> <td>5</td> <td></td> </tr> <tr> <td>„ £200 ...</td> <td>6</td> <td></td> </tr> <tr> <td>„ £200 ...</td> <td>7</td> <td></td> </tr> <tr> <td>„ £200 ...</td> <td>8</td> <td></td> </tr> <tr> <td>„ £400 ...</td> <td>8</td> <td></td> </tr> <tr> <td>„ £500 ...</td> <td>10</td> <td></td> </tr> <tr> <td>„ £1,000 ...</td> <td>11</td> <td></td> </tr> <tr> <td>„ £2,000 ...</td> <td>12</td> <td></td> </tr> <tr> <td>„ £5,000 ...</td> <td>13</td> <td></td> </tr> <tr> <td>„ £10,000 ...</td> <td>20</td> <td></td> </tr> <tr> <td>Balance (excess over £20,000) ...</td> <td>25</td> <td></td> </tr> <tr> <td colspan="3">(First £100 free not al- lowed to absentees.)</td> </tr> </tbody> </table>			%	First £100 ...	Nil		Next £100 ...	2		„ £100 ...	3		„ £100 ...	4		„ £100 ...	5		„ £200 ...	6		„ £200 ...	7		„ £200 ...	8		„ £400 ...	8		„ £500 ...	10		„ £1,000 ...	11		„ £2,000 ...	12		„ £5,000 ...	13		„ £10,000 ...	20		Balance (excess over £20,000) ...	25		(First £100 free not al- lowed to absentees.)			<table> <thead> <tr> <th></th> <th>£2 (fixed)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>First £300 ...</td> <td>2</td> <td></td> </tr> <tr> <td>Next £300 ...</td> <td>3</td> <td></td> </tr> <tr> <td>„ £300 ...</td> <td>4</td> <td></td> </tr> <tr> <td>„ £200 ...</td> <td>5</td> <td></td> </tr> <tr> <td>„ £200 ...</td> <td>6</td> <td></td> </tr> <tr> <td>„ £200 ...</td> <td>7</td> <td></td> </tr> <tr> <td>„ £200 ...</td> <td>8</td> <td></td> </tr> <tr> <td>„ £500 ...</td> <td>12</td> <td></td> </tr> <tr> <td>„ £500 ...</td> <td>15</td> <td></td> </tr> <tr> <td>„ £7,000 ...</td> <td>20</td> <td></td> </tr> <tr> <td>Balance (above £10,000) ...</td> <td>25</td> <td></td> </tr> </tbody> </table>		£2 (fixed)	%	First £300 ...	2		Next £300 ...	3		„ £300 ...	4		„ £200 ...	5		„ £200 ...	6		„ £200 ...	7		„ £200 ...	8		„ £500 ...	12		„ £500 ...	15		„ £7,000 ...	20		Balance (above £10,000) ...	25	
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<b>RATES OF TAX FOR COMPANIES.</b>	As for individuals except that first £100 is charged 2%.	As for individuals.																																																																																							
<b>EXEMPTION LIMIT.</b>	£100. Not allowed to absentees or companies.	None.																																																																																							
<b>ABATEMENT.</b>	£100 (see the scale). Not allowed to absentees or companies.	None.																																																																																							



TABLE OF INCOME TAX RATES—*continued.*

—	RHODESIA—NORTHERN AND RHODESIA—SOUTHERN. 1921-22 (Income year).	SEYCHELLES. 1922.
<b>RATES OF TAX FOR INDIVIDUALS.</b>	<i>Income Tax</i> — 1s. in the £ plus 1d. for every £200 above £500 with the maximum of 3s. in the £. <i>Super-tax</i> — 1s. in the £.	Income not exceeding whole income. Rupees. Rates % on 1,000 ... 1 3,000 ... 1½ 6,000 ... 2 10,000 ... 2½ 15,000 ... 3 20,000 ... 3½ 25,000 ... 4 exceeding 25,000 ... 5
<b>RATES OF TAX FOR COMPANIES.</b>	<i>Income Tax</i> — As for individuals. <i>Super-tax</i> — Nil.	As for individuals.
<b>EXEMPTION LIMIT.</b>	<i>Income Tax</i> — Married persons and widowed, etc., persons with dependent child—£1,000. Other individuals—£500. Not allowed to companies. <i>Super-tax</i> — £5,000.	Rs. 240 (but capitation tax of Rs. 2 is payable).
<b>ABATEMENT.</b>	<i>Income Tax</i> — Married persons and widowed, etc., persons with dependent child—£1,000. Other individuals—£500 less £1 for every £ above £500. Not allowed to companies. <i>Super-tax</i> — £5,000 less £1 for every £ above £5,000.	None.

TABLE OF INCOME TAX RATES—*continued.*

	SOUTH AFRICA— UNION.* 1921-22 (Income year).	SOUTH AFRICA— ORANGE FREE STATE † 1921-22 (Income year).
RATES OF TAX FOR INDIVIDUALS.	<p><i>Normal Tax</i>—</p> <p>1s. in the £ plus <math>\frac{1}{2000}d.</math> for every £ of net tax- able income, up to maximum of 2s. in the £.</p> <p><i>Super-tax</i>—</p> <p>1s. in the £ plus <math>\frac{1}{500}d.</math> for every £ of super-tax- able income up to maximum of 5s. in the £.</p>	<p>Male Adult adults spinsters and widows.</p> <p>On the first £100 £1 15s. next £100 15s. 10s.</p> <p style="text-align: center;">} In the £</p> <p>On the next— £100 ... 1d. £100 ... 1½d. £100 ... 1½d. etc. etc.</p> <p>On the 46th £100 ... 11½d. Balance (over £4,600) ... 1s.</p>
RATES OF TAX FOR COMPANIES.	<p><i>Normal Tax</i>—1s. 6d. in the £.</p> <p><i>Super-tax</i>—Nil.</p> <p><i>Dividend Tax</i>— Gold mining and dia- mond mining com- panies—1s. 6d. in the £. Other companies—1s. in the £. (Certain private com- panies are charged nor- mal tax at the rate ap- propriate to individuals and are not charged dividend tax.)</p>	As male adults.
EXEMPTION LIMITS.	<p><i>Normal Tax</i>—£300. Not allowed to com- panies.</p> <p><i>Super-tax</i>—£2,500. <i>Dividend Tax</i>—£2,500.</p>	None.

\* See also Provincial taxes.

† See also Union tax.

TABLE OF INCOME TAX RATES—*continued*.

—	SOUTH AFRICA— UNION.* (1921-22 Income year).	SOUTH AFRICA— ORANGE FREE STATE.† 1921-22 (Income year).
ABATEMENT.	<p><i>Normal Tax—</i>  Married persons and widowed, etc., persons with dependant child—£300 less £1 for every £10 above £800 (and see text).  Other individuals—£300 less £1 for every £ above £300 (and see text).  Companies—Nil.  <i>Super-tax—</i>  £2,500 less £1 for every £ above £2,500.  <i>Dividend Tax—</i>  Where aggregate dividends in any accounting period do not exceed £5,000, £2,500 per annum, less £1 for every £1 distributed beyond £2,500.</p>	None.

\* See also Provincial taxes.

† See also Union tax.

TABLE OF INCOME TAX RATES—*continued.*

	SWAZILAND. 1921-22 (Income year).	ANTIGUA. 1922.																
RATES OF TAX FOR INDIVIDUALS.	1s. in the £ plus $\frac{1}{2000}$ d. for every £ of net taxable income, up to maximum of 2s. in the £.	<table> <thead> <tr> <th>Income</th> <th>Rate of tax on whole income</th> </tr> <tr> <th>£100.</th> <th>1d. in £.</th> </tr> </thead> <tbody> <tr> <td colspan="2">Not exceeding—</td> </tr> <tr> <td>£150 ...</td> <td>1½%</td> </tr> <tr> <td>£1,000 ...</td> <td>3%</td> </tr> <tr> <td>£2,000 ...</td> <td>4%</td> </tr> <tr> <td colspan="2">Exceeding</td> </tr> <tr> <td>£2,000 ...</td> <td>5%</td> </tr> </tbody> </table>	Income	Rate of tax on whole income	£100.	1d. in £.	Not exceeding—		£150 ...	1½%	£1,000 ...	3%	£2,000 ...	4%	Exceeding		£2,000 ...	5%
Income	Rate of tax on whole income																	
£100.	1d. in £.																	
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£150 ...	1½%																	
£1,000 ...	3%																	
£2,000 ...	4%																	
Exceeding																		
£2,000 ...	5%																	
RATES OF TAX FOR COMPANIES.	1s. 6d. in the £. (Certain private companies are charged at the rate appropriate to individuals.)	As for individuals.																
EXEMPTION LIMIT.	£300. Not allowed to companies.	£100.																
ABATEMENT.	<p>Married persons and widowed, etc., persons with dependent child—£300 less £1 for every £10 above £300 (and see text).</p> <p>Other individuals—£300 less £1 for every £ above £300 (and see text).</p> <p>Not allowed to companies.</p>	None.																

TABLE OF INCOME TAX RATES—*continued.*

	BARBADOS.*	BRITISH HONDURAS. 1922.
<b>RATES OF TAX FOR INDIVIDUALS.</b>	<p>After allowance of abatement (see below). Rate in the £</p> <p>First £200 ... 0 2</p> <p>Next £200 ... 0 4</p> <p>   " £200 ... 0 6</p> <p>   " £200 ... 0 8</p> <p>   " £200 ... 0 10</p> <p>   " £500 ... 1 0</p> <p>   " £1,000 ... 1 6</p> <p>   " £2,500 ... 2 0</p> <p>   " £2,500 ... 2 6</p> <p>   " £2,500 ... 3 0</p> <p>Balance (above £10,000) ... 3 6 (Minimum tax 2s. 6d.)</p>	<p>Income. Tax on every \$10.</p> <p>First \$1,000 ... Nil</p> <p>Next \$1,000... 0-05</p> <p>   " \$1,000 ... 0-10</p> <p>   " \$2,000 ... 0-15</p> <p>   " \$2,500 ... 0-20</p> <p>   " \$2,500 ... 0-25</p> <p>   " \$5,000 ... 0-30</p> <p>   " \$5,000 ... 0-50</p> <p>   " \$5,000 ... 0-75</p> <p>   " \$5,000 ... 1-00</p> <p>   " \$10,000 1-25</p> <p>Balance (above \$40,000) ... 1-50</p>
<b>RATES OF TAX FOR COMPANIES.</b>	As for individuals; but life insurance companies are charged flat rate of 6d. in the £ on investment income less expenses.	Insurance companies—1% on premiums. Other companies as for individuals.
<b>EXEMPTION LIMIT.</b>	Married persons—£250. Single persons—£150. Not allowed to companies.	\$1,000. Allowed to companies. (In case of married individuals the exemption limit is in effect \$1,150.)
<b>ABATEMENT.</b>	Married persons—£250. Single persons—£150. Not allowed to companies.	\$1,000 (see scale). Allowed to companies. (If the income does not exceed \$3,000 an allowance of tax on \$150 at the highest rate applicable is made to a married taxpayer.)

\* The rates of tax are those fixed for 1922. The exemption limit and abatement are as for 1923.

TABLE OF INCOME TAX RATES—*continued.*

	CANADA— DOMINION.* 1922 (Income year).	CANADA— BRITISH COLUMBIA.† 1922.
RATES OF TAX FOR INDIVIDUALS.	<p><i>Normal Tax—</i></p> <p>Married persons and persons with a dependent parent, grandparent, daughter, sister, son or brother— \$2,000—\$6,000... 4%</p> <p>Other individuals \$1,000—\$6,000... 4%</p> <p>All—balance (over \$6,000) ... 8%</p> <p><i>Sur-tax—</i></p> <p>First \$5,000 ... Nil</p> <p>Next \$1,000 ... 1%</p> <p>.. \$2,000 ... 2%</p> <p>.. \$2,000 ... 3%</p> <p>etc. ... etc.</p> <p>.. \$2,000 ... 47%</p> <p>.. \$2,000 ... 48%</p> <p>.. \$50,000 ... 52%</p> <p>.. \$50,000 ... 56%</p> <p>.. \$100,000 ... 60%</p> <p>.. \$200,000 ... 63%</p> <p>.. \$500,000 ... 64%</p> <p>Balance (above \$1,000,000)... 65%</p> <p><i>Additional Tax—5% of the normal tax and sur-tax if the income is not less than \$5,000.</i></p>	<p>First \$2,500 ... 1%</p> <p>Next \$1,000 ... 2%</p> <p>.. \$1,000 ... 3%</p> <p>.. \$1,000 ... 4%</p> <p>.. \$1,000 ... 6%</p> <p>.. \$1,000 ... 7%</p> <p>.. \$1,000 ... 8%</p> <p>.. \$1,000 ... 9%</p> <p>.. \$1,000 ... 10%</p> <p>.. \$9,000 ... 12½%</p> <p>.. \$6,200 ... 15%</p> <p>Balance (above \$25,700) ... 10%</p> <p>(i.e., if income exceeds \$25,700 tax is 10% on the whole).</p>
RATES OF TAX FOR COMPANIES.	<p><i>Normal Tax—</i></p> <p>10% on income exceeding \$2,000.</p> <p>Companies are not liable to sur-tax.</p> <p><i>Additional tax—5% of the normal tax if the income is not less than \$5,000.</i></p>	<p>Insurance, loan, trust, telegraph, gas, waterworks and electric companies, special tax of 2% on gross revenue.</p> <p>Other companies, as for individuals, apart from special cases shown on pages 153-154.</p>

\* See also Provincial taxes:

† See also Dominion tax.

TABLE OF INCOME TAX RATES—*continued.*

	CANADA— DOMINION.* 1922 (Income year).	CANADA— BRITISH COLUMBIA.† 1922.
<b>EXEMPTION LIMIT.</b>	<i>Normal Tax—</i> Married persons and persons with dependants (see scale) ... \$2,000 Other individuals \$1,000 Companies ... \$2,000 <i>Sur-tax</i> ... \$5,000 <i>Additional tax</i> ... \$5,000	Married person ... \$1,500 Unmarried or widowed person... \$1,200 Not allowed to companies.
<b>ABATEMENT.</b>	<i>Normal Tax—</i> Married persons and persons with dependants (see scale) ... \$2,000 Other individuals \$1,000 Companies ... \$2,000 <i>Sur-tax (see scale)</i> \$5,000 <i>Additional tax</i> ... Nil	Married person ... \$1,500 Unmarried or widowed person \$1,200 (Allowed from lowest step of the scale in effect.) Not allowed to companies.

\* See also Provincial Taxes.

† See also Dominion tax.

TABLE OF INCOME TAX RATES—*continued.*

	CANADA—NOVA SCOTIA.* (Not yet in force.)	CANADA—PRINCE EDWARD ISLAND.* 1922.																														
<b>RATES OF TAX FOR INDIVIDUALS.</b>	<p><i>Normal Tax—</i> Unmarried persons and widowed persons without dependent children— \$1,000—\$1,500 ½% Other individuals— \$2,000—\$3,000 ½% All—balance ... 1%</p> <p><i>Super-tax—</i> First \$6,000 ... Nil Next \$4,000 ... ½% " \$10,000 ... 1½% " \$10,000 ... 2% " \$20,000 ... 2½% " \$25,000 ... 3½% " \$25,000 ... 5% " \$100,000... 6½% " \$200,000... 7½% " \$200,000... 8½% " \$200,000... 10% " \$200,000... 11½% Balance (above \$1,000,000) ... 12½%</p> <p><i>Sur-tax—</i> Incomes not exceeding— \$6,000 Nil \$10,000 1½% \$100,000 2½% \$200,000 3½% exceeding— \$200,000 8½%</p> <p>Per cent. of normal tax and super-tax.</p>	<p>Taxable income (after deduction of abatement) not exceeding</p> <table> <tr><td>\$</td><td>%</td></tr> <tr><td>500</td><td>1</td></tr> <tr><td>1,000</td><td>1½</td></tr> <tr><td>2,000</td><td>2</td></tr> <tr><td>3,000</td><td>2½</td></tr> <tr><td>4,000</td><td>3</td></tr> <tr><td>5,000</td><td>3½</td></tr> <tr><td>6,000</td><td>4</td></tr> <tr><td>8,000</td><td>4½</td></tr> <tr><td>10,000</td><td>5</td></tr> <tr><td>12,000</td><td>6</td></tr> <tr><td>15,000</td><td>7</td></tr> <tr><td>20,000</td><td>8</td></tr> <tr><td>exceeding—</td><td></td></tr> <tr><td>20,000</td><td>10</td></tr> </table>	\$	%	500	1	1,000	1½	2,000	2	3,000	2½	4,000	3	5,000	3½	6,000	4	8,000	4½	10,000	5	12,000	6	15,000	7	20,000	8	exceeding—		20,000	10
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exceeding—																																
20,000	10																															
<b>RATES OF TAX FOR COMPANIES.</b>	<p><i>Normal Tax—</i> On income in excess of \$3,000 ... 1½% Companies are not liable to super-tax or sur-tax.</p>	As for individuals.																														

\* See also Dominion Tax.



TABLE OF INCOME TAX RATES—*continued.*

	CANADA—NOVA SCOTIA.* (Not yet in force.)	CANADA— PRINCE EDWARD ISLAND.* 1922.
<b>EXEMPTION LIMIT.</b>	<i>Normal Tax</i> — Unmarried persons and widowed persons without dependent children ... \$1,000 Other individuals \$2,000 Companies ... \$3,000 <i>Super-tax</i> ... \$6,000 <i>Sur-tax</i> ... \$6,000	\$500, or, in the case of soldiers, etc., who served in the war, \$1,000.
<b>ABATEMENT.</b>	<i>Normal Tax</i> — Unmarried persons and widowed persons with- out dependent chil- dren ( <i>see</i> scale) ... \$1,000 Other indi- viduals ( <i>see</i> scale) \$2,000 Companies ( <i>see</i> scale) ... \$3,000 <i>Super-tax</i> ... \$6,000 <i>Sur-tax</i> ... Nil.	\$500, or, in the case of soldiers, etc., who served in the war, \$1,000.

\* See also Dominion tax.

TABLE OF INCOME TAX RATES—*continued.*

	DOMINICA. 1922.	GRENADE. 1922.																																																											
<b>RATES OF TAX FOR INDIVIDUALS.</b>	<table border="0"> <tr> <td>Income.</td> <td>Rate on whole income.</td> </tr> <tr> <td>Under £50</td> <td>... Nil.</td> </tr> <tr> <td>„ £100</td> <td>... 2½%</td> </tr> <tr> <td>£100 and over</td> <td>... 3½%</td> </tr> </table>	Income.	Rate on whole income.	Under £50	... Nil.	„ £100	... 2½%	£100 and over	... 3½%	<table border="0"> <tr> <td></td> <td>In the £</td> <td>s. d.</td> </tr> <tr> <td>First £100 ...</td> <td>...</td> <td>Nil.</td> </tr> <tr> <td>Next £200...</td> <td>...</td> <td>0 3</td> </tr> <tr> <td>„ £200...</td> <td>...</td> <td>0 6</td> </tr> <tr> <td>„ £200...</td> <td>...</td> <td>0 9</td> </tr> <tr> <td>„ £200...</td> <td>...</td> <td>1 0</td> </tr> <tr> <td>„ £200...</td> <td>...</td> <td>1 3</td> </tr> <tr> <td>„ £200...</td> <td>...</td> <td>1 6</td> </tr> <tr> <td>„ £200...</td> <td>...</td> <td>1 9</td> </tr> <tr> <td>„ £200...</td> <td>...</td> <td>2 0</td> </tr> <tr> <td>„ £300...</td> <td>...</td> <td>2 3</td> </tr> <tr> <td>„ £1,000</td> <td>...</td> <td>2 6</td> </tr> <tr> <td>„ £1,000</td> <td>...</td> <td>2 9</td> </tr> <tr> <td>„ £1,000</td> <td>...</td> <td>3 0</td> </tr> <tr> <td>„ £1,000</td> <td>...</td> <td>3 3</td> </tr> <tr> <td>„ £1,000</td> <td>...</td> <td>3 6</td> </tr> <tr> <td>Balance (above £7,000) ...</td> <td>...</td> <td>4 0</td> </tr> </table>		In the £	s. d.	First £100 ...	...	Nil.	Next £200...	...	0 3	„ £200...	...	0 6	„ £200...	...	0 9	„ £200...	...	1 0	„ £200...	...	1 3	„ £200...	...	1 6	„ £200...	...	1 9	„ £200...	...	2 0	„ £300...	...	2 3	„ £1,000	...	2 6	„ £1,000	...	2 9	„ £1,000	...	3 0	„ £1,000	...	3 3	„ £1,000	...	3 6	Balance (above £7,000) ...	...	4 0
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<b>RATES OF TAX FOR COMPANIES.</b>	As for individuals.	As for individuals.																																																											
<b>EXEMPTION LIMIT.</b>	£50.	£100. Allowed to companies. (In the case of a married taxpayer the exemption limit is in effect £125.)																																																											
<b>ABATEMENT.</b>	None.	£100 (see scale). Allowed to companies. (If the income does not exceed £800 an allowance of tax on £25 is made to a married taxpayer.)																																																											

TABLE OF INCOME TAX RATES—*continued.*

	JAMAICA. 1922.	NEWFOUNDLAND. 1922 (Income year).
<b>RATES OF TAX FOR INDIVIDUALS.</b>	<p style="text-align: right;">In the £</p> <p>First £100 ... Nil.</p> <p style="text-align: right;"><i>s. d.</i></p> <p>Next £300 ... 0 2½</p> <p>„ £100 ... 0 3</p> <p>„ £250 ... 0 4</p> <p>„ £250 ... 0 6</p> <p>„ £500 ... 0 9</p> <p>„ £500 ... 1 0</p> <p>„ £3,000 ... 1 3</p> <p>„ £3,000 ... 1 6</p> <p>„ £2,000 ... 1 9</p> <p>Balance (above £10,000) ... 2 0</p>	<p><i>Normal Tax—</i></p> <p>Unmarried and widowed persons, and persons not supporting a dependent brother or sister under 18, parent or grandparent—</p> <p>First \$1,000 Nil.</p> <p>Next \$5,000 5%</p> <p>Balance ... 8%</p> <p>Other persons—</p> <p>First \$2,000 Nil.</p> <p>Next \$4,000 5%</p> <p>Balance ... 8%</p> <p><i>Super-tax—</i></p> <p>First \$6,000 ... Nil.</p> <p>Next \$2,000 ... 2%</p> <p>„ \$2,000 ... 4%</p> <p>„ \$10,000 ... 6%</p> <p>„ \$10,000 ... 10%</p> <p>„ \$10,000 ... 15%</p> <p>„ \$10,000 ... 20%</p> <p>„ \$50,000 ... 30%</p> <p>Balance (above \$100,000) ... 35%</p>
<b>RATES OF TAX FOR COMPANIES.</b>	As for individuals.	<p>First \$2,000 ... Nil.</p> <p>Next \$4,000 ... 5%</p> <p>Balance ... 8%</p> <p>No super-tax.</p>
<b>EXEMPTION LIMIT.</b>	<p>£100.</p> <p>Allowed to companies.</p> <p>(In the case of married individuals the exemption limit is in effect £120.)</p>	<p><i>Normal Tax—</i></p> <p>Unmarried and widowed persons, and persons not supporting a dependent brother or sister under 18, parent or grandparent—</p> <p>\$1,000</p> <p>Other individuals \$2,000</p> <p>Companies ... \$2,000</p> <p><i>Super-tax—</i></p> <p>Individuals ... \$6,000</p>

TABLE OF INCOME TAX RATES—*continued.*

—	JAMAICA. 1922.	NEWFOUNDLAND. 1922 (Income year).
<b>ABATEMENT.</b>	£100 ( <i>see scale</i> ). Allowed to companies. (If the income does not exceed £500 an additional allowance of tax on £20 is made to a married taxpayer.)	<i>Normal Tax</i> — Unmarried and widowed persons, and persons not supporting a dependent brother or sister under 18, parent or grandparent ( <i>see scale</i> ) ... \$1,000 Other individuals ( <i>see scale</i> ) ... \$2,000 Companies ( <i>see scale</i> ) ... \$2,000 <i>Super-tax</i> — Individuals ( <i>see scale</i> ) ... \$8,000

TABLE OF INCOME TAX RATES—*continued.*

	ST. CHRISTOPHER AND NEVIS. 1922.	ST. LUCIA. 1922.																																																												
<b>RATES OF TAX FOR INDIVIDUALS.</b>	<table> <thead> <tr> <th>Income.</th> <th>Rate in the £ on whole income.</th> </tr> </thead> <tbody> <tr> <td>Under £100 ...</td> <td>Nil.</td> </tr> <tr> <td>£100... ..</td> <td>s. d. 0 1</td> </tr> <tr> <td>Not exceeding—</td> <td></td> </tr> <tr> <td>£150... ..</td> <td>0 3</td> </tr> <tr> <td>£300... ..</td> <td>0 6</td> </tr> <tr> <td>£1,000 ... ..</td> <td>0 8</td> </tr> <tr> <td>£2,000 ... ..</td> <td>0 10</td> </tr> <tr> <td>Exceeding</td> <td></td> </tr> <tr> <td>£2,000 ... ..</td> <td>1 0</td> </tr> </tbody> </table>	Income.	Rate in the £ on whole income.	Under £100 ...	Nil.	£100... ..	s. d. 0 1	Not exceeding—		£150... ..	0 3	£300... ..	0 6	£1,000 ... ..	0 8	£2,000 ... ..	0 10	Exceeding		£2,000 ... ..	1 0	<table> <thead> <tr> <th>Income not exceeding—</th> <th>Rate in the £ on the whole taxable income.</th> </tr> </thead> <tbody> <tr> <td>£50 ... ..</td> <td>Nil.</td> </tr> <tr> <td>£100 ... ..</td> <td>0 1</td> </tr> <tr> <td>£200 ... ..</td> <td>0 2</td> </tr> <tr> <td>£300 ... ..</td> <td>0 3</td> </tr> <tr> <td>£400 ... ..</td> <td>0 4</td> </tr> <tr> <td>£500 ... ..</td> <td>0 5</td> </tr> <tr> <td>£750 ... ..</td> <td>0 6</td> </tr> <tr> <td>£1,000 ... ..</td> <td>0 8</td> </tr> <tr> <td>£1,500 ... ..</td> <td>0 10</td> </tr> <tr> <td>£2,000 ... ..</td> <td>1 0</td> </tr> <tr> <td>£3,000 ... ..</td> <td>1 3</td> </tr> <tr> <td>£4,000 ... ..</td> <td>1 6</td> </tr> <tr> <td>£5,000 ... ..</td> <td>1 9</td> </tr> <tr> <td>£6,000 ... ..</td> <td>2 0</td> </tr> <tr> <td>£7,000 ... ..</td> <td>2 3</td> </tr> <tr> <td>£8,000 ... ..</td> <td>2 6</td> </tr> <tr> <td>£9,000 ... ..</td> <td>2 9</td> </tr> <tr> <td>£10,000 ... ..</td> <td>3 0</td> </tr> <tr> <td>exceeding £10,000 ... ..</td> <td>3 6</td> </tr> </tbody> </table>	Income not exceeding—	Rate in the £ on the whole taxable income.	£50 ... ..	Nil.	£100 ... ..	0 1	£200 ... ..	0 2	£300 ... ..	0 3	£400 ... ..	0 4	£500 ... ..	0 5	£750 ... ..	0 6	£1,000 ... ..	0 8	£1,500 ... ..	0 10	£2,000 ... ..	1 0	£3,000 ... ..	1 3	£4,000 ... ..	1 6	£5,000 ... ..	1 9	£6,000 ... ..	2 0	£7,000 ... ..	2 3	£8,000 ... ..	2 6	£9,000 ... ..	2 9	£10,000 ... ..	3 0	exceeding £10,000 ... ..	3 6
Income.	Rate in the £ on whole income.																																																													
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<b>RATES OF TAX FOR COMPANIES.</b>	As for individuals.	As for individuals.																																																												
<b>EXEMPTION LIMIT.</b>	£100. Allowed to companies.	£50. Allowed to companies.																																																												
<b>ABATEMENT.</b>	None.	None.																																																												

TABLE OF INCOME TAX RATES—*continued.*

	ST. VINCENT. 1922.	TRINIDAD AND TOBAGO. 1922.
<b>RATES OF TAX FOR INDIVIDUALS.</b>	<p style="text-align: center;">Rate in the £</p> <p>Income not on the whole taxable income.</p> <p style="text-align: center;"><i>s. d.</i></p> <p>£150 ... Nil.</p> <p>£200 ... 0 1</p> <p>£300 ... 0 2</p> <p>£400 ... 0 3</p> <p>£500 ... 0 4</p> <p>£750 ... 0 5</p> <p>£1,000 ... 0 6</p> <p>£1,500 ... 0 8</p> <p>£2,000 ... 0 10</p> <p>£3,000 ... 1 0</p> <p>£4,000 ... 1 3</p> <p>£5,000 ... 1 6</p> <p>exceeding</p> <p>£5,000 ... 1 9</p>	<p style="text-align: center;">In the £</p> <p style="text-align: center;"><i>s. d.</i></p> <p>First £1,000 ... 0 6</p> <p>Next £1,000 ... 1 0</p> <p>„ £3,000 ... 2 0</p> <p>„ £3,000 ... 4 0</p> <p>„ £4,000 ... 5 0</p> <p>Balance (above £12,000) ... 6 8</p>
<b>RATES OF TAX FOR COMPANIES.</b>	As for individuals.	As for individuals.
<b>EXEMPTION LIMIT.</b>	£150. Allowed to companies.	£500. Not allowed to companies or absentees.
<b>ABATEMENT.</b>	None.	The amount chargeable on £500 at the lowest rate is deducted from the tax assessed. Not allowed to companies or absentees.

TABLE OF INCOME TAX RATES—*continued.*

	BRITISH INDIA.* 1922-23 and 1923-24.	STRAITS SETTLEMENTS. 1922.		
RATES OF TAX FOR INDIVIDUALS.	<i>Income-tax.</i>	Total income less than		
	Total income less than	Rate per rupee on taxable income.	Total income less than	Rate per cent. on taxable income.
	Rupees.		\$	
	2,000	Nil.	5,000	Nil.
	5,000	5 pies	6,000	2
	10,000	6 "	7,200	3
	20,000	9 "	8,400	4
	30,000	1 anna	12,000	5
	40,000	1 anna, 3 pies	\$12,000 or above	6
	Rs. 40,000 or above	1 anna, 6 pies		
	<i>Super-tax.</i>	Rate per rupee.		
	First Rs. 50,000	Nil.		
	Next Rs. 50,000	1 anna		
	" 50,000	1½ "		
" 50,000	2 "			
" 50,000	2½ "			
" 50,000	3 "			
" 50,000	3½ "			
" 50,000	4 "			
" 50,000	4½ "			
" 50,000	5 "			
" 50,000	5½ "			
Balance	... 6 "			
RATES OF TAX FOR COMPANIES.	<i>Income-tax</i> — On whole taxable income, 1 anna, 6 pies in the rupee. <i>Super-tax</i> — On the excess over Rs. 50,000, 1 anna in the rupee.	As for individuals.		
EXEMPTION LIMIT.	<i>Income-tax</i> — Rs. 2,000. Not allowed to companies. <i>Super-tax</i> — Rs. 50,000. Allowed to companies.	\$5,000. Allowed to companies.		
ABATEMENT.	<i>Income-tax</i> — None. <i>Super-tax</i> — Rs. 50,000 ( <i>see scales</i> ).	None.		

\* 12 pies = 1 anna : 16 annas = 1 rupee.

TABLE OF INCOME TAX RATES—continued.

AUSTRALIA—COMMONWEALTH*. 1922-23.	
	In the formulæ I = net taxable income in pounds.
RATES OF TAX FOR INDIVIDUALS.	<i>Earned</i> —
	Not exceeding £7,600:— $\left(3 + \frac{3}{800} I\right)$ pence in the £.
	Exceeding £7,600:—£97 10s., plus 5s. in the £ on excess over £7,600.
	<i>Unearned</i> —
	Not exceeding £546:— $\left(3 + \frac{I}{181.058}\right)$ pence in the £.
	Exceeding £546, but not exceeding £2,000:— $\left\{ -1 \frac{1}{15} \left(\frac{I}{1000}\right)^2 + 11 \frac{3}{5} \left(\frac{I}{1000}\right) \right\}$ pence in the £.
Exceeding £2,000, but not exceeding £6,500:— $\left\{ \frac{1}{30} \left(\frac{I}{1000}\right)^3 - 1 \frac{1}{15} \left(\frac{I}{1000}\right)^2 + 12 \frac{7}{12} \left(\frac{I}{1000}\right) - 5 + 5 \frac{8}{15} \left(\frac{I}{1000}\right) \right\}$ pence in the £.	
Exceeding £6,500:—£1,130 4s., plus 5s. in the £ on excess over £6,500.	
	Additional tax equal to 53½ per cent. of the tax under all the above scales is also payable.
	<i>Lottery Prizes</i> .—12½%.
RATES OF TAX FOR COMPANIES.	Income not distributed ... .. 2s. 5d. in the £.
	Income paid to absentees, etc. ... 7d. in the £.
EXEMPTION LIMIT.	£300. Not allowed to companies or absentees.
ABATEMENT.	£300, less £1 for every £3 of income over £300. Not allowed to companies or absentees. Allowed first against unearned income.

\* See also state, etc., taxes.



TABLE OF INCOME TAX RATES—continued.

AUSTRALIA—COMMONWEALTH*. 1922-23.	
	In the formulæ I = net taxable income in pounds.
RATES OF TAX FOR INDIVIDUALS.	<i>Earned</i> —
	Not exceeding £7,600:— $\left(3 + \frac{3}{800} I\right)$ pence in the £.
	Exceeding £7,600:—£97 10s., plus 5s. in the £ on excess over £7,600.
	<i>Unearned</i> —
	Not exceeding £546:— $\left(3 + \frac{I}{181.058}\right)$ pence in the £.
	Exceeding £546, but not exceeding £2,000:— $\left\{-1 \frac{1}{15} \left(\frac{I}{1000}\right)^2 + 11 \frac{3}{6} \left(\frac{I}{1000}\right)\right\}$ pence in the £.
Exceeding £2,000, but not exceeding £6,500:— $\left\{\frac{1}{80} \left(\frac{I}{1000}\right)^3 - 1 \frac{1}{15} \left(\frac{I}{1000}\right)^2 + 12 \frac{7}{12} \left(\frac{I}{1000}\right) - 5 + 5 \frac{8}{15} \left(\frac{I}{1000}\right)\right\}$ pence in the £.	
Exceeding £6,500:—£1,130 4s., plus 5s. in the £ on excess over £6,500.	
	Additional tax equal to 53½ per cent. of the tax under all the above scales is also payable.
	<i>Lottery Prizes</i> .—12½%.
RATES OF TAX FOR COMPANIES.	Income not distributed ... .. 2s. 6d. in the £.
	Income paid to absentees, etc. ... 7d. in the £.
EXEMPTION LIMIT.	£200.
	Not allowed to companies or absentees.
ABATEMENT.	£200, less £1 for every £3 of income over £200.
	Not allowed to companies or absentees.
	Allowed first against unearned income.

\* See also state, etc., taxes.

TABLE OF INCOME TAX RATES—*continued.*

	AUSTRALIA—NEW SOUTH WALES.* 1921-22 (Income year).	AUSTRALIA—NORTHERN TERRITORY.* 1922.																																						
<b>RATES OF TAX FOR INDIVIDUALS.</b>	<table style="border: none;"> <tr> <td style="text-align: right;">Earned</td> <td>Unearned</td> <td></td> </tr> <tr> <td style="text-align: right;">in the £.</td> <td>in the £.</td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;"><i>s. d.</i></td> <td></td> </tr> <tr> <td>First £250</td> <td>1 0</td> <td rowspan="10" style="vertical-align: middle;"> <i>Earned—</i>            First £800 4½<i>d.</i> in the £.            Balance 7<i>d.</i> "  <i>Unearned—</i>            First £800 9<i>d.</i> in the £.            Balance 1<i>s.</i> 1½<i>d.</i> "         </td> </tr> <tr> <td>Next £250</td> <td>1 1</td> </tr> <tr> <td>" £250</td> <td>1 2</td> </tr> <tr> <td>" £250</td> <td>1 3</td> </tr> <tr> <td>" £500</td> <td>1 4</td> </tr> <tr> <td>" £500</td> <td>1 5</td> </tr> <tr> <td>" £500</td> <td>1 6</td> </tr> <tr> <td>" £500</td> <td>1 7</td> </tr> <tr> <td>" £500</td> <td>1 8</td> </tr> <tr> <td>" £500</td> <td>1 10</td> </tr> <tr> <td>" £1,000</td> <td>2 0</td> <td rowspan="2" style="vertical-align: middle;">           As in            previous            column,            increased            by one-            third.         </td> </tr> <tr> <td>" £2,000</td> <td>2 2</td> </tr> <tr> <td>Balance (above £7,000)</td> <td>2 3</td> <td></td> </tr> </table>	Earned	Unearned		in the £.	in the £.			<i>s. d.</i>		First £250	1 0	<i>Earned—</i> First £800 4½ <i>d.</i> in the £. Balance 7 <i>d.</i> " <i>Unearned—</i> First £800 9 <i>d.</i> in the £. Balance 1 <i>s.</i> 1½ <i>d.</i> "	Next £250	1 1	" £250	1 2	" £250	1 3	" £500	1 4	" £500	1 5	" £500	1 6	" £500	1 7	" £500	1 8	" £500	1 10	" £1,000	2 0	As in previous column, increased by one- third.	" £2,000	2 2	Balance (above £7,000)	2 3		
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<b>RATES OF TAX FOR COMPANIES.</b>	2 <i>s.</i> 6 <i>d.</i> in the £.	As for individuals, un- <i>earned</i> rates.																																						
<b>EXEMPTION LIMIT.</b>	£250. Not allowed to companies.	£200. Not allowed to companies or absentees.																																						
<b>ABATEMENT.</b>	£250. Not allowed to companies. Allowed first against earned income.	£200. Not allowed to companies or absentees. Deducted first from un- earned income.																																						

\* See also Commonwealth tax.

TABLE OF INCOME TAX RATES—*continued.*

AUSTRALIA—QUEENSLAND.* 1922-23.																									
RATES OF TAX FOR INDIVIDUALS.	<p><i>Income Tax.</i></p> <p><i>Earned.</i></p> <p>Income up to £4,000:—<math>(6d. + \frac{6 I}{1000}d.)</math> in the £.</p> <p>„ over £4,000:—30d. in the £ on £4,000 and 36d. in the £ on balance.</p> <p><i>Unearned.</i></p> <p>Income up to £3,000:—<math>(12d. + \frac{4 I}{1000}d.)</math> in the £.</p> <p>„ over £3,000 up to £4,000:—<math>(6d. + \frac{6 I}{1000}d.)</math> in the £.</p> <p>„ over £4,000:—30d. in the £ on £4,000 and 36d. in the £ on balance.</p> <p><i>Absentees.</i> As unearned.</p> <p><i>Super-tax.</i> An additional 20% of the tax payable under the above scales.</p> <p>In the formulæ I = net taxable income in pounds.</p>																								
RATES OF TAX FOR COMPANIES.	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: center;">Public Utility and Monopoly Companies.</th> <th style="text-align: center;">Other Companies (except cer- tain Foreign Companies).</th> </tr> <tr> <th style="text-align: left;">Total profits not ex- ceeding—</th> <th style="text-align: center;">In the £.</th> <th style="text-align: center;">In the £.</th> </tr> <tr> <th style="text-align: left;"></th> <th style="text-align: center;">s. d.</th> <th style="text-align: center;">s. d.</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">6% of capital...</td> <td style="text-align: center;">1 3</td> <td style="text-align: center;">1 3</td> </tr> <tr> <td style="text-align: left;">7% of capital...</td> <td style="text-align: center;">1 6</td> <td style="text-align: center;">1 4½</td> </tr> <tr> <td style="text-align: left;">8% of capital...</td> <td style="text-align: center;">1 9</td> <td style="text-align: center;">1 6</td> </tr> <tr> <td style="text-align: left;">etc. etc.</td> <td style="text-align: center;">etc. etc.</td> <td style="text-align: center;">etc. etc.</td> </tr> <tr> <td style="text-align: left;">up to maxima of</td> <td style="text-align: center;">4 0</td> <td style="text-align: center;">3 0</td> </tr> </tbody> </table> <p><i>Super-tax.</i> An additional 20% of the income tax.</p>		Public Utility and Monopoly Companies.	Other Companies (except cer- tain Foreign Companies).	Total profits not ex- ceeding—	In the £.	In the £.		s. d.	s. d.	6% of capital...	1 3	1 3	7% of capital...	1 6	1 4½	8% of capital...	1 9	1 6	etc. etc.	etc. etc.	etc. etc.	up to maxima of	4 0	3 0
	Public Utility and Monopoly Companies.	Other Companies (except cer- tain Foreign Companies).																							
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etc. etc.	etc. etc.	etc. etc.																							
up to maxima of	4 0	3 0																							
EXEMPTION LIMIT.	<p><i>Income Tax.</i> £200.</p> <p><i>Super-tax.</i> £200 in addition to the abatement allowed for income tax, i.e., in effect, £200.</p> <p>No exemption allowed to absentees or companies.</p> <p>(The exemption limit is in effect increased to a married taxpayer by the deduction for a wife.)</p>																								

\* See also Commonwealth tax.

TABLE OF INCOME TAX RATES—*continued.*

	AUSTRALIA—QUEENSLAND.* 1922-23.
<b>ABATEMENT.</b>	<p><i>Income Tax.</i> £200, less £1 for every complete £4 by which the total income exceeds £200. Allowed first against earned income.</p> <p><i>Super-tax.</i> The amount of the super-tax on the amount abated for income tax (computed at the rate at which the income tax of the taxpayer is computed) is deducted.</p> <p>No abatement allowed to absentees or companies. (If the income does not exceed £800 a deduction of £26 is allowed to a married taxpayer. This allowance is reduced by £1 for every £ by which the income exceeds £800.)</p>

\* See also Commonwealth tax.

TABLE OF INCOME TAX RATES—*continued.*

	AUSTRALIA—SOUTH AUSTRALIA.* 1921-22 (Income year).	AUSTRALIA—TASMANIA.* 1922.																								
<b>RATES OF TAX FOR INDIVIDUALS.</b>	<p style="text-align: center;">In the £.</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">Earned.</th> <th style="text-align: center;">Un-earned.</th> </tr> <tr> <th></th> <th style="text-align: center;">s. d.</th> <th style="text-align: center;">s. d.</th> </tr> </thead> <tbody> <tr> <td>First £400</td> <td style="text-align: center;">0 5</td> <td style="text-align: center;">0 10</td> </tr> <tr> <td>Next £300</td> <td style="text-align: center;">0 7</td> <td style="text-align: center;">1 0</td> </tr> <tr> <td>„ £300</td> <td style="text-align: center;">0 9</td> <td style="text-align: center;">1 3</td> </tr> <tr> <td>„ £4,000</td> <td style="text-align: center;">1 2</td> <td style="text-align: center;">1 7</td> </tr> <tr> <td>„ £5,000</td> <td style="text-align: center;">1 7</td> <td style="text-align: center;">1 10</td> </tr> <tr> <td>Balance (above £10,000)</td> <td style="text-align: center;">1 10</td> <td style="text-align: center;">2 3</td> </tr> </tbody> </table> <p>An additional 25% is chargeable on the above rates.</p>		Earned.	Un-earned.		s. d.	s. d.	First £400	0 5	0 10	Next £300	0 7	1 0	„ £300	0 9	1 3	„ £4,000	1 2	1 7	„ £5,000	1 7	1 10	Balance (above £10,000)	1 10	2 3	<p><i>Earned</i>—</p> <p>Under £150:—3d. in the £ on the whole income.  £150—£250:—4d. in the £ on the whole income.  £250—£350:—4½d. in the £ on the whole income.  £350—£400:—5½d. in the £ on the whole income.  £400—£700:—first £400, 5½d.; balance, 6½d. in the £.  £700—£900:—first £400, 5½d.; next £200, 6½d.; balance, 7½d. in the £.  £900 and upwards:—first £400, 5½d.; next £200, 6½d.; next £200, 7½d.; next £200, 9½d.; next £500, 11½d.; next £500, 1s. 1d.; balance, 1s. 3d. in the £.</p> <p><i>Unearned</i>—</p> <p>First £250, 8d.; next £150, 10d.; next £200, 1s.; balance, 1s. 3d. in the £.</p> <p>An additional 10% is chargeable on the above rates, except where the income is less than £200.</p> <p><i>Tasmanian Lottery Prizes,</i> 2s. in the £.</p>
	Earned.	Un-earned.																								
	s. d.	s. d.																								
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Balance (above £10,000)	1 10	2 3																								
<b>RATES OF TAX FOR COMPANIES.</b>	<p>Companies are taxed at the rates shown above as applicable to un-earned income.  Life insurance companies are charged half rates.</p>	<p>1s. 3d. in the £ + 20%.</p> <p>Incomes under £200 are not subject to the addition of 20%.</p> <p><i>Tasmanian Lottery Prizes,</i> 2s. in the £.</p>																								

\* See also Commonwealth tax.

TABLE OF INCOME TAX RATES—*continued.*

	AUSTRALIA—SOUTH AUSTRALIA.* 1921-22 (Income year).	AUSTRALIA—TASMANIA.* 1922.
<b>EXEMPTION LIMIT.</b>	£150. No exemption allowed to absentees or companies.	Married persons or widowed persons having a dependent child under 16:—in general, £156; returned soldiers, £200. Unmarried persons:—in general, £125; returned soldiers, £156. No exemption allowed to companies.
<b>ABATEMENT:</b>	£150. Allowed first against unearned income.  No abatement allowed to absentees or companies.	In general— Income.—Abatement. £125-£149     £50 £150-£249     £40 £250-£349     £30 £350-£399     £20 Returned soldiers— Married, or widowed with a dependent child under 16, £156. Unmarried, £100. No abatement allowed to companies. Allowed first from earned income.

\* See also Commonwealth tax.

TABLE OF INCOME TAX RATES—*continued.*

	AUSTRALIA—VICTORIA.* 1922-23.	AUSTRALIA—WESTERN AUSTRALIA.* 1922-23.
RATES OF TAX FOR INDIVIDUALS.	<p><i>Earned—</i> Income not exceeding £500, 3d. in the £. Income exceeding £500— First £500, 4d. in the £. Next £500, 5d.     " " £500, 6d.     " Balance, 7d.     "</p> <p><i>Unearned—</i> Double the above rates.</p>	<p><i>Income Tax—</i> 2d. in the £, increased by .007 of 1d. for every £ by which net income charge- able exceeds £100, up to a maximum of 4s. in the £. Income tax on stakes at horse races, 4d. in £. <i>Super-tax—</i> 15% of the income tax except on stakes.</p>
RATES OF TAX FOR COMPANIES.	1s. in the £.	<p><i>Dividend Duty—</i> Life insurance com- panies—on interest on investments, 1s. 3d. in £. Other insurance com- panies—2% on gross premiums, increased by 15%. Shipping companies— 6½% of 5% on all traffic; 6½% of profits on sale of coal or other goods; 6½% of profits of vessels trading exclusively within the State; increased by 15% in each case. Other companies— 1s. 3d. in £ on profits increased by 15%.</p>

\* See also Commonwealth tax.

TABLE OF INCOME TAX RATES—*continued.*

	AUSTRALIA—VICTORIA.* 1922-23.	AUSTRALIA—WESTERN AUSTRALIA.* 1922-23.
<b>EXEMPTION LIMIT.</b>	£200. Not allowed to companies.	<i>Income Tax.</i> £250 for elderly persons with earned income only. £200 if the taxpayer is married or has a dependant. £100 in other cases. No exemption allowed to absentees. <i>Super-tax.</i> £284. <i>Dividend Duty.</i> Nil.
<b>ABATEMENT.</b>	Total income not exceeding £500, £150. Not allowed to companies. Allowed first against un-earned income.	<i>Income Tax.</i> Married, &c., individuals:—£200, less £2 for every £ of income in excess of £200. Single, &c., individuals:—£100, less £2 for every £ of income in excess of £100. <i>Super-tax.</i> Nil. No abatement allowed to absentees. <i>Dividend Duty.</i> Nil.

\* See also Commonwealth tax.



TABLE OF INCOME TAX RATES—*continued.*

	F.I.J. 1922.	NEW ZEALAND. 1922-23.
<b>RATES OF TAX FOR INDIVIDUALS.</b>	<p><i>Residents—</i>            Unmarried persons, widowed persons, without dependent children, etc.—                In the £                <i>s. d.</i>                First £250... Nil.                Next £4,750 1 0</p> <p><i>Other individuals—</i>            First £500 ... Nil.            Next £4,500 ... 1 0</p> <p><i>All persons—</i>            Next £5,000 ... 2 0            " £5,000 ... 3 0            " £5,000 ... 4 0            " £5,000 ... 5 0            Balance (over £25,000) ... 6 0</p> <p><i>Absentees—</i>            First £1,000 ... 1 0            Next £4,000 ... 2 0            " £5,000 ... 3 0            " £5,000 ... 4 0            " £5,000 ... 5 0            " £5,000 ... 6 0            Balance (over £25,000) ... 7 0</p>	<p>Interest on debentures of companies—3<i>s.</i> in the £.            Interest on debentures of local authorities—2<i>s.</i> 6<i>d.</i> in the £.            Other income—            Not exceeding £400—1<i>s.</i> in the £.            Not exceeding £6,000—1<i>s.</i> in the £ increased by <math>\frac{1}{100}</math><i>d.</i> for every £ over £400.            Exceeding £6,000—5<i>s.</i> 8<i>d.</i> in the £. increased by <math>\frac{1}{200}</math><i>d.</i> for every £ over £6,000, up to 7<i>s.</i> 4<i>d.</i> in the £.            The tax on the first £2,000 of earned income is reduced by 10%.</p>
<b>RATES OF TAX FOR COMPANIES.</b>	<p>Non-Fijian Insurance Companies—6<i>d.</i> in the £ on excess over £1,000.            Non-Fijian Shipping Companies—3<i>d.</i> in the £.            Other companies—5%.</p>	<p>As for individuals.            Life Insurance companies are charged half rates, except on debenture interest received.</p>
<b>EXEMPTION LIMIT.</b>	<p>Unmarried persons, etc.—£250.            Married persons, etc.—£500.            Not allowed to absentees or companies.</p>	<p>£300.            Not allowed to companies or absentees.</p>
<b>ABATEMENT.</b>	<p>Incorporated in scale of rates (<i>see above</i>).            Not allowed to absentees or companies.</p>	<p>£300, less £1 for every £ in excess of £300.            Not allowed to companies or absentees.</p>

TABLE OF INCOME TAX RATES—*continued.*

	GUERNSEY. 1923.	ISLE OF MAN. 1923-24.
<b>RATES OF TAX FOR INDIVIDUALS.</b>	6d. in the £.	<p>Total income (less allowances) not exceeding—</p> <p>£500.            8d. £1,000          10d. £1,500          1s. 0d.</p> <p>exceeding—</p> <p>£1,500          1s. 2d.</p> <p>(A deduction of one-tenth of earned income, but not more than £200, is allowed to each individual. The scale is applied to income as so reduced.)</p>
<b>RATES OF TAX FOR COMPANIES.</b>	As for individuals.	On undistributed income at rate determined, on same scale as individuals, by total income.
<b>EXEMPTION LIMIT.</b>	£100. Not allowed to absentees or companies.	£135 (single person). £225 (married person). Not allowed to companies. (See above for earned income relief.)
<b>ABATEMENT.</b>	<p>Income not exceeding—</p> <p>£200            £100 £300            £60 £400            £40</p> <p>Not allowed to absentees or companies.</p>	<p>£135 (single person). £225 (married person). Not allowed to companies. (See above for earned income relief.)</p>

## LIFE INSURANCE AND SIMILAR ALLOWANCES.

"Dominion."	Limit of Total Allowance.	Observations.
Basutoland ... Bechuanaland Protectorate	As for Union £50 (life, accident or sick- ness). £10 (friendly or benefit society payments).  No limit (superannuation)	of South Africa. On life of the taxpayer, his wife or minor children. These two allowances are reduced if the income exceeds £600 (married persons or widowed, etc., persons with dependent child), or £300 (other in- dividuals). ( <i>See the text.</i> ) To salaried, etc., taxpayers only, and only if contri- bution is compulsory.
Kenya ...	£50 ... ..	On life of taxpayer for benefit of himself, his wife or children.
Nyasaland Pro- tectorate	No allowance.	
Rhodesia— Northern and Southern	No limit (superannuation, etc., fund) £100 (life, accident or sick- ness)	To salaried, etc., taxpayer only, and only if contri- bution is compulsory. On life of taxpayer, his wife or minor children. Allowed for income tax only.
Seychelles ...	No allowance.	
South Africa— Union ...	£50 (life, accident or sick- ness) £10 (friendly or benefit society payments)  No limit (superannuation)	On life of taxpayer, his wife or minor children. These two allowances are reduced if the income exceeds £600 (married persons or widowed, etc., persons with dependent child), or £300 (other per- sons). ( <i>See the text.</i> ) They are allowed for normal tax only. To salaried, etc., taxpayers only, and only if contri- bution is compulsory.
Orange Free State	No allowance.	
Swaziland ...	As for Union	of South Africa.
Antigua ...	One-sixth of total income	Annual premiums on life of taxpayer or his wife or children.

LIFE INSURANCE AND SIMILAR ALLOWANCES—*continued.*

" Dominion."	Limit of Total Allowance.	Observations.
Barbados ...	£50 ... ..	On life of taxpayer, his wife or child.
British Honduras	One-sixth of total income	Annual premiums on life of taxpayer or his wife.
Canada— Dominion ...	No limit (superannuation, etc., only)	Superannuation and pension fund deductions from salary only allowed.
British Columbia	One-sixth of gross income	Insurance on life of taxpayer.
Nova Scotia	No allowance.	
Prince Edward Island.	No allowance.	
Dominica ...	No allowance.	
Grenada ...	One-sixth of total income	Annual premiums on life of taxpayer or his wife.
Jamaica ...	One-sixth of total income	Annual premiums on life of taxpayer or his wife or children, and compulsory contributions to ministers' widows and orphans funds.
	No limit ... ..	Deductions from salary for Government Pension schemes.
Newfoundland	No allowance.	
St. Christopher and Nevis	One-sixth of total income	Annual premiums on life of taxpayer or his wife or children.
St. Lucia ...	One-sixth of total income	Annual premiums on life of taxpayer.
St. Vincent ...	One-sixth of total income	Annual premiums on life of taxpayer or his wife.
Trinidad and Tobago	No allowance.	
British India ...	One-sixth of total income	Premiums of insurance on life of taxpayer or his wife, or for deferred annuity, or contribution to provident fund.
		Deductions from salary of public official for deferred annuity, etc., included, up to one-sixth of salary
		No deduction allowed in computing total income for determining rate of tax, or in computing super-tax.

LIFE INSURANCE AND SIMILAR ALLOWANCES—*continued.*

"Dominion."	Limit of Total Allowance.	Observations.
Straits Settlements	One-sixth of total income	Insurance or annuity for benefit of taxpayer, his wife or children. Deductions for Government widows' and orphans' pension scheme or for recognized provident fund are included. Not allowed in computing total income for determining rate of tax.
Australia— Commonwealth	£50 (life, annuity or fidelity guarantee)	On life of taxpayer, his wife or children, or for annuity, etc., to his wife or children. Insurance must be effected in Australia.
	£100 (superannuation, etc., funds or friendly society payments)	Deducted first from class of income which is larger. Superannuation funds, etc., must be established in Australia.
New South Wales	£50 (life, annuity or fidelity guarantee)	Salaried, etc., taxpayer, or taxpayer with net income not exceeding £300, only. Deducted first from class of income which is larger. On life of taxpayer or his wife, or for annuity, etc., to wife or children.
	No limit (superannuation, etc.)	Both deductions are made first from earned income.
Northern Territory Queensland...	No allowance.	
	£50 (life) ... ..	On life of taxpayer or his children for benefit of himself, wife or children. Deducted first from earned income.
	£50 (guarantee, superannuation, etc., funds or friendly society payments)	Deducted first from earned income.
South Australia	No allowance.	
Tasmania ...	No allowance.	

LIFE INSURANCE AND SIMILAR ALLOWANCES—*continued.*

"Dominion."	Limit of Total Allowance.	Observations.
Australia— <i>contd.</i> Victoria ...	£50 (life) ... ..	On life of taxpayer for benefit of himself, wife or children. Insurance must be with a company carrying on business in Victoria. Deducted first from unearned income.
Western Australia	£50 (guarantee, super-annuation, etc., fund) £50 (life, annuity, etc.) ...	Salaried, etc., taxpayer only. On life of taxpayer, his wife or children, or for annuity, etc., to wife or children.
Fiji ... ..	£50 (fidelity, guarantee or bond) £50 ... ..	Neither deduction is allowed to absentees. On life of taxpayer, his wife or children, or for annuity to wife or children, or fidelity guarantee.
New Zealand ...	15 per cent. of total income or of earned income if total income exceeds £2,000	Insurance must be with a British Company. On life of taxpayer, for benefit of himself, wife or children. Contributions to National Provident Fund, super-annuation fund, or insurance fund of friendly society included.
Guernsey ...	No allowance.	
Isle of Man ...	One-sixth of total income	On life of taxpayer or his wife. Not allowed in arriving at total income for determining rate of tax.

## ALLOWANCES FOR CHILDREN.

"Dominion."	Limit of Amount for each child.	Limit of age for child.	Limit of Total Income.	Observations.
Antislond ...	£50 ...	18 (at end of income year)	See next col.	The allowance is reduced if the income exceeds £500. See also Table of Abatements (page 10). Allowed for normal tax only.
Chuanaland Protectorate	£50 ...	18 (at end of income year)	See next col.	The allowance is reduced if the income exceeds £500. See also Table of Abatements (page 10).
Mya ...	No allowance.			
Basaland Protectorate	No allowance.			
Northern ...	} £50 ...	18 (at end of income year)	None ...	} Child must be maintained. Stepchild included. No allowance for super-tax.
Southern ...				
Nybelles ...	No allowance.			
South Africa—Union ...	£50 ...	18 (at end of income year)	See next col.	The allowance is reduced if the income exceeds £500. See also Table of Abatements (page 13). Allowed for normal tax only.
Orange Free State	No allowance			
Basaland ...		As for Union	of South	Africa.
Botswana ...	No allowance			
Barbados ...	£20 ...	16 (at end of income year)	£500 ...	No age limit if child is attending university, college, school, etc. Stepchild included, also illegitimate child if parents have married each other.

ALLOWANCES FOR CHILDREN—*continued.*

"Dominion."	Limit of Amount for each child.	Limit of age for child.	Limit of Total Income.	Observations.
British Honduras	\$150 ...	16 (at beginning of income year)	\$3,000 ...	Child must be dependent. Stepchild included. The allowance is tax on \$150 at the highest rate suffered.
Canada— Dominion ...	\$300 ...	18 ...	None ...	Child must be dependent. <i>See also</i> Abatements (page 17). Allowed for normal tax only.
British Columbia	\$200 ...	18 ...	None ...	Child over 18 admitted if dependent because of incapacity.
Nova Scotia ...	\$200 ...	16 ...	None ...	Child must be dependent. <i>See also</i> Abatements (page 19).
Prince Edward Island	No allowance.			
Dominica ...	No allowance.			
Grenada ...	£15 ...	16 (at beginning of year preceding the year of assessment)	£800 ...	Stepchild is included, also illegitimate child if parents have married. The allowance is of tax on £15.
Jamaica ...	£10 ...	16 (at beginning of year of assessment)	£500 ...	Stepchild is included. The allowance is tax on £10.
Newfoundland ...	\$200 ...	18 ...	None ...	Allowed for normal tax only. <i>See also</i> Abatements (p. 23).
St. Christopher and Nevis	No allowance.			
St. Lucia ...	No allowance.			
St. Vincent ...	£25 ...	16 (at beginning of year of assessment)	£500 ...	Stepchild and adopted child are included, also illegitimate child if parents have married. The allowance is tax on £25.



ALLOWANCES FOR CHILDREN—*continued.*

" Dominion."	Limit of Amount for each child.	Limit of age for child.	Limit of Total Income.	Observations.
Trinidad and Tobago	No allowance.			
British India ...	No allowance.			
Malta Settlements	No allowance.			
Australia—Commonwealth	£40 ...	16 (at beginning of income year)	None ...	Child must be wholly maintained. Deducted from class of income which is larger. Not allowed to absentees.
New South Wales	£50 ...	18 (at end of income year)	None ...	Child must be wholly maintained. Deducted first from earned income.
Northern Territory Queensland ...	No allowance. £26 ...	16 (at beginning of assessment year)	£800 (and see next col.)	Child must be dependent. Allowance is reduced by £1 for every £ by which the income exceeds £800. Not allowed to absentees.
South Australia	£15 ...	15 (at beginning of income year)	£550 ...	Child must be wholly maintained. Stepchild included. Not allowed to absentees.
Tasmania ...	Allowance of 6s. from tax.	16 ...	£349 ...	Child must be resident with and dependent upon the taxpayer.
Victoria ...	£30 ...	16 (at beginning of income year)	£800 ...	Child must be maintained. Allowed first from earned income.
Western Australia	£40 ...	16 (at beginning of income year)	None ...	Child must be resident with and dependent upon the taxpayer. Not allowed to absentees.

ALLOWANCES FOR CHILDREN—*continued.*

"Dominion."	Limit of Amount for each child.	Limit of age for child.	Limit of Total Income.	Observations.
Fiji ... ..	£50 ... ..	21 (but see last col.)	None ... ..	Child must be dependent. Also child over 21, incapacitated by infirmity. Not allowed to absentees. Deduction made from portion of income taxed at the lowest rate.
New Zealand ...	£50 ... ..	18 (at end of income year)	None ... ..	Child must be dependent. Not allowed to absentees.
Guernsey ... ..	£25 ... ..	16 (at beginning of year of assessment)	£700 ... ..	Illegitimate and adopted children included if maintained solely by the taxpayer. Not allowed to absentees.
Isle of Man ...	£36 (first) £27 (others)	16 (at beginning of year of assessment, but see last col.)	None ... ..	Stepchild and adopted child included, also illegitimate child if parents have married. No age limit if child is receiving full-time instruction. Child must not have income (apart from scholarships) exceeding £40. Deduction is made after allowance of earned income relief (see page 36).

## BASUTOLAND.

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**Introductory.**—The note summarises the law in force for the year ended 30th June, 1922—i.e., the law under which tax is imposed on income of that year.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—The income tax (including super-tax) applies to income received by or accrued to or in favour of any person (other than persons subject to the Basutoland Native Tax) from any source within the territory or deemed to be within the territory.

Income is deemed to be derived from a source within the territory—

- (1) if it is received by or accrues to or in favour of any person ordinarily resident or carrying on business in the territory, and is received or accrues from any country outside the territory where, owing to the fact that such person is not domiciled or ordinarily resident therein, it is not chargeable with income tax ; or
- (2) if it is received or accrues by virtue of—
  - (a) any contract made within the territory for the sale of goods wherever the goods, are delivered, or
  - (b) any service rendered or work done in the carrying on in the territory of any business, etc., wherever the payer is resident and wherever payment is made.

In the case of persons whose business extends to any other country, the taxable income is arrived at by apportioning the total profits in the ratio the assets in the territory bear to the total assets. The taxpayer or the collector may, however, claim an assessment on the basis of the actual profits derived from sources in the territory.

The estimated annual value of any quarters, board or residence or any other benefit or advantage of any kind granted in respect of employment, whether in money or otherwise, is taxable as income.

There is no provision for taxing as income the annual value of immovable property occupied by the owner for purposes of residence or enjoyment.

**BASUTOLAND—continued.****2. Income Exempted.**—Among the exemptions are :—

- (i) Official salaries and emoluments of consuls of foreign countries, and members of their staffs who are not British subjects nor permanently resident in the territory.
- (ii) Official salaries and emoluments of all persons in the service of the Imperial Government (otherwise than under the Basutoland Government) or the Government of the Union of South Africa.
- (iii) Incomes of building and friendly societies.
- (iv) Incomes of life assurance companies.
- (v) Incomes of companies or societies carrying on business, but not for the purpose of profit or gain to be divided between or credited to the shareholders or members, except as regards their income from investments.
- (vi) War pensions and gratuities granted from imperial, dominion or colonial etc. funds.
- (vii) Interest on sums deposited in the Post Office Savings Bank of the territory.
- (viii) Interest from stock or securities (including Treasury Bills) issued by the Imperial Government or the Government of the Union of South Africa subject to a condition that such interest shall be exempt from income tax.

**II.—COMPUTATION OF INCOME.**

**3. Year and Basis of Assessment.**—The tax is charged in respect of income received or accrued during the year ended the 30th June. The assessment is regarded as being made for the year of income. Returns of income made up to a date other than the 30th June may be accepted, and subsequent returns must then be made for corresponding periods.

**4. Deductions.**—Deductions are allowed in respect of—

- (i) Losses and outgoings, not of a capital nature, incurred in the territory by the taxpayer in the production of his income, and such expenses incurred outside as the Collector may allow.
- (ii) Expenditure for the repairs of property occupied for the purposes of trade, or in respect of which income is receivable, and for the repair of machinery,

**BASUTOLAND—continued.**

implements, and utensils employed by the taxpayer for the purposes of his trade.

- (iii) An allowance for depreciation by reason of wear and tear during the year of assessment of machinery, implements and utensils (after taking into account any allowance made for repairs).
- (iv) In the case of business income, bad debts, also doubtful debts on the Collector's valuation.
- (v) *For the purposes of super-tax*—losses and outgoings not of a capital nature incurred in the territory in the production of taxed dividends or debenture interest.

Deduction is prohibited in respect of :—

- (a) Depreciation of buildings or other structures or works of a permanent nature.
- (b) Any loss or expense which is recoverable under any insurance contract or indemnity.
- (c) Basutoland "normal" tax and super-tax.
- (d) Debenture interest (in the case of income from business).

5. **Set-off of Losses.**—Where a taxpayer, either alone or in partnership with other persons, carries on or is interested as a partner in more than one business in the territory, he may deduct losses from profits. A loss made in any year of assessment may be set off against profits or other income of a subsequent year.

**III.—PERSONAL ALLOWANCES ETC.**

6. **Exemption.**—The "normal" tax exemption limit is £300. If the period of assessment is less than a year this limit is proportionately reduced.

The limit of exemption from super-tax is £2,500.

7. **Personal Allowances.**—(i) *Normal Tax.*—The following abatements are allowed (subject as shown below) :—

- (a) £300 ;
- (b) £50 for each child or step-child of the taxpayer maintained by him during any portion of the period of assessment, who was, or would have been if he had lived, under 18 years of age on the last day of the period of assessment ;

**BASUTOLAND—continued.**

(c) £30 for each dependant of the taxpayer, the word "dependant" being defined as meaning any person incapacitated by old age or infirmity from maintaining himself, or any child, other than the child or step-child of the taxpayer under the age of 18 years on the last day of the year of assessment, provided that such person or child, as the case may be, has been maintained throughout the year of assessment at the expense of such taxpayer.

If the period of assessment is less than one year, these abatements are proportionately reduced.

The total of the abatements (a), (b) and (c) and the allowances shown in paragraph 8 (a) and (b) is reduced—

- (1) in the case of any taxpayer (i) who during any portion of the period of assessment was married or (ii) who during the whole of that period was widowed, divorced or separated from his wife, but maintained during any portion of the period a child of his own or a stepchild who was, or would have been if he had lived, under 18 years of age on the last day of the year of assessment in respect of which or a portion of which the assessment is made, by £1 for every complete £10 by which the taxable income exceeds £600, or, when the period of assessment is less than 12 months, by which it exceeds so much of £600 as is proportionate to the period of assessment;
- (2) in the case of any other person, by £1 for every £1 by which the taxable income exceeds £300, or, when the period of assessment is less than 12 months, by which it exceeds so much of £300 as is proportionate to the period of assessment.

In the case of a resident in Basutoland who derives income from the Union of South Africa, the deduction made is a proportion of the abatements and allowances shown at (a) to (c) above and paragraphs 8 (a) and (b) in the ratio that the taxable income from Basutoland bears to the total taxable income from Basutoland and the Union of South Africa combined.

The taxable income is the gross income less all deductions except the abatements and deductions mentioned in paragraphs 7 (i) and 8 (a) and (b). Dividends and interest taxed

**BASUTOLAND—continued.**

at the source do not form part of the taxable income for this purpose (*cf.* paragraphs 9 and 13).

(ii) *Super-tax.*—For super-tax purposes the deductions under 7 (i) and 8 (a) and (b) are not allowed, but an abatement is granted of £2,500 less £1 for each £ by which the income exceeds £2,500. (For this purpose the income includes dividends and interest taxed at the source with the exception noted in paragraph 13.) This abatement is *not* reduced if the period of assessment is less than a year.

**8. Life Insurance and Similar Allowances.—**

(a) A deduction, not exceeding £50, is made in respect of premiums paid during the period of assessment on policies under which the taxpayer, his wife or minor children are insured against death, accident or sickness.

(b) A deduction, not exceeding £10, is allowed of fees or subscriptions paid during the period of assessment to any friendly or benefit society.

If the period of assessment is less than a year these two deductions are proportionately reduced and they are subject to further reduction in the manner shown in paragraph 7 (i). Neither deduction is allowed for super-tax purposes.

(c) A deduction is allowed for both normal tax and super-tax of current contributions during the year of assessment to any duly established superannuation, pension, widows' or orphans' fund by any person holding an office or employment, if the making of such contribution is a condition of the holding of the office or employment.

**IV.—COMPUTATION OF TAX.**

**9. Rates of Tax.—Normal Tax.**—In respect of the twelve months ending 30th June, 1922, the rates of normal tax are as follows :—

(a) *Companies except those falling under (b) below.*—1s. 6d. in the £.

(b) *Certain Private Companies.*—In the case of companies wherein—

(i) not more than 10 of the largest shareholders hold 90 per cent. of the shares; and

(ii) restrictions are imposed upon the right to transfer shares; and

**BASUTOLAND—continued.**

(iii) no invitation has been issued to the public to subscribe for shares or debentures, the rate of tax chargeable is that shown under (c), except in cases where not less than 90 per cent. of the shares are held by a company or companies not satisfying conditions (i), (ii) and (iii).

(c) *Persons other than companies.*—1s. in the £ increased by 1-2,000th of 1d. for every £ in the taxable amount, up to the maximum of 2s. in the £.

“Taxable amount” is gross income less all abatements and deductions allowable for normal tax.

*Super-tax.*—In addition to income tax there is charged for the year 1921-22 in the case of individuals a super-tax on the income subject to super-tax, with deduction for abatement (if any) under paragraph 7 (ii), at the rate of 1s. in the £, increased by 1-500th of 1d. for every £ of the amount subject to super-tax, up to the maximum of 5s. in the £.

Dividends and debenture interest taxed at the source (see paragraph 13) are excluded from the income for normal tax purposes but (with the exception noted in paragraph 13) are included for the purposes of super-tax.

In any year the rates of tax as fixed for the previous year are applicable until the rate for the year is determined if, owing to the distribution or cessation of income received or accrued in the year prior to such determination, the collection of the tax on such income cannot be postponed.

**11. Provisions regarding Double Taxation.**—For the purposes of Basutoland normal tax and super-tax income is assessable without any deduction for United Kingdom income tax or super-tax.

Any person who has paid or is liable to pay Basutoland income tax and has paid United Kingdom income tax for the same year in respect of the same part of his income is entitled to relief at a rate equal to the excess of the appropriate rate of Basutoland tax over half the appropriate rate of United Kingdom tax, or, if the Basutoland rate exceeds the United Kingdom rate, at half the United Kingdom rate.

A certificate issued by or on behalf of the Commissioners of Inland Revenue in the United Kingdom is receivable in evidence to show what is the “appropriate rate of United Kingdom tax” in any particular case.



**BASUTOLAND—continued.**

The appropriate rate of Basutoland tax is determined by dividing the tax payable for the year (before deduction of the double income tax relief) by the amount of the income in respect of which the Basutoland tax has been charged, except that where the Basutoland tax is charged on an amount other than the ascertained amount of the actual profits the rate of tax is determined by the Basutoland Collector.

**V.—PAYMENT.**

12. **Due Date, Taxation at the Source etc.**—The time for payment is notified by the Collector. There is no provision for a fine for late payment.

Claims for repayment of tax paid in excess must be made within two years from the date of payment.

Dividends and interest paid by companies are charged with normal tax at the source (see paragraph 13).

**VI.—CORPORATE, JOINT ETC. INCOME.**

13. **Companies and Income from Companies.**—In the case of companies no exemption or abatement is allowed.

Debenture interest is not allowed as a deduction in assessing a company in respect of its trading profits; the company is empowered to deduct tax from the interest on paying it to the debenture holders.

Dividends and interest on debentures of a taxed company are not again charged with normal tax in the hands of the shareholder or debenture holder, and a debenture holder resident in the territory may claim repayment of any tax deducted from his interest which would not have been chargeable if tax had not been deducted. Such dividends and interest, however, must be included in the income for super-tax purposes—except dividends, not paid nor payable in the territory, received by a person not ordinarily resident nor carrying on business in the territory.

There is included in the income subject to super-tax any amount allocated by the Collector out of undistributed profits of a company falling under (b) of paragraph 9, if no distribution of dividend has been made or a distribution which in his opinion is not fair and reasonable.

14. **Partnerships.**—Persons carrying on business in partnership are liable to make a joint return as partners in respect of such business, and to furnish such particulars as may be

**BASUTOLAND—continued.**

prescribed, but they are liable to tax only in their separate individual capacities.

15. **Married Women.**—The income of a married woman not separated from her husband is deemed to be income of her husband.

In the event of the death or insolvency of the husband during the year of assessment the income of the wife from the date of such event to the end of that year is taxable as the separate income of the wife.

If either husband or wife makes written application to the Collector, returns of income may be rendered by, and assessments made upon, husband and wife separately. The total tax is the same as if there were no separate assessment, and is divided in proportion to the share of the combined incomes returned by each.

**VIII.—TABLE OF PROCLAMATIONS.**

- The Basutoland Income Tax Proclamation, 1920. (No. 52 of 1920).
  - The Basutoland Income Tax Amendment Proclamation, 1921. (No. 25 of 1921).
  - The Basutoland Income Tax Further Amendment Proclamation, 1921. (No. 60 of 1921).
  - The Basutoland Income Tax (Relief) Amendment Proclamation, 1921. (No. 70 of 1921).
  - The Basutoland Income Tax Proclamation, 1922. (No. 55 of 1922).
  - The Basutoland Income Tax Further Amendment Proclamation, 1923. (No. 12 of 1923).
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## BECHUANALAND PROTECTORATE.

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**Introductory.**—The note summarises the law in force for the year ended 30th June, 1922, *i.e.*, the law under which tax is imposed on income of that year.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—The income tax applies to income received by or accrued to or in favour of any person (other than persons subject to the Bechuanaland Hut Tax) from any source within the territory or deemed to be within the territory.

Income is deemed to be derived from a source within the territory—

- (1) if it is received by or accrues to or in favour of any person ordinarily resident or carrying on business in the territory, and is received or accrues from any country outside the territory where, owing to the fact that such person is not domiciled or ordinarily resident therein, it is not chargeable with income tax; or
- (2) if it is received or accrues by virtue of—
  - (a) any contract made within the territory for the sale of goods, wherever the goods are delivered, or
  - (b) any service rendered or work done in the carrying on in the territory of any business, etc., wherever the payer is resident and wherever payment is made; or
- (3) if it consists in emoluments in respect of service under the Bechuanaland Protectorate Administration.

In the case of persons whose business extends to any other country, the taxable income is arrived at by apportioning the total profits in the ratio the assets in the territory bear to the total assets. The taxpayer or the Collector may, however, claim an assessment on the basis of the actual profits derived from sources in the territory.

The estimated annual value of any quarters, board or residence or any other benefit or advantage of any kind granted in respect of employment, whether in money or otherwise, is taxable as income.

**BECHUANALAND PROTECTORATE—continued.**

There is no provision for taxing as income the annual value of immovable property occupied by the owner for purposes of residence or enjoyment.

2. **Income Exempted.**—Among the exemptions are :—
- (i) Official salaries and emoluments of consuls of foreign countries, and members of their staffs who are not British subjects nor permanently resident in the territory.
  - (ii) Official salaries and emoluments of all persons in the service of the Imperial Government (otherwise than under the Bechuanaland Protectorate Government) or the Government of the Union of South Africa.
  - (iii) Incomes of building and friendly societies.
  - (iv) Incomes of life assurance companies.
  - (v) Incomes of companies or societies carrying on business, but not for the purpose of profit or gain to be divided between or credited to the shareholders or members, except as regards their income from investments.
  - (vi) War pensions and gratuities granted from imperial, dominion or colonial etc. funds.
  - (vii) Interest on sums deposited in the Post Office Savings Bank of the territory.
  - (viii) Interest from stock or securities (including Treasury Bills) issued by the Imperial Government or the Government of the Union of South Africa subject to a condition that such interest shall be exempt from income tax.

**II.—COMPUTATION OF INCOME.**

3. **Year and Basis of Assessment.**—The tax is charged in respect of income received or accrued during the year ended the 30th June. The assessment is regarded as being made for the year of income. Returns of income made up to a date other than the 30th June may be accepted, and subsequent returns must then be made for corresponding periods

4. **Deductions.**—Deductions are allowed in respect of :—
- (i) Losses and outgoings, not of a capital nature, incurred in the territory by the taxpayer in the production of his income and such expenses incurred outside as the Collector may allow.

**BECHUANALAND PROTECTORATE—continued.**

- (ii) Expenditure for the repairs of property occupied for the purposes of trade, or in respect of which income is receivable, and for the repair of machinery, implements, and utensils employed by the taxpayer for the purposes of his trade.
- (iii) An allowance for depreciation by reason of wear and tear during the year of assessment of machinery, implements and utensils (after taking into account any allowance made for repairs). In the case of mining concerns an allowance for the redemption of capital expenditure is made in lieu of the depreciation allowance.
- (iv) In the case of business income, bad debts, also doubtful debts on the Collector's valuation.

Deduction is prohibited in respect of:—

- (a) Depreciation of buildings or other structures or works of a permanent nature.
- (b) Any loss or expense which is recoverable under any insurance contract or indemnity.
- (c) Bechuanaland income tax.
- (d) Debenture interest (in the case of income from business).

**5. Set-off of Losses.**—Where a taxpayer, either alone or in partnership with other persons, carries on or is interested as a partner in more than one business in the territory, he may deduct losses from profits. A loss made in any year of assessment may be set off against profits or other income of a subsequent year.

**III.—PERSONAL ALLOWANCES ETC.**

**6. Exemption.**—The exemption limit is £500 or £300 according as the circumstances would justify an abatement of £500 or £300 (see paragraph 7 (a)). If the period of assessment is less than a year these limits are proportionately reduced.

**7. Personal Allowances.**—The following abatements are allowed (subject to the reductions shown below):—

- (a) In the case of a taxpayer who was, during any portion of the period of assessment, married, or who during the whole of that period was widowed, divorced or legally separated from his wife but had maintained during any portion of the period a child in

**BECHUANALAND PROTECTORATE—continued.**

respect of which he would be entitled to a deduction under (b) below, £500; in the case of any other individual £300.

- (b) £50 for each child or stepchild of the taxpayer maintained by him who was, or would have been if he had lived, under 18 years of age on the last day of the period of assessment;
- (c) £30 for each dependant of the taxpayer, the word "dependant" being defined as meaning any person incapacitated by old age or infirmity from maintaining himself or any child, other than the child or stepchild of the taxpayer under the age of 18 years on the last day of the year of assessment, provided that such person or child, as the case may be, has been maintained throughout the year of assessment at the expense of such taxpayer.

If the period of assessment is less than one year these abatements are proportionately reduced.

The total of the abatements (a) (b) and (c) and the allowances shown in paragraph 8 (a) and (b) is reduced:—

- (1) in the case of any taxpayer entitled to the abatement of £500 under (a) above, by £1 for every complete £10 by which the taxable income exceeds £600, or, when the period of assessment is less than 12 months, by which it exceeds so much of £600 as is proportionate to the period of assessment;
- (2) in the case of any other individual by £1 for every £1 by which the taxable income exceeds £300 or, when the period of assessment is less than 12 months, by which it exceeds so much of £300 as is proportionate to the period of assessment.

In the case of a resident in Bechuanaland who derives income from the Union of South Africa, the deduction to be made is a proportion of the abatements and allowances shown at (a) to (c) above and paragraphs 8 (a) and (b) in the ratio that the taxable income from Bechuanaland bears to the total taxable income from Bechuanaland and the Union of South Africa combined.

The taxable income is the gross income less all deductions except the abatements and deductions mentioned in paragraphs 7 and 8 (a) and (b). Dividends and interest taxed at

**BECHUANALAND PROTECTORATE—continued.**

the source do not form part of the taxable income for this purpose (*cf.* paragraphs 9 and 13).

**8. Life Insurance and Simi ar Allowances.—**

- (a) A deduction, not exceeding £50, is made in respect of premiums paid during the period of assessment on policies under which the taxpayer, his wife or minor children are insured against death, accident or sickness.
- (b) A deduction, not exceeding £10, is allowed of fees or subscriptions paid during the period of assessment to any friendly or benefit society.

If the period of assessment is less than a year these two deductions are proportionately reduced and they are subject to further reduction in the manner shown in paragraph 7.

- (c) A deduction is allowed of current contributions during the year of assessment to any duly established superannuation, pension, widows' or orphans' fund by any person holding an office or employment, if the making of such contribution is a condition of the holding of the office or employment.

**IV.—COMPUTATION OF TAX.**

**9. Rates of Tax.—**In respect of the twelve months ending 30th June, 1922, the rates of income tax are as follows:—

- (a) *Companies except those falling under (b) below*:—1s. 6d. in the £1.
- (b) *Certain Private Companies*:—In the case of companies wherein—
  - (i) not more than 10 of the largest shareholders hold 90 per cent. of the shares; and
  - (ii) restrictions are imposed upon the right to transfer shares; and
  - (iii) no invitation has been issued to the public to subscribe for shares or debentures;
 the rate of tax chargeable is that shown under (c), except in cases where not less than 90 per cent. of the shares are held by a company or companies not satisfying conditions (i) (ii) and (iii).
- (c) *Persons other than Companies*:—1s. in the £ increased by 1-2,000th of a penny for every £ in the taxable amount up to the maximum of 2s. in the £.

BECHUANALAND PROTECTORATE—*continued.*

"Taxable amount" is gross income less all abatements and deductions allowable.

Dividends and debenture interest taxed at the source (*see* paragraph 13) are excluded from the taxable amount.

In any year the rates of tax as fixed for the previous year are applicable until the rate for the year is determined if, owing to the distribution or cessation of income received or accrued in the year prior to such determination, the collection of the tax on such income cannot be postponed.

10. **Set-off of Poll Tax.**—From the amount of income tax assessed in any year is deducted the amount of poll tax paid for that year under the Bechuanaland Protectorate Poll Tax Proclamation, 1922.

11. **Provisions regarding Double Taxation.**—For the purposes of Bechuanaland income tax income is assessable without any deduction for United Kingdom income tax or super-tax.

Any person who has paid or is liable to pay Bechuanaland income tax and has paid United Kingdom income tax for the same year in respect of the same part of his income is entitled to relief at a rate equal to the excess of the appropriate rate of Bechuanaland tax over half the appropriate rate of United Kingdom tax, or, if the Bechuanaland rate exceeds the United Kingdom rate, at half the United Kingdom rate.

A certificate issued by or on behalf of the Commissioners of Inland Revenue in the United Kingdom is receivable in evidence to show what is the "appropriate rate of United Kingdom tax" in any particular case.

The appropriate rate of Bechuanaland tax is determined by dividing the tax payable for the year (before deduction of the double income tax relief) by the amount of the income in respect of which the Bechuanaland tax has been charged, except that where the Bechuanaland tax is charged on an amount other than the ascertained amount of the actual profits the rate of tax is determined by the Bechuanaland Collector.

V.—PAYMENT.

12. **Due Date, Taxation at the Source etc.**—The time for payment is notified by the Collector. There is no provision for a fine for late payment.

Claims for repayment of tax paid in excess must be made within two years from the date of payment.



**BECHUANALAND PROTECTORATE—continued.**

Dividends and interest paid by companies are charged with tax at the source (*see* paragraph 13).

**VI.—CORPORATE, JOINT ETC. INCOME.**

**13. Companies and Income from Companies.**—In the case of companies no exemption or abatement is allowed.

Debenture interest is not allowed as a deduction in assessing a company in respect of its trading profits; the company is empowered to deduct tax from the interest on paying it to the debenture holders.

Dividends and interest on debentures of a taxed company are not again charged with income tax in the hands of the shareholder or debenture holder, and a debenture holder resident in the territory may claim repayment of any tax deducted from his interest which would not have been chargeable if tax had not been deducted.

**14. Partnerships.**—Persons carrying on business in partnership are liable to make a joint return as partners in respect of such business, and to furnish such particulars as may be prescribed, but they are liable to tax only in their separate individual capacities.

**15. Married Women.**—The income of a married woman not separated from her husband is deemed to be income of her husband.

In the event of the death or insolvency of the husband during the year of assessment the income of the wife from the date of such event to the end of that year is taxable as the separate income of the wife.

If either husband or wife makes written application to the Collector, returns of income may be rendered by, and assessments made upon, husband and wife separately. The total tax is the same as if there were no separate assessment, and is divided in proportion to the share of the combined income returned by each.

**VII.—SPECIAL TRADES ETC.**

**19. Farming.**—In computing income from farming operations account must be taken of the value of live stock and produce on hand at the beginning and at the end of the year of assessment. An allowance from the value of live stock may be made by the Collector having regard to the risks of mortality.

**BECHUANALAND PROTECTORATE—continued.**

The value of live stock (other than live stock acquired by purchase for stud purposes) is taken to be (a) in the case of purchased stock either the purchase price or the "standard value" and (b) in the case of other stock the "standard value." The "standard value" is at the option of the taxpayer either (i) a value fixed for each class of stock by regulation, or (ii) a value adopted by the taxpayer for any class of stock in the first return in which such stock is included. The value adopted in the last mentioned circumstances may not be varied except on such terms as the Collector may allow, and the option referred to is irrevocable. The value of live stock acquired by purchase for stud purposes must be taken to be the purchase price.

The value to be placed on produce is fixed by the Collector. The regulations provide for its valuation at or about the average cost of production or market value, whichever is the lower.

**VIII.—TABLE OF PROCLAMATIONS.**

**Bechuanaland Protectorate Income Tax Proclamation.  
1922. (No. 70 of 1922.)**

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## GOLD COAST COLONY.

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### DUTY ON PROFITS FROM CONCESSIONS.

#### I.—SCOPE OF THE DUTY.

1. **Profits Charged.**—Every holder of a concession is charged with duty on the annual amount of all profits made from or in respect of the exercise of the rights conferred by such concession.

“Concession” means any writing whereby any right, interest or property in or over land or in or to minerals, precious stones, timber, rubber, or other products of the soil in or growing on any land, or the option of acquiring any such right, interest or property purports to be either directly or indirectly granted or demised or agreed to be granted or demised by a native, but does not include an assignment of a concession as above described, or a sale or lease, or agreement to sell or lease land situate within a town or village, from which sale, lease, or agreement all rights, interest and property with respect to minerals and precious stones are excepted.

The “holder” of a concession includes any person holding or claiming to be entitled to exercise any rights in or over land, or in or to minerals, precious stones, timber, rubber or other products of the soil in or growing on any land granted or demised under such concession by the native grantor; and such person is deemed to hold a concession, whether he has acquired such right by grant or demise from a native or by any assignment thereof.

#### II.—COMPUTATION OF PROFITS.

3. **Year and Basis of Assessment.**—Every concession holder who is liable and is charged to United Kingdom income tax under Case I of Schedule D on the full amount of the profits arising from the exercise of his rights under the concession, must pay the Gold Coast duty on the profits as so assessed. A Certificate from the United Kingdom Surveyor of Taxes must be delivered on or before 5th June in each year showing the amount of the assessment to United Kingdom Income Tax in respect of such profits for the year ending the 5th April preceding. If no United Kingdom tax is payable owing to there being no profits assessable, or on account of

**GOLD COAST COLONY—continued.**

exemption, abatement, or other relief, a certificate from the Surveyor of Taxes to that effect is to be produced. Adjustment of the United Kingdom income tax assessment entitles to adjustment of the colonial duty.

Other concession holders are required to make on or before the 1st day of June a return of the profits which would have been assessable to United Kingdom income tax if they were resident in the United Kingdom and liable under Case I of Schedule D, no allowance for exemption or abatement under the United Kingdom Act being made. A statement of profits must be delivered before any appropriation or distribution is declared payable in respect of such profits, unless a sum equivalent to 5 per cent. of the total amount intended to be appropriated or distributed is deposited with the Colonial Treasurer.

5. **Set-off of Losses.**—A loss not connected with the exercise of the concession rights may not be deducted.

**IV.—COMPUTATION OF DUTY.**

9. **Rate of Duty.**—The rate of duty is 1s. in the £.

**V.—PAYMENT.**

12. **Due Date, Taxation at the Source etc.**—Duty is required to be paid at the time when the certificate from the United Kingdom Surveyor of Taxes is forwarded. The Colonial Treasurer may sue for any duty not paid within one month of the service of a notice of assessment.

**VIII.—TABLE OF ORDINANCES.**

The Concessions Ordinance. (1920 Revision, chapter 87.)

Amending Ordinances.

No. 4 of 1921.

No. 27 of 1922.

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## KENYA.

### COLONY AND PROTECTORATE.

**Introductory.**—The income tax was in force for the year 1921 only.

“Colony” in the note includes the Protectorate.

#### I.—SCOPE OF THE TAX.

**1. Income Charged.**—The income tax applies to income received by or accrued to any person (other than a native of Africa, not being of European or Asiatic race or origin) anywhere from any source within the colony or brought into the colony by a person resident therein.

The following are chargeable as income :—

- (a) the annual value of a dwelling house, residence or quarters used by the owner ; and
- (b) the annual value of a free house, quarters or board, allowance in lieu of quarters or extra salary or allowance of any kind received in respect of employment or services.

**2. Income Exempted.**—Among the exemptions are :—

- (i) The official income of the officer administering the government.
- (ii) The official salaries from the United Kingdom of all persons in the service of the imperial government employed in the colony.
- (iii) War pensions granted from imperial, dominion or colonial etc. funds.

#### II.—COMPUTATION OF INCOME.

**3. Year and Basis of Assessment.**—The calendar year is followed, and tax is charged in respect of the income of the preceding calendar year. Returns of income made up to the nearest balancing date to the 31st December in the year preceding the year of assessment may be accepted.

**4. Deductions.**—Deduction is allowed in respect of loan interest ; but if the interest is payable to a non-resident, the payer is liable to pay tax as the agent of the recipient and is entitled to deduct the tax from the interest.

The deduction for the repair of business premises and the repair, replacement, or alteration of machinery, implements, etc., used for business purposes is the average expenditure of the three years preceding the year of assessment, or, if a three

KENYA—*continued.*

years' average cannot be struck, the expenditure in the year preceding the year of assessment. If the taxpayer has a fund to cover depreciation of such machinery, etc., the amount transferred to that fund in the income year may be the measure of the allowance.

5. **Set-off of Losses.**—A loss in one business may be set off against the profits of another, or against income from property.

## III.—PERSONAL ALLOWANCES ETC.

6. **Exemption Limit.**—The exemption limit is £100, but no exemption is allowed to companies, or to absentees, with the exception of non-residents whose income from Kenya consists of a pension in respect of services rendered in the colony.

7. **Personal Allowances.**—No abatement is allowed apart from that shown in the scale of taxation in paragraph 9. Absentees (with the exceptions noted in paragraph 6) are not allowed the first £100 free as shown in the scale.

8. **Life Insurance.**—A deduction, not exceeding £50, is allowed in respect of premiums paid in the year of income under an insurance on the life of the taxpayer for his own benefit or for the benefit of his wife and children.

## IV.—COMPUTATION OF TAX.

9. Rates of Tax.—				Individuals.	Companies.
On the first	£100	..	..	Nil	2 per cent.
„ next	£100	..	..	2 per cent.	
„ „	£100	..	..	3	„
„ „	£100	..	..	4	„
„ „	£100	..	..	5	„
„ „	£200	..	..	6	„
„ „	£200	..	..	7	„
„ „	£200	..	..	8	„
„ „	£400	..	..	9	„
„ „	£500	..	..	10	„
„ „	£1,000	..	..	11	„
„ „	£2,000	..	..	12	„
„ „	£5,000	..	..	13	„
„ „	£10,000	..	..	20	„
„ remainder (i.e., the excess over £20,000)		..	..	25	„

**KENYA—continued.**

11. Provisions regarding Double Taxation.—Income brought into the colony and accruing or arising in any part of the British Empire or in any territory under His Majesty's protection is liable to tax at a rate equal to the excess of the Kenya rate over the rate paid in the country from which such income is derived.

Any person resident in the United Kingdom who has paid or is liable to pay Kenya income tax and has paid United Kingdom income tax for the same year in respect of the same part of his income is entitled to relief at a rate equal to the excess of the appropriate rate of Kenya tax over half the appropriate rate of United Kingdom tax, or, if the Kenya rate exceeds the United Kingdom rate, at half the United Kingdom rate.

**V.—PAYMENT.**

12. Due Date, Taxation at the Source etc.—Tax is payable on a date or dates appointed by the Commissioner. There is no provision for a fine for late payment.

**VI.—CORPORATE, JOINT ETC. INCOME.**

13. Companies and Income from Companies.—In the case of companies no exemption or abatement is allowed.

Companies which have their head office or chief place of business in the colony are taxable on the full amount of their income during the year preceding the year of assessment less the dividends declared or ascertained or become due to the shareholders of the company from such income.

In the case of shareholders not ordinarily resident in the colony the company is required to pay income tax on the dividends and is entitled to recover this tax from the shareholders in question. Similarly, tax is payable by a company on debenture interest paid to non-residents.

A company which has borrowed money out of the colony upon debentures, mortgages, etc., is required to pay income tax upon the whole of such interest and may deduct the tax from the interest.

15. Married Women.—The income of a married woman is chargeable with tax as though she were unmarried.

**VII.—SPECIAL TRADES ETC.**

17. Non-resident Traders, Shipowners etc.—Companies whose head office or chief place of business is not in the colony are taxable in respect of profits made in the colony, but

KENYA—*continued.*

if these are not ascertainable the taxable amount may be taken to be a sum not greater than a sum computed as follows:—

- (1) *Banking Companies.*—A sum bearing the same proportion to the total profits of the company as the amount of its assets in the colony bears to the total assets.
- (2) *Insurance Companies.*—10 per cent. of the premiums received on account of the colony business, after deducting any portion of such premiums paid away by way of re-insurance.
- (3) *Shipping Companies.*—10 per cent. of the receipts for live stock, goods, mails and passengers shipped in the colony.
- (4) *Mercantile Companies.*—20 per cent. of the sales in the colony.
- (5) *Cable and Wireless Companies.*—10 per cent. of the amounts received in respect of the despatch of telegrams from any office in the colony.
- (6) *Other Companies.*—30 per cent. of the capital employed in the colony.

If a non-resident principal sells goods through an agent in the colony he is deemed to receive a taxable income which may be assessed at 10 per cent. of the net proceeds of sale. The agent is required to make the returns and pay the tax.

Non-resident individual shipowners or charterers are charged through their agents on 5 per cent. of the receipts in respect of passengers, livestock, mails and goods shipped in the colony. Where there is no agent other than the master of the ship, or in default of a return, the master may be assessed, the tax being payable prior to the clearance of the ship.

## VIII.—TABLE OF ORDINANCES.

- The Income Tax Ordinance, 1920. (No. XXIII, 1920.)  
 The Income Tax (Amendment) Ordinance, 1921. (No. XV, 1921).  
 The Income Tax (Amendment No. 2) Ordinance, 1921. No. XXIII, 1921.)  
 The Income Tax (Amendment) Ordinance, 1922. (No. IX, 1922.)
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## NYASALAND PROTECTORATE.

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**Introductory.**—The note summarises the law in force for the financial year ended 31st March, 1922.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—The income tax applies to “all incomes arising, accruing, paid in or derived from the Protectorate.” The tax is not, however, payable by natives of Africa, not being of European or Asiatic race or origin.

There is no provision for taxing as income the annual value of immovable property occupied by the owner for purposes of residence or enjoyment, and the annual value of free quarters or an allowance paid in lieu is expressly excluded from liability. (Cf. para. 4 (iii).)

**2. Income Exempted.**—Among the exemptions are :—

- (i) The official income of the officer administering the government.
- (ii) Gratuities, wounds and disablement pensions paid from the funds of the United Kingdom or any British possession or territory in respect of services rendered during the great war.
- (iii) The incomes of companies, societies, public bodies, or trusts, not carrying on business or not engaged in any trade, adventure or concern for the purposes of profit or gain to be divided amongst the shareholders or persons interested.

### II.—COMPUTATION OF INCOME.

**3. Year and Basis of Assessment.**—Tax is charged in each financial year commencing 1st April, on the income of the preceding year ending 31st December. The Commissioner is, however, empowered to allow a statement of income to be made up to the balancing day nearest to the 31st of December.

**4. Deductions.**—Deductions are allowed in respect of :—

- (i) Losses, outgoings and expenses, not of a capital nature, actually incurred in the production of income.

**NYASALAND PROTECTORATE—continued.**

- (ii) Loan interest ; but if the interest is payable to a non-resident the payer is liable to pay tax as the agent of the recipient and is entitled to deduct the tax from the interest.
- (iii) Rent paid by any tenant of land and buildings which are occupied and used by him, except when such tenant is in receipt of a house allowance in lieu of free quarters. (Cf. para. 1.)
- (iv) Actual expenditure on the repairs of business premises or of premises let or intended to be let to tenants and on the repair or alteration of machinery, implements, etc., used for business purposes on the average of the three years preceding the year of assessment, or, if a three years' average cannot be struck, the expenditure in the year preceding the year of assessment. If the taxpayer has a fund to cover depreciation (*sic*) of such machinery, implements, etc., the amount transferred to that fund in the income year may be the measure of the allowance, subject to the Commissioner's approval.
- (v) Bad or doubtful debts, the latter at the valuation of the Commissioner.

Deduction is prohibited in respect of :—

- (a) Depreciation of buildings or other permanent works.
- (b) Any loss or expense which is insurable or recoverable under any insurance or contract of indemnity.
- (c) Rates, taxes, fees, or other dues payable in the protectorate.

**5. Set-off of Losses.**—Where a taxpayer, either alone or in partnership with other persons, carries on or is interested as a partner in more than one business in the protectorate, he may deduct losses from profits. A loss made in any year of assessment may be set off against profits or other income of a subsequent year.

**IV.—COMPUTATION OF TAX.**

**9. Rates of Tax.**—The rates of tax chargeable in the year 1921-22 (on the income of the year ended 31st December, 1920) are as follows :—

**NYASALAND PROTECTORATE—continued.**

In respect of the first £300 or part thereof	..	£2	
			Per cent.
On the excess over £300 up to £600	..		2
"    "    £600    "    £900	..		3
"    "    £900    "    £1,200	..		4
"    "    £1,200    "    £1,400	..		5
"    "    £1,400    "    £1,600	..		6
"    "    £1,600    "    £1,800	..		7
"    "    £1,800    "    £2,000	..		8
"    "    £2,000    "    £2,500	..		12
"    "    £2,500    "    £3,000	..		15
"    "    £3,000    "    £10,000	..		20
"    "    £10,000    "    "	..		25

**10. Set-off of other Duties Paid in the Protectorate.—**Export duty paid by producers of tea, cotton or tobacco in respect of their own products was allowed to be set off against the income tax assessed upon such persons for the year 1921-22.

**11. Provisions regarding Double Taxation.—**For the purposes of Nyasaland income tax income is assessable without any deduction for United Kingdom income tax or super-tax.

Any person who has paid or is liable to pay Nyasaland income tax and has paid United Kingdom income tax for the same year in respect of the same part of his income is entitled to relief at a rate equal to the excess of the appropriate rate of Nyasaland tax over half the appropriate rate of United Kingdom tax, or, if the Nyasaland rate exceeds the United Kingdom rate, at half the United Kingdom rate.

A certificate issued by or on behalf of the Commissioners of Inland Revenue in the United Kingdom is receivable in evidence to show what is the "appropriate rate of United Kingdom tax" in any particular case.

The appropriate rate of Nyasaland tax is determined by dividing the tax payable for the year (before deduction of the double income tax relief) by the amount of the income in respect of which the Nyasaland tax has been charged, except that where the Nyasaland tax is charged on an amount other than the ascertained amount of the actual profits the rate of tax is determined by the Nyasaland Commissioner.

**NYASALAND PROTECTORATE—continued.**

**V.—PAYMENT.**

**12. Due Date, Taxation at the Source etc.**—The time for payment is notified by the Commissioner. There is no provision for a fine for late payment.

Dividends and interest paid by companies are charged with income tax at the source—*see* paragraph 13.

**VI.—CORPORATE, JOINT ETC. INCOME.**

**13. Companies and Income from Companies.**—Companies which have their head office or chief place of business in the protectorate are taxable on the full amount of their income during the calendar year preceding the year of assessment.

Every such company is further required to make a return or a dividend within 30 days from the time when it is declared or becomes payable, and to pay tax thereon. A dividend may not be distributed until the tax has been paid by the company and the company is entitled to deduct tax from the dividend.

Companies which pay interest on debentures or debenture stock are required to pay income tax on the interest and are authorised to deduct tax therefrom: but a resident holder is entitled to repayment from the Commissioner of any tax with which such holder would not have been chargeable if the deduction had not been made.

Taxed dividends and interest are excluded in assessing the income of the shareholder.

**15. Married Women.**—The income of a married woman not separated from her husband is deemed to be income of her husband.

In the event of the death or insolvency of the husband during the year of assessment the income of the wife from the date of such event to the end of that year is taxable as the separate income of the wife.

If either husband or wife makes application to the Commissioner at the date of rendering the return, the spouses will be entitled to pay tax proportionate to their shares of the combined income, but the amount of the total tax is not affected.

NYASALAND PROTECTORATE—*continued.*

VII.—SPECIAL TRADES ETC.

17. **Non-resident Traders, Shipowners etc.**—If a non-resident principal sells goods through an agent in the protectorate, he is deemed to receive a taxable income which may be assessed at 10 per cent. of the net proceeds of sale. The agent is required to make the returns and pay the tax.

Companies whose head office or chief place of business is not in the protectorate are taxable in respect of profits made in the protectorate, but if these profits cannot otherwise be satisfactorily determined they may be taken to be not more than a sum computed as follows :—

(1) *Banking Companies.*—A sum bearing the same proportion to the total profits of the company as the amount of its assets and liabilities in the protectorate bears to the total assets and liabilities.

(2) *Insurance Companies* (fire, accident, fidelity, guarantee or marine).—10 per cent. of the premiums received on account of the protectorate business, after deducting any portion of such premiums paid away by way of re-insurance.

(3) *Life Assurance Companies* (other than mutual companies).—10 per cent. of the premiums received on account of the protectorate business.

(4) *Carrying Companies.*—10 per cent. of the receipts for live stock, goods, mails and passengers carried to any place in or beyond the protectorate.

(5) *Mercantile Companies.*—10 per cent. of the sales in the protectorate.

(6) *Other Companies.*—15 per cent. of the capital employed in the protectorate.

VIII.—TABLE OF ORDINANCES.

The Income Tax Ordinance, 1921. (No. 16 of 1921.)  
Government Notice No. 29 of 1922.

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## RHODESIA—NORTHERN.

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**Introductory.**—The note summarises the law in force for the year ended 31st March, 1922, *i.e.*, the law under which tax is imposed on income of that year.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—The income tax (including super-tax) applies to income received by or accrued to or in favour of any person from any source within the territory or deemed to be within the territory.

Income is deemed to be derived from a source within the territory :—

- (1) if it is received by or accrues to or in favour of any person ordinarily resident or carrying on business in the territory, and is received or accrues from any source, except banking or insurance business, in any adjoining territory, provided that it is not chargeable with income or any other tax therein ; or
- (2) if it is received or accrues by virtue of :—
  - (a) any contract made within the territory for the sale of goods, wherever the goods are delivered,
  - (b) any service rendered or work done in the carrying on in the territory of any business, etc., wherever the payer is resident and wherever payment is made, or
  - (c) any pension or annuity granted by a person residing or carrying on business in the territory, by the government of the territory or by any authority therein, unless the service or employment in respect of which it was granted was performed wholly outside the territory.

In the case of persons whose business extends to any other country, the taxable income is arrived at by apportioning the total profits in the ratio the assets in the territory bear to the total assets. The taxpayer or the Commissioner may, however, claim an assessment on the basis of the actual profits derived from the sources in the territory.

**RHODESIA—NORTHERN—continued.**

The estimated annual value of any quarters, board or residence or any other benefit or advantage of any kind granted in respect of employment, whether in money or otherwise, is taxable as income.

There is no provision for taxing as income the annual value of immovable property occupied by the owner for purposes of residence or enjoyment.

**2. Income Exempted.**—Among the exemptions are :—

- (i) Incomes of the Administrator and his personal staff.
- (ii) Official salaries and emoluments of consuls of foreign countries, and members of their staffs who are not British subjects nor permanently resident in the territory.
- (iii) Official salaries and emoluments of all persons in the service of the imperial government in the territory.
- (iv) Incomes of local authorities, of building and friendly societies.
- (v) Incomes of life assurance companies.
- (vi) Incomes of companies or societies carrying on business, but not for the purpose of profit or gain to be divided between or credited to the shareholders or members, except as regards their income from investments.
- (vii) War pensions and gratuities granted from imperial, dominion or colonial etc. funds or under the provisions of "The Northern Rhodesia War Pensions Proclamation, 1917."
- (viii) Interest on sums deposited in the Post Office Savings Bank of the territory.
- (ix) Interest on any public loan raised by the Administrator, and issued subject to a condition that such interest shall be exempt from income tax.

**II.—COMPUTATION OF INCOME.**

**3. Year and Basis of Assessment.**—The income tax is charged in respect of the taxable amount of any taxable income received or accrued during the year ended the 31st March. The assessment is regarded as being made for the year of income. Returns of income made up to a date other than the 31st March may be accepted, and subsequent returns must then be made for corresponding periods.

RHODESIA—NORTHERN—*continued.***4. Deductions.**—Deductions are allowed in respect of :—

- (i) Losses and outgoings, not of a capital nature, incurred in the territory by the taxpayer in the production of his income, and such expenses incurred outside as the Commissioner may allow.
- (ii) Expenditure for the repairs of property occupied for the purposes of trade, or in respect of which income is receivable, and for the repair of machinery, implements, and utensils employed by the taxpayer for the purposes of his trade.
- (iii) An allowance for depreciation by reason of wear and tear during the year of assessment of machinery, implements and utensils (after taking into account any allowance made for repairs). (As to mining concerns, see paragraph 18.)
- (iv) In the case of business income, bad debts, also doubtful debts on the Commissioner's valuation.
- (v) An allowance in respect of any fine, premium or foregift paid for a lease or renewal of a lease of premises used for the production of income or from which income is derived, arrived at by dividing the amount of the consideration by the number of years for which the lease or the renewal of the lease was granted.

Deduction is prohibited in respect of :—

- (a) Depreciation of buildings or other structures or works of a permanent nature.
- (b) Any loss or expense which is recoverable under any insurance contract or indemnity.
- (c) Northern Rhodesia income tax and super-tax.
- (d) Debenture interest (in the case of income from business).

**5. Set-off of Losses.**—Where a taxpayer, either alone or in partnership with other persons, carries on or is interested as a partner in more than one business in the territory, he may deduct losses from profits. A loss made in any year of assessment may be set off against profits or other income of a subsequent year.

### III.—PERSONAL ALLOWANCES ETC.

**6. Exemption Limit.**—The income tax exemption limit is £1,000 or £500 according as the circumstances would justify an abatement of £1,000 or of a lesser amount (see



**RHODESIA—NORTHERN—continued.**

paragraph 7). If the period of assessment is less than a year these limits are proportionately reduced.

The limit of exemption from super-tax is £5,000.

**7. Personal Allowances.—**

(a) *Income Tax*.—If the taxpayer was, during any portion of the period of assessment, married, or if during the whole of that period he was widowed, divorced or legally separated from his wife but had maintained during any portion of the period a child in respect of which he is entitled to a deduction (see below) he is granted an abatement of £1,000. Other individuals are granted an abatement of £500 diminished by £1 for every complete £ by which the taxable income exceeds £500, or, if the period of assessment is less than a year, by which it exceeds the corresponding proportion of £500. (The taxable income is the gross income less all deductions except the abatements and deductions mentioned in paragraphs 7 (a) and 8 (a). Dividends and interest taxed at the source do not form part of the taxable income for this purpose—cf. paragraphs 9 and 13.)

A deduction of £50 is allowed for each child or stepchild of the taxpayer maintained by him during any portion of the year of assessment, who was, or would have been if he had lived, under the age of 18 years on the last day of the year in respect of which or part of which the assessment is made.

A deduction is allowed of £50 for each dependant of the taxpayer. "Dependant" is defined to mean "any person incapacitated by old age or infirmity from maintaining himself, or any child, other than a child or stepchild of such taxpayer, under the age of 18 years on the last day of the year of assessment; provided that such person or child has been maintained during the year of assessment at the expense of the taxpayer to the extent of not less than £50."

If the period of assessment is less than one year, these abatements and deductions are proportionately reduced.

(b) *Super-tax*.—For super-tax purposes the deductions under (a) are not allowed, but an abatement is granted of £5,000 less £1 for each £ by which the taxable income exceeds £5,000. (For this purpose the taxable income includes dividends and interest taxed at the source.) This abatement is not reduced if the period of assessment is less than a year.

**RHODESIA—NORTHERN—continued.**

**8. Life Insurance and Similar Allowances.—**

(a) A deduction, not exceeding £100, is made in respect of premiums paid during the period of assessment on policies under which the taxpayer, his wife or minor children are insured against death, accident or sickness. If the period of assessment is less than a year the deduction is proportionately reduced. This deduction is not allowed for super-tax purposes.

(b) A deduction is allowed in computing income for both income tax and super-tax of current contributions during the year of assessment to any duly established superannuation, pension, widows' or orphans' fund by any person holding an office or employment, if the making of such contribution is a condition of the holding of the office or employment.

**IV.—COMPUTATION OF TAX.**

**9. Rates of Tax.—Income Tax.**—In respect of the twelve months ending 31st March, 1922, the rate of income tax is 1s. in the £ on the taxable amount, increased if the taxable amount exceeds £500 by 1d. in the £ for each £200 or fraction of £200 in excess of £500, up to the maximum of 3s. in the £.

**Super-tax.**—In addition to income tax there is charged for the year 1921-22 in the case of "individuals other than companies" a super-tax at the rate of 1s. in the £ of taxable income if that exceeds £5,000, subject to the abatement indicated in paragraph 7 (b).

"Taxable income" is the gross income less all deductions except the abatements and deductions shown in paragraphs 7 (a) and 8 (a).

"Taxable amount" is "taxable income" less the abatements and deductions shown in paragraphs 7 (a) and 8 (a).

Dividends and debenture interest taxed at the source (*see* paragraph 13) are excluded from the taxable income for income tax purposes but are included for the purposes of super-tax.

**11. Provisions regarding Double Taxation.**—For the purposes of Northern Rhodesia income tax and super-tax income is assessable without any deduction for United Kingdom income tax or super-tax.

Any person who has paid or is liable to pay Northern Rhodesia income tax and has paid United Kingdom income tax for the same year in respect of the same part of his income

**RHODESIA—NORTHERN—continued.**

is entitled to relief at a rate equal to the excess of the appropriate rate of Northern Rhodesia tax over half the appropriate rate of United Kingdom tax or, if the Northern Rhodesia rate exceeds the United Kingdom rate, at half the United Kingdom rate.

A certificate issued by or on behalf of the Commissioners of Inland Revenue in the United Kingdom is receivable in evidence to show what is the "appropriate rate of United Kingdom tax" in any particular case.

The appropriate rate of Northern Rhodesia tax is determined by dividing the tax payable for the year (before deduction of the double income tax relief) by the amount of the income in respect of which the Northern Rhodesia tax has been charged, except that where the Northern Rhodesia tax is charged on an amount other than the ascertained amount of the actual profits the rate of tax is determined by the (Northern Rhodesia) Commissioner.

**V.—PAYMENT.**

12. **Due Date, Taxation at the Source etc.**—The time for payment is notified by the Commissioner, who may provide for payment in instalments. If the tax is not paid within the prescribed time the Commissioner may charge interest at the rate of 8 per cent. per annum.

Claims for repayment of tax paid in excess must be made within two years from the date of payment.

Dividends and interest paid by companies are charged with income tax at the source (see paragraph 13).

**VI.—CORPORATE, JOINT ETC. INCOME.**

13. **Companies and Income from Companies.**—In the case of companies no exemption or abatement is allowed.

Debenture interest is not allowed as a deduction in assessing a company in respect of its trading profits; the company is empowered to deduct tax from the interest on paying it to the debenture holders.

Dividends and interest on debentures of a taxed company are not again charged with income tax in the hands of the shareholder or debenture holder, and a debenture holder resident in the territory may claim repayment of any tax deducted from his interest which would not have been chargeable if tax had not been deducted. Such dividends and

**RHODESIA—NORTHERN—continued.**

interest, however, must be included in the income for super-tax purposes.

**14. Partnerships.**—Persons carrying on business in partnership are liable to make a joint return as partners in respect of such business and to furnish such particulars as may be prescribed, but they are liable to tax only in their separate individual capacities.

**15. Married Women.**—The income of a woman married with or without community of property, and not separated from her husband under a judicial order or written agreement, is deemed to be income of her husband.

In the event of the death or insolvency of the husband during the year of assessment the income of the wife from the date of such event to the end of that year is taxable as the separate income of the wife.

If either husband or wife makes written application to the Commissioner, returns of income may be rendered by, and assessments made upon, husband and wife separately. The total tax is the same as if there were no separate assessment, and is divided in proportion to the share of the combined incomes returned by each.

**VII.—SPECIAL TRADES ETC.**

**18. Mining Concerns.**—In the case of income from mining operations an allowance is made for the redemption of capital expenditure in lieu of the allowance for depreciation. The regulations governing the allowance prescribe that a company owning a mine shall be allowed—

- (a) for the first year of assessment the quotient of the total capital expenditure on the mine as shown by the published balance sheets divided by the sum of the number of years since the commencement of regular production under the company's ownership and the estimated number of years during which mining operations may be expected to continue under normal conditions; and
- (b) for subsequent years, the quotient of the unredeemed capital expenditure at the commencement of the year of assessment plus the capital expenditure in that year, divided by the same divisor, the "unredeemed" capital expenditure being the capital

**RHODESIA—NORTHERN—continued.**

expenditure less the allowances already made and an amount equal to the allowance for the first year of assessment for every year between the commencement of regular production and the first year of assessment.

The allowances to persons other than mine-owning companies are fixed individually by the Commissioner.

19. **Farming.**—In computing income from farming operations account must be taken of the value of live stock and produce on hand at the beginning and at the end of the year of assessment.

The value of live stock (other than live stock acquired by purchase for stud purposes) is taken to be, at the option of the taxpayer, either the cost price, including such share of maintenance charges as may be approved by the Commissioner, or the "standard value." The "standard value" is the value adopted by the taxpayer (with the approval of the Commissioner) for any class of stock in the first return in which such stock is included. The value adopted in the last mentioned circumstances may not be varied except on such terms as the Commissioner may allow, and the option referred to is irrevocable. The value of live stock acquired by purchase for stud purposes must be taken to be the purchase price.

The value to be placed on produce is fixed by the Commissioner.

**VIII.—TABLE OF PROCLAMATIONS.**

- The Northern Rhodesia Income Tax Proclamation, 1921. (No. 4 of 1921.)
  - The Northern Rhodesia Income Tax (Amendment) Proclamation, 1921. (No. 13 of 1921.)
  - The Northern Rhodesia Income Tax (Amendment) Proclamation, 1922. (No. 18 of 1922.)
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## RHODESIA—SOUTHERN.

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**Introductory.**—The note summarises the law in force for the year ended 31st March, 1922—*i.e.*, the law under which tax is imposed on income of that year.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—The income tax (including super-tax) applies to income received by or accrued to or in favour of any person from any source within the territory or deemed to be within the territory.

Income is deemed to be derived from a source within the territory—

- (1) if it is received by or accrues to or in favour of any person ordinarily resident or carrying on business in the territory, and is received or accrues from any source except banking or insurance business in the adjoining territories of the Bechuanaland Protectorate or of the Mozambique Company; or
- (2) if it is received or accrues by virtue of—
  - (a) any contract made within the territory for the sale of goods, wherever the goods are delivered,
  - (b) any service rendered or work done in the carrying on in the territory of any business, etc., wherever the payer is resident and wherever payment is made, or
  - (c) any pension or annuity granted by a person residing or carrying on business in the territory by the government of the territory or by any authority therein, unless the service or employment in respect of which it was granted was performed wholly outside the territory.

In the case of persons whose business extends to any other country, the taxable income is arrived at by apportioning the total profits in the ratio the assets in the territory bear to the total assets. The taxpayer or the Commissioner may, however, claim an assessment on the basis of the actual profits derived from sources in the territory.

The estimated annual value of any quarters, board or residence or any other benefit or advantage of any kind granted

**RHODESIA—SOUTHERN—continued.**

in respect of employment, whether in money or otherwise, is taxable as income.

There is no provision for taxing as income the annual value of immovable property occupied by the owner for purposes of residence or enjoyment.

**2. Income Exempted.**—Among the exemptions are :—

- (i) Incomes of the Administrator and his personal staff.
- (ii) Official salaries and emoluments of consuls of foreign countries, and members of their staffs who are not British subjects nor permanently resident in the territory.
- (iii) Official salaries and emoluments of all persons in the service of the Imperial Government in the territory.
- (iv) Incomes of local authorities, of building and friendly societies.
- (v) Incomes of life assurance companies.
- (vi) Incomes of companies or societies carrying on business, but not for the purpose of profit or gain to be divided between or credited to the shareholders or members, except as regards their income from investments.
- (vii) War pensions and gratuities granted from imperial, dominion or colonial etc. funds or under the provisions of the "War Pensions Ordinance, 1917," of Southern Rhodesia.
- (viii) Interest on sums deposited in the Post Office Savings Bank of the territory.
- (ix) Interest on any public loan raised by the Administrator, and issued subject to a condition that such interest shall be exempt from income tax.
- (x) Interest from stock or securities (including Treasury Bills) issued by the Government of the Union of South Africa subject to a condition that such interest shall be exempt from income tax.

**II.—COMPUTATION OF INCOME.**

**3. Year and Basis of Assessment.**—The income tax is charged in respect of the taxable amount of any taxable income received or accrued during the year ended the 31st March. The assessment is regarded as being made for the year of income. Returns of income made up to a date other than

**RHODESIA—SOUTHERN—continued.**

the 31st March may be accepted, and subsequent returns must then be made for corresponding periods.

**4. Deductions.**—Deductions are allowed in respect of—

- (i) Losses and outgoings, not of a capital nature, incurred in the territory by the taxpayer in the production of his income, and such expenses incurred outside as the Commissioner may allow.
- (ii) Expenditure for the repairs of property occupied for the purposes of trade, or in respect of which income is receivable, and for the repair of machinery, implements and utensils employed by the taxpayer for the purposes of his trade.
- (iii) An allowance for depreciation by reason of wear and tear during the year of assessment of machinery, implements and utensils (after taking into account any allowance made for repairs). (As to mining concerns see paragraph 18.)
- (iv) In the case of business income, bad debts, also doubtful debts on the Commissioner's valuation.
- (v) An allowance in respect of any fine, premium or foregift paid for a lease or renewal of a lease of premises used for the production of income or from which income is derived, arrived at by dividing the amount of the consideration by the number of years for which the lease or the renewal of the lease was granted.

Deduction is prohibited in respect of:—

- (a) Depreciation of buildings or other structures or works of a permanent nature.
- (b) Any loss or expense which is recoverable under any insurance contract or indemnity.
- (c) Southern Rhodesia income tax and super-tax.
- (d) Debenture interest (in the case of income from business).

**5. Set-off of Losses.**—Where a taxpayer, either alone or in partnership with other persons, carries on or is interested as a partner in more than one business in the territory, he may deduct losses from profits. A loss made in any year of assessment may be set off against profits or other income of a subsequent year.



RHODESIA—SOUTHERN—*continued*

## III.—PERSONAL ALLOWANCES ETC.

6. **Exemption Limit.**—The income tax exemption limit is £1,000 or £500 according as the circumstances would justify an abatement of £1,000 or of a lesser amount (*see* paragraph 7). If the period of assessment is less than a year these limits are proportionately reduced.

The limit of exemption from super-tax is £5,000.

7. **Personal Allowances.**—

(a) *Income Tax.*—If the taxpayer was, during any portion of the period in respect of which the assessment is made, married, or if during the whole of that period he was widowed, divorced or legally separated from his wife but maintained during any portion of the period a child in respect of which he is entitled to a deduction (*see* below) he is granted an abatement of £1,000. Other individuals are granted an abatement of £500 diminished by £1 for every complete £ by which the taxable income exceeds £500, or, if the period of assessment is less than a year, by which it exceeds the corresponding proportion of £500. (The taxable income is the gross income less all deductions except the abatements and deductions mentioned in paragraphs 7 (a) and 8 (a). Dividends and interest taxed at the source do not form part of the taxable income for this purpose—*cf.* paragraphs 9 and 13.)

A deduction of £50 is allowed for each child or stepchild of the taxpayer maintained by him during any portion of the year of assessment who was, or would have been if he had lived, under the age of 18 years on the last day of the year in respect of which or part of which the assessment is made.

A deduction is allowed of £50 for each dependant of the taxpayer. "Dependant" is defined to mean "any person incapacitated by old age or infirmity from maintaining himself, or any child, other than a child or stepchild of such taxpayer under the age of 18 years on the last day of the year of assessment; provided that such person or child has been maintained during the year of assessment at the expense of the taxpayer to the extent of not less than £50."

If the period of assessment is less than one year, these abatements and deductions are proportionately reduced.

(b) *Super-tax.*—For super-tax purposes the deductions under (a) are not allowed, but an abatement is granted of £5,000 less £1 for each £ by which the taxable income exceeds

**RHODESIA—SOUTHERN—continued.**

£5,000. (For this purpose the taxable income includes dividends and interest taxed at the source.) This abatement is not reduced if the period of assessment is less than a year.

**8. Life Insurance and Similar Allowances.—**

(a) A deduction, not exceeding £100, is made in respect of premiums paid during the period of assessment on policies under which the taxpayer, his wife or minor children are insured against death, accident or sickness. If the period of assessment is less than a year this deduction is proportionately reduced. This deduction is not allowed for super-tax purposes.

(b) A deduction is allowed in computing income for both income tax and super-tax of current contributions during the year of assessment to any duly established superannuation, pension, widows or orphans fund by any person holding an office or employment, if the making of such contribution is a condition of the holding of the office or employment.

**IV.—COMPUTATION OF TAX.****9. Rates of Tax.—**

*Income Tax.*—In respect of the twelve months ending 31st March, 1922, the rate of income tax is 1s. in the £ on the taxable amount, increased if the taxable amount exceeds £500 by 1d. in the £ for each £200 or fraction of £200 in excess of £500, up to the maximum of 3s. in the £.

*Super-tax.*—In addition to income tax there is charged for the year 1921-22 in the case of "individuals other than companies" a super-tax at the rate of 1s. in the £ of taxable income if that exceeds £5,000, subject to the abatement indicated in paragraph 7 (b).

"Taxable income" is the gross income less all deductions except the abatements and deductions shown in paragraphs 7 (a) and 8 (a).

"Taxable amount" is "taxable income" less the abatements and deductions shown in paragraphs 7 (a) and 8 (a).

Dividends and debenture interest taxed at the source (see paragraph 13) are excluded from the taxable income for income tax purposes but are included for the purposes of super-tax.

**11. Provisions regarding Double Taxation.**—For the purposes of Southern Rhodesia income tax and super-tax income is assessable without any deduction for United Kingdom income tax or super-tax.

**RHODESIA—SOUTHERN—continued.**

Any person who has paid or is liable to pay Southern Rhodesia income tax and has paid United Kingdom income tax for the same year in respect of the same part of his income is entitled to relief at a rate equal to the excess of the appropriate rate of Southern Rhodesia tax over half the appropriate rate of United Kingdom tax, or, if the Southern Rhodesia rate exceeds the United Kingdom rate, at half the United Kingdom rate.

A certificate issued by or on behalf of the Commissioners of Inland Revenue in the United Kingdom is receivable in evidence to show what is the "appropriate rate of United Kingdom tax" in any particular case.

The appropriate rate of Southern Rhodesia tax is determined by dividing the tax payable for the year (before deduction of the double income tax relief) by the amount of the income in respect of which the Southern Rhodesia tax has been charged, except that where the Southern Rhodesia tax is charged on an amount other than the ascertained amount of the actual profits the rate of tax is determined by the (Southern Rhodesia) Commissioner.

Relief is given equal to the amount of the income tax paid in the Bechuanaland Protectorate or the Mozambique Company's territory, up to the amount of the Southern Rhodesia tax on the same income.

**V.—PAYMENT.**

12. **Due Date, Taxation at the Source etc.**—The time for payment is notified by the Commissioner, who may provide for payment in instalments. If the tax is not paid within the prescribed time the Commissioner may charge interest at the rate of 8 per cent. per annum.

Claims for repayment of tax paid in excess must be made within two years from the date of payment.

Dividends and interest paid by companies are charged with income tax at the source—see paragraph 13.

**VI.—CORPORATE, JOINT ETC. INCOME.**

13. **Companies and Income from Companies.**—In the case of companies no exemption or abatement is allowed.

Debenture interest is not allowed as a deduction in assessing a company in respect of its trading profits; the company is empowered to deduct tax from the interest on paying it to the debenture holders.

**RHODESIA—SOUTHERN—continued.**

Dividends and interest on debentures of a taxed company are not again charged with income tax in the hands of the shareholder or debenture holder, and a debenture holder resident in the territory may claim repayment of any tax deducted from his interest which would not have been chargeable if tax had not been deducted. Such dividends and interest however must be included in the income for super-tax purposes.

**14. Partnerships.**—Persons carrying on business in partnership are liable to make a joint return as partners in respect of such business, and to furnish such particulars as may be prescribed, but they are liable to tax only in their separate individual capacities.

**15. Married Women.**—The income of a woman married with or without community of property, and not separated from her husband under a judicial order or written agreement, is deemed to be income of her husband.

In the event of the death or insolvency of the husband during the year of assessment the income of the wife from the date of such event to the end of that year is taxable as the separate income of the wife.

If either husband or wife makes written application to the Commissioner, returns of income may be rendered by, and assessments made upon, husband and wife separately. The total tax is the same as if there were no separate assessment, and is divided in proportion to the share of the combined incomes returned by each.

**VII.—SPECIAL TRADES ETC.**

**18. Mining Concerns.**—In the case of income from mining operations an allowance is made for the redemption of capital expenditure in lieu of the allowance for depreciation. The regulations governing the allowance prescribe that a company owning a mine shall be allowed—

- (a) for the first year of assessment the quotient of the total capital expenditure on the mine as shown by the published balance sheets divided by the sum of the number of years since the commencement of regular production under the company's ownership and the estimated number of years during which mining operations may be expected to continue under normal conditions; and

RHODESIA—SOUTHERN—*continued.*

(b) for subsequent years, the quotient of the unredeemed capital expenditure at the commencement of the year of assessment plus the capital expenditure in that year, divided by the same divisor, the "unredeemed" capital expenditure being the capital expenditure less the allowances already made and an amount equal to the allowance for the first year of assessment for every year between the commencement of regular production and the first year of assessment.

The allowances to persons other than mine-owning companies are fixed individually by the Commissioner.

19. Farming.—In computing income from farming operations account must be taken of the value of live stock and produce on hand at the beginning and at the end of the year of assessment.

The value of live stock (other than live stock acquired by purchase for stud purposes) is taken to be, at the option of the taxpayer, either the cost price, including such share of maintenance charges as may be approved by the Commissioner, or the "standard value." The "standard value" is the value adopted by the taxpayer (with the approval of the Commissioner) for any class of stock in the first return in which such stock is included. The value adopted in the last-mentioned circumstances may not be varied except on such terms as the Commissioner may allow, and the option referred to is irrevocable. The value of live stock acquired by purchase for stud purposes must be taken to be the purchase price.

The value to be placed on produce is fixed by the Commissioner.

## VIII.—TABLE OF ORDINANCES.

The War Taxation and Excess Profits Duty Ordinance, 1918.	(No. 20, 1918.)
The Income Tax Ordinance, 1919.	(No. 17, 1919.)
The Income Tax Ordinance, 1920.	(No. 6, 1920.)
The Income Tax Ordinance, 1921.	(No. 19, 1921.)
The Income Tax Ordinance, 1922.	(No. 12, 1922.)

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## SEYCHELLES.

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**Introductory.**—The note summarises the law in force for 1920, the first year of assessment. There has been no amending legislation.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—In general terms, residents are liable in respect of income from any source in or out of the colony; non-residents are liable in respect of income from any source in the colony.

There is no provision for taxing as income the annual value of immovable property occupied by the owner for residence or enjoyment.

Exemption is allowed in respect of income charged with income tax in some other country in the British Empire.

**2. Income Exempted.**—Among the exemptions are—

- (i) The income of non-residents derived from Seychelles Government stock.
- (ii) Pensions payable out of Seychelles revenue.
- (iii) The income of any telegraph company.
- (iv) The income of any insurance company incorporated out of Seychelles, and having its head office out of Seychelles, derived from premiums paid on policies issued by it.
- (v) The income of any shipping company incorporated out of Seychelles, and having its head office out of Seychelles, derived from the carriage of passengers, mails or freight to or from any place in or out of Seychelles, or from any subsidy paid out of the public revenue of Seychelles.

### II.—COMPUTATION OF INCOME.

**3. Year and Basis of Assessment.**—The income tax is levied in each calendar year in respect of incomes earned in the year ending 31st December preceding.

**4. Deductions.**—Deduction is allowed of land or house tax, tenants' tax, or export duties paid during the period for which the return of income is made.

## SEYCHELLES—continued.

## III.—PERSONAL ALLOWANCES ETC.

6. Exemption Limit.—Minors under the age of 18 and unmarried women whose whole income is less than Rs. 240 are exempted from payment of tax. In other cases the fixed tax of Rs. 2 is payable if the income is less than Rs. 240.

## IV.—COMPUTATION OF TAX.

9. Rates of Tax.—				Rate of tax
Where the income	but does not			(on the whole
amounts to	exceed			income)
Rupees	Rupees			per cent.
240	1,000	..	..	1
exceeds				
1,000	3,000	..	..	1½
3,000	6,000	..	..	2
6,000	10,000	..	..	2½
10,000	15,000	..	..	3
15,000	20,000	..	..	3½
20,000	25,000	..	..	4
25,000	—	..	..	5

11. Provisions regarding Double Taxation.—See the last sub-paragraph of paragraph 1.

## V.—PAYMENT.

12. Due Date, Taxation at the Source etc.—The duty is due and payable in the month of June, and there is a surcharge of 10 per cent. on tax remaining unpaid after the 30th June. Salaries of public officials are taxed by deduction.

## VI.—CORPORATE, JOINT ETC. INCOME.

13. Companies and Income from Companies.—Companies are charged on the same basis as individuals. There is no provision against taxation of dividends in the hands of the company as well as in the hands of the shareholder.

15. Married Women.—The income of a married woman living with her husband is deemed to be income of the husband.

## VIII.—TABLE OF ORDINANCES.

The Income Tax Ordinance, 1919. (No. 26 of 1919.)

## SOUTH AFRICA—UNION.

### INCOME TAX (NORMAL TAX AND SUPERTAX).

**Introductory.**—The note summarises the law in force for 1921-22, *i.e.*, under which tax is imposed on income of that year.

*See also* the notes on provincial taxes in the Orange Free State and the Transvaal.

#### I.—SCOPE OF THE TAX.

**1. Income Charged.**—The normal tax and supertax are chargeable on income received by or accrued to any person from any source within the Union or deemed to be within the Union.

Income is deemed to be derived from a source within the Union—

- (1) if it is received by or accrues to any person ordinarily resident or carrying on business in the Union, and is received or accrues from any country outside the Union where the income is not chargeable with income tax owing to the fact that such person is not domiciled or ordinarily resident therein ; or
- (2) if it is received or accrues by virtue of—
  - (a) any contract made in the Union for the sale of goods, wherever the goods are delivered, or
  - (b) any service rendered or work done in the carrying on in the Union of any business, etc., wherever the payer is resident and wherever payment is made.

Additional profits payable to a person residing in and carrying on business in the Union under a contract, made in a country outside the Union, entitling such person to a share in profits on realisation of products of the Union exported to such country, in addition to profits on a first selling price paid in the Union, are held to be assessable.

Persons carrying on business, other than insurance, both in the Union and beyond, are liable in respect of a sum bearing the same ratio to their total net profits as their assets within the Union bear to their total assets. The Commissioner or the taxpayer may, however, claim the right to an assessment on the actual profits from sources in the Union. In regard to insurance businesses *see* paragraph 20.



**SOUTH AFRICA—UNION—continued.**

The estimated annual value of quarters, board or residence, or any other benefit or advantage of any kind granted in respect of employment, whether in money or otherwise, is taxable as income.

There is no provision for charging as income the annual value of immovable property occupied by the owner as his residence or for enjoyment, and not for producing an income in money.

**2. Income Exempted.—Among the exemptions are :—**

- (i) The official emoluments of the Governor-General and his personal staff.
- (ii) The official emoluments of consuls of foreign countries and members of their staffs who are not British subjects nor permanently resident in the Union.
- (iii) The official emoluments of persons in the service of the Imperial Government in the Union.
- (iv) The official emoluments of persons in Union Government employ stationed in the United Kingdom.
- (v) The revenues of the railways and harbours administration, of any provincial administration and of local authorities.
- (vi) The incomes of building and friendly societies including income from investments.
- (vii) The incomes of mutual life insurance companies, except as regards income from investments.
- (viii) The incomes of companies and societies which do not carry on business for the purposes of profit or gain to be divided among members or shareholders, except as regards their income from investment.
- (ix) War pensions from Union or imperial funds.
- (x) Interest on loans issued under the provisions of Section 2 of the Local Stock (Registration) Act, 1916. (The loans issued under these provisions are 4½% Local Registered Stocks, 1929-39, and 5% Local Registered Stocks, 1921-36.)
- (xi) Interest on Union Loan Certificates issued under Section 3 of Act No. 20 of 1919. (These certificates are similar to the United Kingdom National Savings Certificates.)
- (xii) Interest paid or accruing to persons not ordinarily resident nor carrying on business in the Union, from stock or securities, including Treasury Bills,

SOUTH AFRICA—UNION—*continued.*

issued by the Union Government or any colony included in the Union or local authority in the Union.

## II.—COMPUTATION OF INCOME.

**3. Year and Basis of Assessment.**—The tax is assessed on the basis of the income received or accrued during the year ending the 30th June. The assessment is regarded as being made for the year of income. If under the Mining Taxation Act, 1910, or the Income Tax Act, 1916, the income was returned for a period ending on a date other than the 30th June, the returns under the Income Tax (Consolidation) Act, 1917, must be made on the corresponding basis.

The financial year of the Union runs from the 1st April to the 31st March.

- 4. Deductions.**—Among the deductions allowed are :—
- (i) Losses and outgoings, not of a capital nature, including interest, actually incurred in the Union in the production of the income, and such expenses incurred outside the Union as the Commissioner may allow.
  - (ii) Expenditure on repairs of property occupied for business purposes, or in respect of which income is receivable.
  - (iii) Expenditure on repairs of machinery, implements, utensils and articles employed for business purposes.
  - (iv) An allowance for depreciation by reason of wear and tear (but not obsolescence) of such machinery, etc. As regards mining concerns, see paragraph 18.
  - (v) An allowance in respect of any fine, premium or similar consideration paid for the granting or renewal of a lease of premises used for the production of income or from which income is derived, the amount paid to be apportioned, in calculating the deduction, according to the number of years for which the lease is granted or renewed. As regards mining concerns, see paragraph 18.
  - (vi) Any amount paid during the year in respect of the excess profits duty of the Union of South Africa.
  - (vii) Bad and doubtful debts (in the case of income from business), the latter on the Commissioner's valuation.

SOUTH AFRICA—UNION—*continued.*

- (viii) *For the purpose of supertax*—losses and outgoings not of a capital nature (e.g., interest on loans to purchase the shares or commission to collecting agent) incurred by the individual within the Union in the production of dividends and interest taxed at the source.

Deduction is not allowed in respect of:—

- (a) Expenses in the production of exempted income.
- (b) Depreciation of buildings or other structures or works of a permanent nature.
- (c) Any loss or expense recoverable under any insurance contract or indemnity.
- (d) Any taxation levied under the Union Income Tax Acts other than excess profits duty. [The taxes levied under these Acts are income tax (normal tax and supertax), dividend tax and excess profits duty. The last-named came to an end as from 30th June, 1920.]
- (e) Debenture interest (in the case of income from business), this being interpreted as applying to such interest paid by companies only (see paragraph 13).
- (f) Loss by defalcation of an employee. (Lockie Bros. v. Commissioner for Inland Revenue.)
- (g) Provincial Gold Profits Tax of the Transvaal (see memorandum on this tax at page 108). (Van Ryn Deep, Ltd. v. Commissioner for Inland Revenue.)

5. *Set-off of Losses.*—A loss made in any year of assessment may be set off against profits of a subsequent year unless it has been adjusted by deduction in assessing the dividend tax (see page 103). A loss made prior to the year of assessment 1915-16 may not, however, be so treated unless made in carrying on mining operations and ascertained and determined under an assessment under the Mining Taxation Act, when it may be set off at the rate chargeable under that Act.

A person engaged either alone or as a partner in more than one business may set off a loss in one against the profits of another.

SOUTH AFRICA—UNION—*continued.*

## III.—PERSONAL ALLOWANCES ETC.

6. **Exemption Limit.**—The normal tax exemption limit is £300. If the period of assessment is less than a year this limit is proportionately reduced.

The limit of exemption from supertax is £2,500.

7. **Personal Allowances.**—(i) *Normal Tax.*—The following abatements are allowed (subject as shown below):—

(a) £300;

(b) £50 for each child or step-child of the taxpayer maintained by him who was, or would have been if he had lived, under 18 years of age on the last day of the year in respect of which or part of which the assessment is made;

(c) £30 for each dependant of the taxpayer, the word "dependant" being defined as meaning any person incapacitated by old age or infirmity from maintaining himself, or any child, other than the child or step-child of the taxpayer, under the age of 18 years on the last day of the year of assessment, provided that such person or child, as the case may be, has been maintained throughout the year of assessment at the expense of such taxpayer.

If the period of assessment is less than one year, these abatements are proportionately reduced.

The total of the abatements (a), (b) and (c) and the allowances shown in paragraph 8 (a) and (b) is reduced—

(1) in the case of any taxpayer (i) who during any portion of the period of assessment was married or (ii) who during the whole of such period was widowed, divorced or separated from his wife, but maintained during any portion of the period such a child as is referred to at (b), by £1 for every complete £10 by which the taxable income exceeds £600, or, when the period of assessment is less than 12 months, by which it exceeds so much of £600 as is proportionate to the period of assessment;

(2) in the case of any other person, by £1 for every £1 by which the taxable income exceeds £300, or, when the period of assessment is less than 12

SOUTH AFRICA—UNION—*continued.*

months, by which it exceeds so much of £300 as is proportionate to the period of assessment.

Companies are allowed no exemption or abatement.

“Taxable income” is gross income less all deductions except those specified in paragraphs 7 (i) and 8 (a) and (b). Taxed dividends and interest (*see* paragraph 13) are excluded.

(ii) *Supertax.*—For supertax purposes the deductions under 7 (i) and 8 (a) and (b) are not allowed, but an abatement is granted of £2,500 less £1 for each £ by which the income exceeds £2,500. (For this purpose the income includes dividends and interest taxed at the source with the exception noted in paragraph 13.) This abatement is *not* reduced if the period of assessment is less than a year.

#### 8. Life Insurance and similar Allowances.—

(a) A deduction, not exceeding £50, is made in respect of premiums paid during the period of assessment on policies under which the taxpayer his wife or minor children are insured against death, accident or sickness.

(b) A deduction, not exceeding £10, is allowed of fees or subscriptions paid during the period of assessment to any friendly or benefit society.

If the period of assessment is less than a year these two deductions are proportionately reduced, and they are subject to further reduction in the manner shown in paragraph 7 (i). Neither deduction is allowed for supertax purposes.

(c) A deduction is allowed for both normal tax and supertax of current contributions in the year of assessment to any duly established superannuation, pension, widows or orphans fund by any person holding an office or employment where the making of such a contribution is a condition of the holding of the office or employment.

#### IV.—COMPUTATION OF TAX.

9. Rates of Tax.—(i) *Normal Tax.*—In respect of the 13 months ending 30th June, 1923, the rates of normal tax are as follows:—

(a) *Companies except those falling under (b) below.*—1s. 6d. in the £.

SOUTH AFRICA—UNION—*continued.*

(b) *Certain Private Companies.*—In the case of companies wherein—

- (i) not more than 10 of the largest shareholders hold 90 per cent. of the shares ; and
  - (ii) restrictions are imposed upon the right to transfer shares ; and
  - (iii) no invitation has been issued to the public to subscribe for shares or debentures,
- the rate of tax chargeable is that payable under (c), except in cases where not less than 90 per cent. of the shares are held by a company or companies not satisfying conditions (i), (ii) and (iii).

(c) *Persons other than Companies.*—1s. in the £ increased by  $\frac{1}{100}$ th of 1d. for every £ in the taxable amount, up to the maximum of 2s. in the £.

“ Taxable amount ” is gross income less all deductions and abatements allowable for normal tax.

(ii) *Supertax.*—In addition to normal tax there is charged for the year 1921-22 in the case of individuals a supertax on the income subject to supertax, with deduction for abatement (if any) under paragraph 7 (ii), at the rate of 1s. in the £ increased by  $\frac{1}{100}$ th of 1d. for every £ of the amount subject to supertax, up to the maximum of 5s. in the £.

Dividends and debenture interest taxed at the source (*see* paragraph 13) are excluded from the income for normal tax purposes but (with the exception noted in paragraph 13) are included for the purposes of supertax.

In any year the rates of tax as fixed for the previous year are applicable until the rate for the year is determined, if, owing to the distribution or cessation of income received or accrued in the year prior to such determination, the collection of the tax on such income cannot be postponed.

## V.—PAYMENT.

12. *Due Date, Taxation at the Source etc.*—The time for payment is notified by the Commissioner. There is no provision for a fine for late payment.

Claims for repayment of tax paid in excess must be made within two years from the date of payment.

Dividends and interest paid by companies are charged with normal tax at the source (*see* paragraph 13).

SOUTH AFRICA—UNION—*continued.*

## VI.—CORPORATE, JOINT ETC. INCOME.

**13. Companies and Income from Companies.**—In the case of companies no exemption or abatement is allowed.

Debenture interest is not allowed as a deduction in assessing a company in respect of its trading profits; the company is empowered to deduct tax from the interest on paying it to the debenture holders.

Dividends in respect of which dividend tax has been paid (see pages 101–104), or which are exempt from dividend tax, and debenture interest in respect of which the company has paid the normal tax are not charged with normal tax in the hands of the shareholder or debenture holder. Such dividends and interest must, however, be included in the income for supertax purposes—except dividends, not paid or payable in the Union, received by or accrued to an individual not ordinarily resident nor carrying on business in the Union.

There is included in the income subject to supertax any amount allocated by the Commissioner for Inland Revenue out of undistributed profits of a company falling under (b) of paragraph 9 (i), if no distribution of dividend has been made or a distribution which in his opinion is not fair and reasonable. Such an allocation is deemed to accrue to the shareholder on the last day of the period covered by the accounts or on the date when the dividend actually distributed accrued to the shareholder.

Companies are deemed to be the agents of their absentee shareholders and members for the purposes of the Act, and are required to pay tax accordingly.

Every company assessed for normal tax or dividend tax (as to the latter see pages 101–104) is, in the absence of any express stipulation to the contrary, entitled to deduct from dividends becoming payable within twelve months after the payment of such tax an amount calculated at the same rate per pound as the rate at which the company has been assessed.

**14. Partnerships.**—Partners are required to make a joint return, but are liable to tax in their individual capacities only.

**15. Married Women.**—The income of a married woman, not separated from her husband, is deemed to be income of her husband.

In the event of the death or insolvency of the husband during the year of income, the income of the wife from the date

**SOUTH AFRICA—UNION—continued.**

of the death or insolvency to the end of such year is taxable as her separate income.

If either husband or wife makes written application to the Commissioner for Inland Revenue, returns of income may be rendered by, and assessments made upon, husband and wife separately. The total tax is the same as if there were no separate assessment, and is divided in proportion to the share of the combined incomes returned by each.

**VII.—SPECIAL TRADES ETC.**

**17. Non-Resident Traders, Shipowners etc.**—Shipowners or charterers having their chief office outside the Union are assessable through their agents on an assumed income of 10 per cent. of the amounts paid for passengers, goods, etc., shipped in the Union. They have, however, the right, if they so elect, to render returns in respect of the income from such sources in the same manner as in respect of income from other sources.

In default of return, or if there is no agent in the Union other than the master of the ship, the Commissioner may assess the tax and require payment prior to the clearance of the ship.

As regards insurance companies, *see* paragraph 20.

**18. Mining Concerns.**—(a) The profits of mining were, up to the 29th June, 1917, when the Income Tax (Consolidation) Act, 1917, came into operation, excluded from the scope of the income tax (normal tax), being charged to a separate tax under the provisions of the Mining Taxation Act, 1910. Provisions, however, existed empowering the Commissioner to impose Income Tax in lieu of Mining Tax in certain cases.

(b) It is provided in the Act of 1917 that mining profits upon which the taxation imposed by the Mining Taxation Act has been levied are not chargeable with normal tax, but that they shall be included where necessary in the income subject to supertax.

(c) Exemption from income tax (both normal tax and supertax) is granted in respect of mining profits which were exempt from taxation under section 46 of Act No. 35 of 1908 of the Transvaal. Under that Act the right of mining for precious metals is vested in the Crown. Where under the



**SOUTH AFRICA—UNION—continued.**

Act the Government has proclaimed mining land as a "Public Digging," it may lease the right of mining. One of the conditions of the lease must, under Section 46 of the Act, be that a percentage of the net annual produce shall be paid to the Treasurer.

(d) Under the Income Tax (Consolidation) Act, 1917, there is an allowance for the redemption of capital expenditure (defined for this purpose as meaning expenditure on shaft-sinking and equipment, including any single renewal or replacement of equipment which, together with the accessories thereto, exceeds in cost £2,000, and on development, general administration and management prior to the commencement of production or during any period of non-production) which is made to take the place of the usual income tax deductions in respect of depreciation and of premiums paid on the granting and renewal of leases (paragraph 4 (iv) and (v)).

To determine the amount, the balance of capital expenditure unredeemed at the beginning of the year of assessment plus the amount of capital expenditure ranking for redemption incurred during that year less any recoupments from capital expenditure received during that year, is divided by the estimated number of years during which the mining operations may be expected to continue. The life of the mine is determined by the Government Mining Engineer, subject to objection and appeal. Where the estimated life of the mine exceeds thirty years, the allowance is calculated on a basis of thirty years.

The life of the mine is subject to revision at the instance of the taxpayer or the Commissioner whenever any material alteration takes place in any circumstances relating to the mine or its working which affects its life, and otherwise is subject to revision in every third year after the last preceding determination. In any such revision the same provisions apply as in the original determination. These revisions are not retrospective.

(e) In the case of diamond mines in existence at the commencement of the Mining Taxation Act, 1910, instead of a deduction calculated as in the preceding paragraph, the actual expenditure incurred during the year on maintenance and renewals of equipment and additions thereto and extensions thereof is allowed.

SOUTH AFRICA—UNION—*continued.*

(f) On a change of ownership of a mining property in respect of which there is an unredeemed balance of capital expenditure, such proportion of the consideration (where such is given, or of the value, where no consideration is given), as the unredeemed balance bears to the total capital expenditure incurred by the previous owner on the assets passing by the change is allowed to rank as capital expenditure for redemption by the new owner.

19. **Farming.**—The concession formerly allowed to farmers of returning their profits on a receipts and expenditure basis is now withdrawn, and account must be taken of the value of livestock and produce at the beginning and at the end of the year of assessment. An allowance from the value of livestock may be made by the Commissioner having regard to the risks of mortality.

The value of livestock (other than livestock acquired by purchase for stud purposes) is to be taken as (a) in the case of purchased stock either the purchase price or the "standard value," and (b) in the case of other stock the "standard value." The "standard value" is at the option of the taxpayer either (i) a value fixed for each class of stock by regulation, or (ii) a value adopted by the taxpayer in his first return, which includes such stock. The value adopted in the last mentioned circumstances may not be varied except on such terms as the Commissioner may allow, and the option referred to is irrevocable. The value of livestock acquired by purchase for stud purposes must be taken to be the purchase price.

The value to be placed upon produce is fixed by the Commissioner, subject to appeal. It is contemplated that it shall be taken at the average cost of production.

20. (a) **Insurance and (b) Submarine Cable Businesses.**—

(a) **Insurance Businesses.**—Mutual insurance companies are taxed only on the income from their investments, apportioned for each branch of business in the ratio that the premiums received (or annuities paid) in the Union bear to the total premiums (or annuities) with a proportionate deduction for management expenses.

Non-mutual insurance companies are assessable on the amount of their actual profits. In the case of life and annuity business, these are determined by apportioning the total life

**SOUTH AFRICA—UNION—continued.**

and annuity profits in the ratio that the premiums received in the one case, or annuities paid in the other, in the Union during the year bear to the total of such receipts or payments. In any other kind of insurance business, the profits are determined by charging against the premiums received (less any premiums on re-insurances) and other income derived or received in the Union, the actual losses (after deducting re-insurances) and expenses incurred in the Union with the proviso that no amount set aside for unearned premiums is to be allowed in arriving at the profits.

If the receipts from investments in respect of the life insurance or annuity business of a non-mutual company, apportioned on the same basis as the profits of these branches, are greater than such apportioned profits, the company is liable to be taxed on receipts from investments, less a proportionate deduction for management expenses.

The deduction for management expenses from investment income excludes commissions, and is diminished by the amount of any fines, fees, or profits arising in the Union from reversions of policies.

(b) *Submarine Cable Businesses.*—The taxable income of submarine cable businesses is deemed to be 5 per cent. of the sums paid in respect of telegrams despatched from the offices of such businesses in the Union.

**VIII.—TABLE OF ACTS.**

- Income Tax (Consolidation) Act, 1917. (No. 41, 1917.)
- Income Tax (Consolidation) Act Amendment Act, 1919. (No. 39, 1919.)
- Income Tax (Consolidation) Act Further Amendment Act, 1920. (No. 45, 1920.)
- Income Tax (Consolidation) Act Further Amendment Act, 1921. (No. 29, 1921.)
- Income Tax Act, 1922. (No. 23, 1922.)

**DIVIDEND TAX.****IX.—SCOPE OF DIVIDEND TAX.**

21. *Dividends Charged.*—The term “dividend distributed” is defined as including—

- (i) any sum of money or its equivalent paid, allocated, distributed or credited by the company to or amongst its shareholders or members as such.

**SOUTH AFRICA—UNION—continued.**

- (ii) any undistributed profits (1) invested outside the principal business of the company, (2) applied to the redemption of debentures or mortgage charges or to the reduction of the capital value of assets (but not the amounts allowed for depreciation—see paragraph 4 (iv), nor the deductions referred to in paragraph 4 (v) and paragraph 18) or (3) allowed to accumulate beyond the reasonable needs of the business.
- (iii) interest paid in excess of 6 per cent. per annum on the nominal value of debentures.
- (iv) any distribution among the directors by way of directors' fees or otherwise in excess of their usual remuneration.

Dividends distributed otherwise than in money are valued.

Where the company derives a material portion of its profits from sources outside the Union, the taxable amount is a proportion of the total dividends distributed based on the ratio which the profits earned within the Union bear to the total profits. If the profits are not ascertainable, the proportion may be based on the ratio borne by the assets within the Union to the total assets.

Where a dividend is paid free of dividend tax, the charge on the company is based, not on the net amount so distributed, but on the corresponding gross amount.

**22. Dividends Exempted.**—The following are exempted :

- (i) Dividends or profits distributed by a building or friendly society, or by a mutual life assurance company.
- (ii) Dividends distributed out of dividends already subjected to this tax or out of profits assessed under the Mining Taxation Act or any Income Tax Act of the Union prior to the Act of 1917.
- (iii) Dividends distributed out of mining profits exempted from taxation under Section 46 (2) (d) of Act No. 35 of 1908 of the Transvaal. (See paragraph 18.)
- (iv) Dividends distributed on the winding up of a company, in so far as they represent the distribution of capital assets. If the price realised for the

SOUTH AFRICA—UNION—*continued.*

assets and the total allowances made for ~~depreciation~~ depreciation, redemption or amortisation under the existing law or any prior law for the taxation of income or profits, when added together, exceed the original cost of such assets, the amount of such excess is not, on distribution, regarded as a distribution of capital.

- (v) Dividends distributed by a company falling within paragraph 9 (i) (b).
- (vi) In the case of a mining company, any undistributed profits which are re-invested in the business of the company and rank as capital expenditure for the redemption allowance referred to in paragraph 18 are not deemed to be dividends distributed.

## X.—ALLOWANCES AND ABATEMENTS.

23. **Set-off of Losses.**—A deduction may be allowed from dividend liable to dividend tax in respect of any loss which under paragraph 5 ranks for set-off against income received in any succeeding year. The amount of such set-off is calculated by reference to the rate of tax under which such loss was determined.

24. **Abatement.**—Where the aggregate dividends distributed in any period covered by the annual accounts of the company do not exceed £5,000, an abatement at the rate of £2,500 per annum is allowed, diminishing by £1 for every pound by which the amount distributed exceeds £2,500.

## XI.—RATES OF DIVIDEND TAX.

- 25. **Rates of Tax.**—(a) Companies whose principal business is gold mining or diamond mining—1s. 6d. in the £.
- (b) Other companies—1s. in the £.

## XII.—PAYMENT OF DIVIDEND TAX.

26. **Payment of Tax and Deduction from Dividend.**—Returns must be rendered, and the due amount of tax paid within 30 days after the date on which the dividend is declared, and the distribution of a dividend may not take place until the tax has been paid. A company paying the dividend tax may deduct from the amount distributed to any shareholder the proportion of tax corresponding to that amount. Any

**SOUTH AFRICA—UNION—continued.**

tax payable in respect of undistributed profits or other amounts deemed to be dividends distributed is payable within 30 days of the notification of assessment to the company.

**XIII.—SPECIAL CASES.**

**27. Subsidiary Companies.**—Where a company owns the whole, or as much as any shareholder legally may, of the ordinary capital of any other company or companies carrying on the same class of business, the tax is computed as if the companies were one and levied wholly on the dividends distributed by the principal company. This provision does not apply to any dividends distributed by a subsidiary company to any shareholder other than the principal company

**XIV.—TABLE OF ACTS.**

(See Table under Income Tax—page 101).

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## SOUTH AFRICA—ORANGE FREE STATE.

### EDUCATION TAX.

**Introductory.**—The Education Tax was first imposed on income of the year ended 30th June, 1921. There has been no substantial amendment of the law.

*See also* the Union taxes on income.

#### I.—SCOPE OF THE TAX.

**1. Income Charged.**—The Education Tax is charged upon the taxable income, as defined in the Union Income Tax Acts, derived by any person from sources within the province.

Any person to whom income has accrued in respect of services rendered within the province during any year of assessment is deemed to have derived such income from sources within the province whether payment be made within the province or elsewhere, or from a source within or without the province.

If a return includes income (other than income arising from the business of insurance) from sources within and without the province, the income from sources outside the province is excluded. Where there is a difficulty in arriving at the amount of such income, the sum to be excluded is a sum bearing the same ratio to the total taxable income as the assets outside the province employed in earning the income bear to the total assets so employed.

The taxable income from insurance derived from sources within the province is determined in like manner as for the purposes of the Union of South Africa Income Tax (see page 100).

**2. Income Exempted.**—The income of the following persons (*inter alios*) is exempted :—

- (i) Minor persons unless liable for Union Income Tax.
- (ii) Adult persons who as students regularly attended an educational institution recognised by the Union or Provincial Education Department for at least six months during the year of assessment, if the taxable income does not exceed £100.

SOUTH AFRICA—ORANGE FREE STATE—*continued.*

- (iii) Natives both of whose parents belong to an aboriginal race or tribe of Africa south of the Equator; and coloured persons subject to the poll tax or who habitually reside in a location for natives or coloured persons.
- (iv) Persons not resident in nor carrying on business in the province if the taxable income from sources within the province does not exceed £100.

## II.—COMPUTATION OF INCOME.

3. Year and Basis of Assessment.—The Education Tax is charged in respect of income received or accrued during the year ended the 30th June. The assessment is regarded as being made for the year of income.

## III.—PERSONAL ALLOWANCES ETC.

6. Exemption Limit.—See paragraph 2 (ii) and (iv).

## IV.—COMPUTATION OF TAX.

9. Rates of Tax.—	Male adults, com- panies etc.	Adult spinsters and widows.
On the first £100 or part thereof ..	£1	15s.
On the second £100 or part thereof ..	15s.	10s.
On the amount by which the tax- able income exceeds	} in the £	
£200 and does not exceed £300 ..	1d.	
£300 " " £400 ..	1½d.	
£400 " " £500 ..	1½d.	
etc. etc.	etc.	
£4,500 " " £4,600 ..	11½d.	
£4,600 .. .. .. ..	12d.	

## V.—PAYMENT.

12. Due Date, Taxation at the Source etc.—Payment of the tax in general must be made within a period after receipt of the notice of assessment to be notified by the Commissioner. In the event of late payment additional tax is charged equal to interest at the rate of 10% per month or part thereof on the amount due. The additional tax, however, does not



**SOUTH AFRICA—ORANGE FREE STATE—*continued.***

commence to accrue before the 1st December following the close of the year of assessment.

**VI.—CORPORATE, JOINT ETC. INCOME.**

15. Married Women.—The income of a married woman not separated from her husband under a judicial order or written agreement is deemed to be income of her husband.

**VIII.—TABLE OF ORDINANCES.**

Education Tax Ordinance, 1921. (No. 11 of 1921.)

Education Tax Amendment Ordinance, 1922. (No. 12 of 1922.)

Education Tax Further Amendment Ordinance, 1922. (No. 17 of 1922.)

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## SOUTH AFRICA—TRANSVAAL.

## PROVINCIAL GOLD PROFITS TAX.

This tax was levied in respect of each annual accounting period ending on or after the 1st April, 1918, but not later than 31st March, 1922. It was brought to an end by the Financial Relations Acts Further Extension Act, 1921 (No. 5, 1921) of the Union of South Africa. Union income and dividend taxes were in general payable in addition.

The tax was levied upon the taxable profits derived from the production of gold within the Province of the Transvaal, "gold" covering any product in connection with gold production. The term "taxable profits" is defined as meaning the portion of the gross receipts derived from the production of gold which remains after deducting therefrom such expenditure as would be allowable under the income tax provisions of the Union Income Tax (Consolidation) Act, 1917. There is, however, no exemption from the tax in favour of any producer of gold in the Transvaal whose profits are exempted from taxation under the income tax provisions of the Union Act.

The term "profits" is defined as meaning the portion of the gross receipts derived from the production of gold which remains after deducting therefrom all expenditure, other than any allowance for the redemption of capital expenditure which would be allowable under the income tax provisions of the Union Act. Any tax payable under the Ordinance itself would not be allowable as a deduction from gross receipts in arriving at either "taxable profits" or "profits."

"Gross revenue" means the market value of the gold and other products produced.

Exemption is allowed if the taxable profits derived in any accounting period do not exceed £300.

The scale of rates is based on the percentage of *gross revenue* represented by *profits*.

Where such percentage—	the tax (charged on <i>taxable profits</i> ) is—
exceeds 10 but does not exceed	1%
15 .. .. .	1% plus $\frac{1}{10}$ % for each additional 1% or fraction of 1%.
exceeds 15 .. .. .	4%
amounts to or exceeds 45 .. .. .	

## TABLE OF ORDINANCES.

Provincial Gold Profits Tax Ordinance, 1918.

Provincial Gold Profits Tax Amendment Ordinance, 1920.

## SUDAN.

### TRADERS TAX.

**Introductory.**—The note summarises the law in force for 1923.

#### I.—SCOPE OF THE TAX.

**1. Income Charged.**—The tax is imposed on every person, firm or company carrying on (whether on behalf of himself or any other person) a trade within the Sudan, and is charged on the basis of the annual profits accruing to or received by him within the Sudan from his trade.

The word "trade" includes wholesale and retail trade, shipping and forwarding agencies, agencies for foreign business firms, commission agencies, hotel-keeping, lodging-house keeping, the keeping of restaurants, of drinking bars and of coffee shops, cotton ginneries, manufactories, the conveyance of passengers and goods for hire and any business carried on for gain in the Sudan.

**2. Income Exempted.**—Among the exemptions are:—

- (i) Agricultural profits (not including the profits of persons, etc., other than the cultivator derived from the sale of agricultural products).
- (ii) Mining under a lease granted by the Government and profits arising therefrom.
- (iii) Rent from land or buildings.

#### II.—COMPUTATION OF INCOME.

**3. Year and Basis of Assessment.**—The assessment is made in each calendar year on the basis of the profits of the previous year (or, in the option of the Assessment Board, the profits of a year ending in that previous calendar year).

If on the 31st December in any year the taxpayer has not completed a year's trading, the assessment for the next year is made on the basis of the first complete year's trading.

If a person ceases to carry on business in any year before the first instalment of tax is payable he is not liable for payment of tax for that year, and if he ceases to carry on business after the first instalment of tax is payable but before the second instalment is payable he is not liable for payment of the second instalment.

**SUDAN—continued.**

If, however, any person takes over a business assessed to tax he is as fully liable for the instalments of the tax subsequently falling due as the person from whom the business is taken over would be if he continued to carry on the business.

**4. Deductions.**—Provision is made by the regulations for the allowance of the following deductions (*inter alia*):—

- (i) Bad debts and (to the extent that they are estimated to be bad) doubtful debts.
- (ii) A portion of the rent of a dwelling house used partly for the business.
- (iii) Depreciation of stock, plant and machinery.

**III.—PERSONAL ALLOWANCES ETC.**

**6. Exemption Limit.**—Persons licensed under the Traders Licence Ordinance, 1922, whose annual profits do not exceed £E50, are exempted from traders' tax. (Cf. paragraph 10.)

**IV.—COMPUTATION OF TAX.****9. Rates of Tax.**—

Assessed annual profits.	Tax payable.
Not exceeding £E100*	.. 4% with a minimum tax of £E2.
Exceeding £E100* but not exceeding £E500*.	5% on the whole assessment.
Above £E500*..	.. 6% on the whole assessment.

**10. Set-off of Other Taxes paid in the Sudan.**—A deduction from the traders tax payable is allowed (under section 8 of the Ordinance of 1913) in respect of the fee paid by an auctioneer, simsar or market broker or pedlar licensed under the Auctioneers, Brokers and Pedlars Ordinance, 1905. A deduction is similarly allowed in respect of the annual licence fee of £E1\* payable under the Traders Licence Ordinance, 1922.

**V.—PAYMENT.**

**12. Due Date, Taxation at the Source etc.**—Payment is made in instalments (not less than two in number), the dates of payment being fixed by order of the Governor-General.

\* The Egyptian Pound (£E) is approximately equivalent to £1 0s. 6d. sterling.

**SUDAN—continued.**

(In 1919 the tax was payable by two equal instalments on the 30th April and the 31st October).

In any case of default in the payment of the tax a fine not exceeding twice the amount of the tax may be recovered in addition to the tax.

**VI.—CORPORATE, JOINT ETC. INCOME.**

13. **Companies and Income from Companies.**—The company is assessed in respect of the total profits, and no charge is made on the shareholders.

14. **Partnerships.**—The partnership is assessed in respect of the total profits, and no charge is made on the individual partners.

**VIII.—TABLE OF ORDINANCES.**

- Traders Tax Ordinance, 1913. (No. 1 of 1913.)
  - Traders Tax Ordinance, 1919. (No. 2 of 1919.)
  - Traders Tax Regulations, 1916. (Dated 1st June, 1916.)
  - Traders Licence Ordinance, 1922. (No. 8 of 1922.)
  - Notice under the Traders Tax Ordinances published in the Government Gazette of 15th Sept., 1922.
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## SWAZILAND.

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**Introductory.**—The note summarises the law in force for the year ended 30th June, 1922, *i.e.*, the law under which tax is imposed on income of that year.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—The income tax applies to income received by or accrued to or in favour of any person other than an “aboriginal native of a tribe south of the Equator,” from any source within the territory or deemed to be within the territory.

Income is deemed to be derived from a source within the territory—

- (1) if it is received by or accrues to or in favour of any person ordinarily resident or carrying on business in the territory, and is received or accrues from any country outside the territory where, owing to the fact that such person is not domiciled or ordinarily resident therein, it is not chargeable with income tax; or
- (2) if it is received or accrues by virtue of—
  - (a) any contract made within the territory for the sale of goods, wherever the goods are delivered, or
  - (b) any service rendered or work done in the carrying on in the territory of any business, etc., wherever the payer is resident and wherever payment is made.

In the case of persons whose business extends to any other country, the taxable income is arrived at by apportioning the total profits in the ratio the assets in the territory bear to the total assets. The taxpayer or the collector may, however, claim an assessment on the basis of the actual profits derived from sources in the territory.

The estimated annual value of any quarters, board or residence or any other benefit or advantage of any kind granted in respect of employment, whether in money or otherwise, is taxable as income.

There is no provision for taxing as income the annual value of immovable property occupied by the owner for purposes of residence or enjoyment.

**SWAZILAND—continued.****2. Income Exempted.**—Among the exemptions are :—

- (i) Official salaries and emoluments of consuls of foreign countries, and members of their staffs who are not British subjects nor permanently resident in the territory.
- (ii) Official salaries and emoluments of all persons in the service of the Imperial Government (otherwise than under the Swaziland Administration) or the Government of the Union of South Africa.
- (iii) Incomes of building and friendly societies.
- (iv) Incomes of life assurance companies.
- (v) Incomes of companies or societies carrying on business, but not for the purpose of profit or gain to be divided between or credited to the shareholders or members, except as regards their income from investments.
- (vi) War pensions and gratuities granted from imperial or colonial funds.
- (vii) Interest on sums deposited in the Post Office Savings Bank of the territory.
- (viii) Income of any branch of a bank on which income tax is payable in the Union of South Africa.
- (ix) Interest from stock or securities (including treasury bills) issued by the Imperial Government or by the Government of the Union of South Africa subject to a condition that such interest shall be exempt from income tax.

**II.—COMPUTATION OF INCOME.**

**3. Year and Basis of Assessment.**—The income tax is charged in respect of income received or accrued during the year ended the 30th June. The assessment is regarded as being made for the year of income. Returns of income made up to a date other than the 30th June may be accepted, and subsequent returns must then be made for corresponding periods.

**4. Deductions.**—Deductions are allowed in respect of—

- (i) Losses and outgoings, not of a capital nature, incurred in the territory by the taxpayer in the production of his income, and such expenses incurred outside as the Collector may allow.

SWAZILAND—*continued.*

- (ii) Expenditure for the repairs of property occupied for the purposes of trade, or in respect of which income is receivable, and for the repair of machinery, implements, and utensils employed by the taxpayer for the purposes of his trade.
- (iii) An allowance for depreciation by reason of wear and tear during the year of assessment of machinery, implements and utensils used for the purposes of any trade other than gold mining (after taking into account any allowance made for repairs). (As to gold mining, *see* paragraph 18.)
- (iv) In the case of business income, bad debts, also doubtful debts on the Collector's valuation.
- (v) In the case of a company, mining taxes paid to the Swaziland Administration.

Deduction is prohibited in respect of—

- (a) Depreciation of buildings or other structures or works of a permanent nature.
- (b) Any loss or expense which is recoverable under any insurance contract or indemnity.
- (c) Swaziland income tax.
- (d) Debenture interest (in the case of income from business).

5. **Set-off of Losses.**—Where a taxpayer, either alone or in partnership with other persons, carries on or is interested as a partner in more than one business in the territory, he may deduct losses from profits. A loss made in any year of assessment may be set off against profits or other income of a subsequent year.

### III.—PERSONAL ALLOWANCES ETC.

6. **Exemption Limit.**—The exemption limit is £300. If the period of assessment is less than a year, this limit is proportionately reduced.

7. **Personal Allowances.**—The following abatements are allowed (subject as shown below) :—

- (a) £300 ;
- (b) £50 for each child or stepchild of the taxpayer maintained by him during any portion of the period of assessment, who was, or would have been if he had lived, under 18 years of age on the last



SWAZILAND—*continued.*

day of the year in respect of which or part of which the assessment is made ;

- (c) £30 for each dependant of the taxpayer, the word "dependant" being defined as meaning "any person incapacitated by old age or infirmity from maintaining himself or any child, other than the child or stepchild of the taxpayer, under the age of 18 years on the last day of the year of assessment ; provided that such person or child, as the case may be, has been maintained throughout the year of assessment at the expense of such taxpayer."

If the period of assessment is less than one year, these abatements are proportionately reduced.

The total of the abatements (a), (b) and (c) and the allowances shown in paragraph 8 (a) and (b) is reduced—

- (1) in the case of any taxpayer (i) who during any portion of the period of assessment was married or (ii) who during the whole of the period was widowed, divorced or separated from his wife, but maintained during any portion such a child as is referred to at (b), by £1 for every complete £10 by which the taxable income exceeds £600, or, when the period of assessment is less than 12 months, by which it exceeds so much of £600 as is proportionate to the period of assessment.
- (2) in the case of any other person, by £1 for every £1 by which the taxable income exceeds £300, or, when the period of assessment is less than 12 months, by which it exceeds so much of £300 as is proportionate to the period of assessment.

In the case of a resident in Swaziland who derives income from the Union of South Africa, the deduction made is a proportion of the abatements and allowances shown at (a) to (c) above and paragraphs 8 (a) and (b) in the ratio that the taxable income from Swaziland bears to the total taxable income from Swaziland and the Union of South Africa combined.

The taxable income is the gross income less all deductions except the abatements and deductions mentioned in paragraphs 7 and 8 (a) and (b). Dividends and interest taxed at the source do not form part of the taxable income (*cf.* paragraphs 9 and 13).

SWAZILAND—*continued.***8. Life Insurance and similar Allowances.—**

- (a) A deduction, not exceeding £50, is made in respect of premiums paid during the period of assessment on policies under which the taxpayer, his wife or minor children are insured against death, accident or sickness.
- (b) A deduction, not exceeding £10, is allowed of fees or subscriptions paid during the period of assessment to any friendly or benefit society.

If the period of assessment is less than a year these two deductions are proportionately reduced and they are subject to further reduction in the manner shown in paragraph 7.

- (c) A deduction is allowed of current contributions during the year of assessment to any duly established superannuation, pension, widows' or orphans' fund by any person holding an office or employment, if the making of such contribution is a condition of the holding of the office or employment.

**IV.—COMPUTATION OF TAX.**

**9. Rates of Tax.**—In respect of the 12 months ending 30th June, 1922, the rates of tax are as follows:—

- (a) *Companies except those falling under (b) below.*—1s. 6d. in the £
- (b) *Certain private companies.*—In the case of companies wherein—
- (i) not more than 10 of the largest shareholders hold 90 per cent. of the shares; and
  - (ii) restrictions are imposed upon the right to transfer shares; and
  - (iii) no invitation has been issued to the public to subscribe for shares or debentures,
- the rate of tax chargeable is that shown under (c), except in cases where not less than 90 per cent. of the shares are held by a company or companies not satisfying conditions (i), (ii) and (iii).
- (c) *Persons other than companies.*—1s. in the £ increased by  $\frac{1}{100}$ th of 1d. for every £ in the taxable amount, up to the maximum of 2s. in the £.

“Taxable amount” is gross income less all abatements and deductions allowable. Dividends and debenture interest taxed at the source (*see* paragraph 13) are excluded.

**SWAZILAND—continued.**

In any year the rates of tax as fixed for the previous year are applicable until the rate for the year is determined if, owing to the distribution or cessation of income received or accrued in the year prior to such determination, the collection of the tax on such income cannot be postponed.

10. **Set-off of Other Taxes paid in Swaziland.**—Poll tax paid by any person under the Swaziland Poll Tax Proclamation, 1921, is deductible from the income tax assessed in any year. (The poll tax of £2 per annum is payable by adult males domiciled in Swaziland and not liable to native tax.)

11. **Provisions regarding Double Taxation.**—For the purposes of Swaziland income tax income is assessable without any deduction for United Kingdom income tax or super-tax.

Any person who has paid or is liable to pay Swaziland income tax and has paid United Kingdom income tax for the same year in respect of the same part of his income is entitled to relief at a rate equal to the excess of the appropriate rate of Swaziland tax over half the appropriate rate of United Kingdom tax, or, if the Swaziland rate exceeds the United Kingdom rate, at half the United Kingdom rate.

A certificate issued by or on behalf of the Commissioners of Inland Revenue in the United Kingdom is receivable in evidence to show what is the "appropriate rate of United Kingdom tax" in any particular case.

The appropriate rate of Swaziland tax is determined by dividing the tax payable for the year (before deduction of the double income tax relief) by the amount of the income in respect of which the Swaziland tax has been charged, except that where the Swaziland tax is charged on an amount other than the ascertained amount of the actual profits the rate of tax is determined by the Swaziland Collector.

**V.—PAYMENT.**

12. **Due Date, Taxation at the Source etc.**—The time for payment is notified by the Collector. There is no provision for a fine for late payment.

Claims for repayment of tax paid in excess must be made within two years from the date of payment.

Dividends and interest paid by companies are taxed at the source—see paragraph 13.

*SWAZILAND—continued.***VI.—CORPORATE, JOINT ETC. INCOME.**

**13. Companies and Income from Companies.**—There is no exemption limit or abatement in the case of companies.

Debenture interest is not allowed as a deduction in assessing a company in respect of its trading profits; the company is empowered to deduct tax from the interest on paying it to the debenture holders.

Dividends and interest on debentures of a taxed company are not again charged with income tax in the hands of the shareholder or debenture holder, and a debenture holder resident in the territory may claim repayment of any tax deducted from his interest which would not have been chargeable if tax had not been deducted.

**14. Partnerships.**—Persons carrying on business in partnership are liable to make a joint return as partners in respect of such business, and to furnish such particulars as may be prescribed, but they are liable to tax only in their separate individual capacities.

**15. Married Women.**—The income of a married woman not separated from her husband is deemed to be income of her husband.

In the event of the death or insolvency of the husband during the year of assessment the income of the wife from the date of such event to the end of that year is taxable as the separate income of the wife.

If either husband or wife makes written application to the Collector, returns of income may be rendered by, and assessments made upon, husband and wife separately. The total tax is the same as if there were no separate assessment, and is divided in proportion to the share of the combined incomes returned by each.

**VII.—SPECIAL TRADES ETC.**

**18. Mining Concerns.**—In the case of income from gold-mining operations an allowance is made for the redemption of capital expenditure in lieu of the allowance for depreciation.

**19. Farming.**—In computing income from farming operations account must be taken of the value of live stock and produce on hand at the beginning and at the end of the year of assessment.

**SWAZILAND—continued.**

The value of live stock (other than live stock acquired by purchase for stud purposes) is taken to be either the cost price or the "standard value." The "standard value" is at the option of the taxpayer either a value fixed by the High Commissioner by regulation or the value adopted by the taxpayer for any class of stock in the first return in which such stock is included. The value adopted in the last-mentioned circumstances may not be varied except on such terms as the Collector may allow, and the option referred to is irrevocable. The value of live stock acquired by purchase for stud purposes must be taken to be the purchase price.

The value to be placed on produce is fixed by the Collector. The regulations provide for its valuation at or about the average cost of production, or at market value, whichever is the lower.

**VIII.—TABLE OF PROCLAMATIONS.**

- The Swaziland Income Tax Proclamation, 1921. (No. 31 of 1921.)
  - The Swaziland Income Tax Amendment Proclamation, 1922. (No. 5 of 1922.)
  - The Swaziland Income Tax Further Amendment Proclamation, 1922. (No. 52 of 1922.)
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TANGANYIKA TERRITORY—*continued.*

5. **Set-off of Losses.**—A loss in one business may be set off against a profit in another.

## III.—PERSONAL ALLOWANCES ETC.

6. **Exemption Limit.**—Profits not exceeding 2,000 shillings are exempted.

## IV.—COMPUTATION OF TAX.

9. **Rates of Tax.**—The rate of tax is 4%.

11. **Provisions regarding Double Taxation.**—For the purposes of Tanganyika profits tax, profits are assessable without any deduction for United Kingdom income tax or super-tax.

The owner of a business on the profits of which Tanganyika profits tax has been paid, or is payable, who proves that he has paid United Kingdom income tax for the same year in respect of the same profits is entitled to relief at a rate equal to the excess of the appropriate rate of Tanganyika tax over half the appropriate rate of United Kingdom tax, or, if the Tanganyika rate exceeds the United Kingdom rate, at half the United Kingdom rate.

A certificate issued by or on behalf of the Commissioners of Inland Revenue in the United Kingdom is receivable in evidence to show what is the "appropriate rate of United Kingdom tax" in any particular case.

The appropriate rate of Tanganyika tax is determined by dividing the tax payable for the year (before deduction of the double tax relief) by the assessed amount of the profits.

## V.—PAYMENT.

12. **Due Date etc.**—The tax is payable generally in two equal instalments, the first on the day after service of the notice of assessment, and the second on the following 1st day of November; but if the return is not made by the 1st of May the whole of the tax is due on the day after service of the notice of assessment.

If tax is not paid within 3 months of the due date a penalty of one-fourth of the amount of the tax in arrear is added.

## VI.—CORPORATE, JOINT ETC. PROFITS.

14. **Partnerships.**—All persons entitled to share in the profits of a business are jointly and severally liable to pay the tax.

**TANGANYIKA TERRITORY—continued.****VII.—SPECIAL TRADES ETC.**

17. **Non-resident Traders, Shipowners etc.**—If by reason of a business being controlled outside the territory it is difficult or impossible to ascertain the profits of operations in the territory, the assessable profits may be estimated, at a sum not exceeding, in the case of—

- (a) *Banks.*—The same proportion of the total profits as the value of the assets in the territory bears to the total assets ;
- (b) *Insurance Businesses.*—10% of premiums on account of business transacted in the territory, less re-insurance premiums on such business ;
- (c) *The Businesses of Shipping, and of Transmitting Telegrams to Places outside the Territory.*—10% of the gross receipts for business done or accepted in the territory.

**VIII.—TABLE OF ORDINANCES.**

**Profits Tax Ordinance, 1923. (No. 8 of 1923.)**

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## ANTIGUA.

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**Introductory.**—The note summarises the law in force for 1922.

Antigua is one of the five Presidencies constituting the Colony of the Leeward Islands and is the seat of the Government of the Colony. It has also its separate administration.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—In general terms, residents are liable in respect of income from any source in or out of Antigua; non-residents are liable in respect of income from any source in Antigua. As regards income from sources out of Antigua persons not domiciled in Antigua and British subjects not ordinarily resident in Antigua are liable only in respect of so much of that income as is received in Antigua.

There is no provision for taxing as income the annual value of immovable property occupied by the owner for purposes of residence or enjoyment.

**2. Income Exempted.**—

- (i) The salary of the Governor.
- (ii) Incomes of ministers of religion derived from their occupation as such.
- (iii) Profits of estates or sugar factories which have paid export duty.
- (iv) Income from property charged with rates under the City Rate Ordinance 1907.

### II.—COMPUTATION OF INCOME.

**3. Year and Basis of Assessment.**—The income tax is levied in each calendar year in respect of the income derived or received in the preceding calendar year.

**4. Deductions.**—

- (i) A deduction is allowed for interest payable on any borrowed capital employed in acquiring income on which tax is payable.
- (ii) The deduction for repairs of premises and for the supply repairs or alteration of any articles employed in acquiring the income may not exceed the sum usually expended on the average of the three years preceding the year of assessment.



**ANTIGUA—continued.**

5. **Set-off of Losses.**—Losses sustained in a profession, trade, employment or vocation carried on in Antigua, or in the ownership or occupation of any land in Antigua, may be set off against profits from any other profession, trade, employment or vocation, or from the ownership or occupation of any other land.

**III.—PERSONAL ALLOWANCES ETC.**

6. **Exemption Limit.**—The exemption limit is £100.

8. **Life Insurance and Similar Allowances.**—Annual insurance premiums paid by the taxpayer on his life, or on that of his wife or any of his children, up to one-sixth of the total income, are allowed as a deduction.

**IV.—COMPUTATION OF TAX.****9. Rates of Tax.—**

On incomes—				
of £100 .. .. .	..	..	..	.. 1d. in the £
over £100 and not exceeding £150	..			.. 1½%
“ £150 “ “ £1,000	..			.. 3%
“ £1,000 “ “ £2,000	..			.. 4%
“ £2,000 .. .. .	..			.. 5%

11. **Provisions regarding Double Taxation.**—For the purposes of Antigua income tax, income is assessable without any deduction for United Kingdom income tax (including super-tax).

Any person who has paid or is liable to pay Antigua income tax and has paid United Kingdom income tax for the same year in respect of the same part of his income is entitled to relief at a rate equal to the excess of the appropriate rate of Antigua tax over half the appropriate rate of United Kingdom tax, or, if the Antigua rate exceeds the United Kingdom rate, at half the United Kingdom rate. The rate of relief may, however, in no case exceed three shillings in the pound.

A certificate issued by or on behalf of the Commissioners of Inland Revenue in the United Kingdom is receivable in evidence to show what is the “appropriate rate of United Kingdom tax” in any particular case.

The appropriate rate of Antigua tax is determined by dividing the tax payable for the year (before deduction of the double income tax relief) by the amount of the income in

**ANTIGUA—continued.**

respect of which the Antigua tax has been charged, except that where Antigua tax is charged on an amount other than the ascertained amount of the actual profits the rate of tax is determined by the (Antigua) Assessment Committee.

Insurance Companies are not allowed this relief. (*Cf.* paragraph 20.)

**V.—PAYMENT.**

12. **Due Date, Taxation at the Source etc.**—The time for payment (prescribed by the rules) is in general the 31st August. If tax is not paid within the prescribed time an additional 5 per cent. of its amount is payable.

The Governor in Council has by the rules provided for the payment of tax by deduction monthly in the cases of pensions paid out of the revenue of the presidency and of salaries of public officials.

Dividends are taxed at the source (*see* paragraph 13).

Claims for repayment of tax paid in excess must be made within 12 months from the end of the year of assessment.

**VI.—CORPORATE, JOINT ETC. INCOME.**

13. **Companies and Income from Companies.**—Companies are chargeable in the same way as individuals, and are entitled to exemption if the income does not amount to £100.

Double taxation of dividends in the hands of the company and individual shareholder is obviated by a provision that if any profits or gains are assessed as income of an individual and also as income of a corporate body of persons such individual is allowed a relief equal to the income tax chargeable upon the body of persons in respect of such profits or gains.

15. **Married Women.**—The income of a married woman living with her husband is deemed to be his income and is charged in his name.

**VII.—SPECIAL TRADES ETC.**

20. **Insurance Companies.**—Insurance companies (other than life insurance companies) are taxed on their net profits including interest. If the head office is not in Antigua the profit is computed by taking the gross premiums, interest and other income received or receivable in Antigua, deducting premiums returned to the insured, premiums paid on re-insurances, actual losses (less losses covered by reinsurance),

*ANTIGUA—continued.*

agency expenses, and a fair proportion of head office expenses; and making an adjustment for increase or decrease in the reserve for unexpired risks.

Life insurance companies are taxed on investment incomes, less management expenses and commission. If the head office is not in Antigua the investment income is apportioned in the ratio of premiums received or annuities paid in Antigua to total premiums or annuities, and tax is payable on such apportioned sum less Antigua expenses and a fair proportion of head office expenses.

No relief from double income tax (*see* paragraph 11) is allowed to insurance companies.

## VIII.—TABLE OF ORDINANCES.

The Finance Ordinance, 1921. (No. 15 of 1921.)

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## BARBADOS.

### INCOME TAX.

**Introductory.**—The note summarises the law as amended by the Income Tax (Amendment) Act, 1922 (assented to, 12th December, 1922).

#### I.—SCOPE OF THE TAX.

**1. Income Charged.**—In general terms, residents are liable in respect of income from any source in or out of Barbados; non-residents are liable in respect of income from any source in Barbados. As regards income from securities, stocks, shares or rents in any place out of Barbados there is liability on the full amount of income arising, whether received in the island or not, unless the taxpayer is not domiciled in the island, or being a British subject is not ordinarily resident there. In the latter case, and in all other cases of income arising out of Barbados, there is liability only in respect of income received in Barbados.

There is no provision for charging as income the annual value of immovable property occupied by the owner for residence or enjoyment.

**2. Income Exempted.**—The following are among the exemptions:—

- (i) The official emoluments of any consul or vice-consul who is a citizen of the country he represents and who is not engaged in any other business or profession.
- (ii) The incomes of Barbados friendly societies.
- (iii) The incomes of vestries or other parochial boards.

#### II.—COMPUTATION OF INCOME.

**3. Year and Basis of Assessment.**—The tax is levied in and for each calendar year on the income derived during the preceding year. Business &c. income may be returned on the basis of the accounting year ending within the "preceding year."

**BARBADOS—continued.**

**4. Deductions.**—Deductions are allowed for—

- (i) Repairs of business premises and the supply repair or alteration of articles employed in acquiring the income, not exceeding the sum usually expended on the average of the *three* years preceding the year of assessment.
- (ii) Part of the rent of a dwelling-house used for the purposes of a trade or profession, not in general exceeding two-thirds of the rent of the whole house.
- (iii) Wear and tear of buildings, machinery and plant.
- (iv) A deduction for the replacement of obsolete plant and machinery, not exceeding its written-down value less any sum realised by its sale.
- (v) Bad and (to the extent that they are estimated to be bad) doubtful debts, if the debts have been included as receipts in a year on the income of which an assessment has been or will be based. Recoveries must be treated as income when received.
- (vi) Interest payable on borrowed capital employed in the production of income on which tax is payable.
- (vii) Annuities and other annual payments paid under a legal obligation.

**5. Set-off of Losses.**—Losses sustained in a profession, trade, employment or vocation carried on in Barbados or in respect of land in Barbados may be set off against profits from any other such source.

**III.—PERSONAL ALLOWANCES ETC.**

**6. Exemption Limit.**—The exemption limit is £150 for single persons and £250 for married persons.

**7. Personal Allowances.**—(1) An abatement of £250 is allowed to a married man whose wife is living with, or wholly maintained by, him, and £150 to other individuals.

(2) If the income does not exceed £500, a deduction of £20 is allowed to a married man, widower or widow in respect of each child who was living and under the age of 16 years at the end of the income year, or who, if over 16 years, was receiving full time instruction in a university, college, school or other educational establishment. "Child" includes a stepchild and also an illegitimate child if the parents have married each other.

**BARBADOS—continued.**

(3) If the income does not exceed £500, a deduction is allowed of £20 in respect of each relative (not exceeding two in all) of the taxpayer or his wife who is incapacitated by old age or infirmity from maintaining himself, whose income does not exceed £25 per annum, and who is maintained by the taxpayer.

8. **Life Insurance and Similar Allowances.**—A deduction is allowed of premiums (not exceeding £50 in all) of insurance on the life of the taxpayer, his wife, or child.

**IV.—COMPUTATION OF TAX.**

9. **Rates of Tax.**—The rates of tax payable in and for the year 1922\* are as follows:—

On every £ of the first £200 ..	.. ..	2d.
On every £ above £200 up to £400 ..		4d.
"   "   £400 ..	£600 ..	6d.
"   "   £600 ..	£800 ..	8d.
"   "   £800 ..	£1,000 ..	10d.
"   "   £1,000 ..	£1,500 ..	1s. 0d.
"   "   £1,500 ..	£2,500 ..	1s. 6d.
"   "   £2,500 ..	£5,000 ..	2s. 0d.
"   "   £5,000 ..	£7,500 ..	2s. 6d.
"   "   £7,500 ..	£10,000 ..	3s. 0d.
"   "   £10,000 ..	.. ..	3s. 6d.

If the tax computed under the scale is less than 2s. 6d. the tax payable is 2s. 6d.

(See paragraph 20 as to the rate of tax on life insurance companies.)

11. **Provisions regarding Double Taxation.**—No deduction is allowed for United Kingdom income tax (including super-tax).

Any person who has paid or is liable to pay Barbados income tax and has paid United Kingdom income tax for the same year in respect of the same part of his income is entitled to relief at a rate equal to the excess of the appropriate rate of Barbados tax over half the appropriate rate of United

\* The other parts of this note refer mainly to the year 1923, but the rates of tax for 1923 had not been determined by any Act received at the time of going to press.

**BARBADOS—continued.**

14. **Partnerships.**—The precedent acting partner resident in Barbados, or the agent or manager so resident, is required to make a return of the partnership income, but each partner is assessable in his individual capacity only.

15. **Married Women.**—The Act contains no specific provision regarding married women, but it appears that they are taxable as if they were unmarried.

**VII.—SPECIAL TRADES ETC.**

17. **Non-resident Traders, Shipowners etc.**—Ship-owners and charterers whose principal place of business is not in Barbados are charged tax on 5 per cent. of fares and freight in respect of passengers, goods etc. shipped in the island.

20. **Insurance Companies.**—Insurance companies (other than life insurance companies) are taxed on their net profits including interest. If the head office is not in Barbados the profit is computed by taking the gross premiums, interest and other income received or receivable in Barbados, deducting premiums returned to the insurers, premiums paid on re-insurances, actual losses (less losses covered by re-insurance), agency expenses and a fair proportion of head office expenses, and making an adjustment for increase or decrease in the reserve for unexpired risks.

Life insurance companies are taxed on investment incomes less management expenses and commission, at the average rate applicable to an individual whose taxable income (i.e. after allowing all deductions, abatement etc.) is £1,000. If the head office is not in Barbados the investment income is apportioned in the ratio of premiums received in Barbados to total premiums, and tax is payable (at the rate determined as above) on such apportioned sum less Barbados expenses and a fair proportion of head office expenses.

**VIII.—TABLE OF ACTS.**

Income Tax Act, 1921. (1921—35.)

Finance Act, 1922. (1922—13.)

Income Tax (Amendment) Act, 1922. (1922—43.)

**BARBADOS—continued.****TAX ON OWNERS AND OCCUPIERS OF  
PROPERTY AND ON TRADERS IN BARBADOS.**

21. For the financial year ending 31st March, 1923, taxes are imposed on—

- (1) Owners of land, houses and stores : 1s. per acre of land, and 3d. in the £ on the net annual value of houses and stores.
- (2) Occupiers (not being owners) of land, houses and stores : 3d. in the £ on the net annual value of the land, houses and stores.
- (3) Persons carrying on trade : 3d. in the £ on the net annual profit.

**TABLE OF ACTS.**

Additional Taxation Act, 1922. (1922—17.)

Additional Taxation (Amendment) Act. (1922—29.)

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## BRITISH HONDURAS.

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**Introductory.**—The note summarises the law in force for 1922.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—Residents are liable in respect of the annual profits or gains of any property situated in British Honduras or elsewhere, or of any profession, trade, employment or vocation carried on in British Honduras or elsewhere, or of any public office or employment of profit or of any pension payable out of the public revenue of British Honduras; non-residents are liable in respect of the annual profits or gains of any property in British Honduras or of any profession, trade, employment or vocation carried on in British Honduras, or of any public office or employment of profit or of any pension payable out of the public revenue of British Honduras.

As regards income derived from sources out of British Honduras, only so much of this income as is received in the colony is charged with income tax.

There is no provision for taxing as income the annual value of immovable property occupied by the owner for purposes of residence or enjoyment.

**2. Income Exempted.**—Among the exemptions are—

- (i) The official income and allowances of the Governor.
- (ii) The income of any friendly society registered in British Honduras.
- (iii) The income arising in respect of debentures issued under the Local Loan Ordinance, 1919, or other ordinance prescribing such exemption.
- (iv) The income of the Town Board of Belize and District Boards.
- (v) The pay and allowances of any member of His Majesty's navy or regular forces serving in the colony.
- (vi) The income of any consul who is a citizen of the country he represents and who is not engaged in any other business or profession.
- (vii) The income of the British Honduras Chamber of Commerce.
- (viii) The income of a mutual insurance company not having a capital represented by shares.

**BRITISH HONDURAS—continued.****II.—COMPUTATION OF INCOME.**

3. **Year and Basis of Assessment.**—Tax is payable in each calendar year in respect of (in general) the income of the preceding calendar year or of a period of 12 months terminating in that preceding year. Profits from trade, not relating to lands and buildings, if the trade has existed for the required period, and if accounts are available, are assessed on the basis of the average profits of the *three* preceding years.

4. **Deductions.**—A deduction is allowed for interest payable on borrowed capital employed in acquiring the income upon which tax is payable.

**III.—PERSONAL ALLOWANCES ETC.**

6. **Exemption Limit.**—The exemption limit is \$1,000.

7. **Personal Allowances.**—If the income does not exceed \$3,000 relief is granted equal to the income tax, at the highest rate applicable to the income, on \$150, if at some time in the year preceding the year of assessment the taxpayer had a wife living with him, and on \$150 in respect of each child dependent on him and under the age of 16 years at the beginning of the year preceding the year of assessment. "Child" includes stepchild but not illegitimate child.

8. **Life Insurance and Similar Allowances.**—A deduction is allowed of annual insurance premiums on the life of the taxpayer or of his wife, up to one-sixth of the total income.

**IV.—COMPUTATION OF TAX.****9. Rates of Tax.—**

On the first \$1,000	.. ..	Nil.
On every \$10 from \$1,000 up to \$2,000	..	\$0.05
" " " " \$2,000	"	\$0.10
" " " " \$3,000	"	\$0.15
" " " " \$5,000	"	\$0.20
" " " " \$7,500	"	\$0.25
" " " " \$10,000	"	\$0.30
" " " " \$15,000	"	\$0.50
" " " " \$20,000	"	\$0.75
" " " " \$25,000	"	\$1.00
" " " " \$30,000	"	\$1.25
" " " " above \$40,000	.. ..	\$1.50

Insurance companies are charged 1 per cent. on premiums (see paragraph 20).

**BRITISH HONDURAS—continued.**

**11. Provisions regarding Double Taxation.**—Any person who has paid or is liable to pay British Honduras income tax and has paid United Kingdom income tax for the same year in respect of the same part of his income is entitled to relief at a rate equal to the excess of the appropriate rate of British Honduras tax over half the appropriate rate of United Kingdom tax, or, if the British Honduras rate exceeds the United Kingdom rate, at half the United Kingdom rate.

“Appropriate rate of United Kingdom tax” means the rate at which the claimant for the year to which the claim relates has borne or is liable to bear United Kingdom income tax, or where the claimant is liable to United Kingdom super-tax, a rate equal to the sum of the rates at which he has borne or is liable to bear United Kingdom income tax and super-tax respectively for that year.

Relief is correspondingly granted in respect of income tax paid in any other British dominion, colony or protectorate, at half the rate paid in the dominion etc., or half the British Honduras rate, whichever is less.

No double income tax relief is granted to insurance companies charged under the special arrangement described in paragraph 20.

**V.—PAYMENT.**

**12. Due Date, Taxation at the Source etc.**—The tax may, if it exceeds \$100, be paid in two equal instalments on 31st October and 15th December; if payment is delayed interest at 6 per cent. per annum is payable in addition. If the taxpayer does not elect to pay in instalments or if the amount of the tax does not exceed \$100 the date for payment is (under the rules) the 31st October; if such tax is not paid on the prescribed date (or 60 days after the giving of notice of assessment if that is later) an additional sum equal to 6 per cent. of the tax becomes payable.

Provision may be made (by rules) for the taxation of the salaries of public officials by deduction.

Dividends are taxed at the source (see paragraph 13).

Claims for repayment of tax paid in excess must be made within 3 years of the end of the year of assessment.

**VI.—CORPORATE, JOINT ETC. INCOME.**

**13. Companies and Income from Companies.**—Companies are charged under the same scale as individuals, and are entitled to exemption if the income does not exceed \$1,000. A

**BRITISH HONDURAS—continued.**

company other than an insurance company is required to pay tax upon its profits before declaring a dividend, and it may then make a proportionate deduction of tax from the dividends.

Double taxation of dividends in the hands of company and individual shareholder is obviated by a provision that where any profits or gains are assessed as income of an individual and also as income of a corporate body of persons, the individual is entitled to a relief equal to the tax chargeable on the body of persons in respect of such profits or gains.

15. **Married Women.**—The income of a married woman living with her husband is deemed to be income of the husband.

**VII.—SPECIAL TRADES ETC.**

20. **Insurance Companies.**—The income of an insurance company carrying on business in British Honduras, other than a mutual company or society not having a capital represented by shares, is deemed to be the amount of the premiums received by the company in respect of business transacted in British Honduras. The rate of tax applicable to such "incomes" is one dollar per hundred dollars.

An insurance company charged under this arrangement may not be granted relief in respect of double taxation (*see* paragraph 11).

**VIII.—TABLE OF ORDINANCES.**

Income Tax Ordinance, 1920. (No. 31 of 1920.)

Income Tax (Amendment) Ordinance, 1921. (No. 13 of 1921.)

Income Tax Amendment Ordinance, 1922. (No. 27 of 1922.)

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## CANADA—DOMINION.

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**Introductory.**—The note summarises the law in force for the year 1922, i.e., under which tax is imposed on 1922 income.

The provincial taxes described on pages 145–179 are payable in addition to any Dominion tax payable.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—Income tax is payable on the income of any person (other than a corporation or joint stock company)—

- (i) residing or ordinarily resident in Canada ; or
- (ii) who remains in Canada during any calendar year for a period or periods equal to 183 days ; or
- (iii) who is employed in Canada ; or
- (iv) who, not being a resident of Canada, is carrying on business in Canada ; or
- (v) who, not being a resident of Canada, derives income for services rendered in Canada to any person resident or carrying on business in Canada, but only upon that portion of the income so earned by such non-resident.

“Persons employed in Canada” is defined to mean “all persons who receive, directly or indirectly, salary wages, commissions, fees or other remuneration derived from sources within Canada for personal services, any part of which is performed in Canada.”

Persons residing or having their head office or principal place of business outside Canada, but carrying on business in Canada, either directly, or through or in the name of any other person, are liable in respect of the net profit arising from the business in Canada. The scope of the tax in relation to corporations and joint stock companies is not otherwise defined.

For the purposes of income tax the term “income” means “the annual net profit or gain or gratuity, whether ascertained and capable of computation as being wages, salary or other fixed amount, or unascertained as being fees or emoluments, or as being profits from a trade or commercial or financial

**CANADA—DOMINION—continued.**

or other business or calling, directly or indirectly received by a person from any office or employment, or from any profession or calling, or from any trade, manufacture or business, as the case may be, whether derived from sources within Canada or elsewhere; and shall include the interest, dividends\* or profits directly or indirectly received from money at interest upon any security, or without security, or from stocks, or from any other investment, and, whether such gains or profits are divided or distributed or not, and also the annual profit or gain from any other source; including the income from, but not the value of, property acquired by gift, bequest, devise or descent; and including the income from, but not the proceeds of life insurance policies paid upon the death of the person insured, or payments made or credited to the insured on life insurance endowment or annuity contracts upon the maturity of the term mentioned in the contract or upon the surrender of the contract and including the salaries, indemnities or other remuneration of members of the Senate and House of Commons of Canada and officers thereof, members of Provincial Legislative Councils and Assemblies and Municipal Councils, Commissions or Boards of Management, any Judge of any Dominion or Provincial Court appointed after the passing of this Act (20th September, 1917), and of all persons whatsoever whether the said salaries, indemnities or other remuneration are paid out of the revenues of His Majesty in respect of his Government of Canada, or of any province thereof, or by any person, except as provided in section five of this Act." (The reference is to the exemptions specified in paragraph 2.)

In cases in which personal and living expenses form part of the profit, gain, or remuneration of the taxpayer they are assessed as income.

There is no provision for taxing the annual value of immovable property used by the owner for residence or enjoyment, or for taxing the Canadian income of non-residents who carry on no business in Canada and are not employed therein.

**2. Income Exempted.**—Among the exemptions are—

- (i) The income of the Governor-General of Canada.
- (ii) The incomes of consuls and consuls-general who are citizens of the country they represent, and are not engaged in any other business or profession.

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\* " Dividends " includes stock dividends (bonus shares).

CANADA—DOMINION—*continued.*

- (iii) The income of any company or association of which at least 90 per cent. of the stock or capital is owned by a province or municipality.
- (iv) The incomes of Boards of Trade, Chambers of Commerce, labour organisations, and benevolent and fraternal beneficiary societies and orders.
- (v) The incomes of mutual corporations not having a capital represented by shares, where no part of the income inures to the profit of any member.
- (vi) The incomes of life insurance companies, except such amount as is credited to shareholders' account.
- (vii) The income of incorporated companies whose business and assets are carried on and situate entirely outside Canada.
- (viii) Disability pensions in connection with the war of 1914-18, and pensions to dependent relatives of killed or disabled men.
- (ix) The incomes of such insurance, mortgage and loan associations operated solely for the benefit of farmers, as are approved by the Minister of Finance.
- (x) The income derived from any bonds or securities of the Dominion, issued exempt from any income tax imposed by the Canadian Parliament.

## II.—COMPUTATION OF INCOME.

**3. Year and Basis of Assessment.**—The tax is under the terms of the law payable on the income of the preceding calendar year. Thus the tax assessable and payable in 1918, the first year in which the tax was payable, was in respect of the income for the year ended 31st December, 1917. In the notices of assessment, however, the only year referred to is the income year, and it is understood that the assessment is regarded as being for the income year, and not for the year in which the tax is payable. This note should be read accordingly—where a year is referred to the income year is to be understood. (The financial year of the Dominion is the year ending 31st March.)

The income of a company and income from a business must be returned on the basis of the year of account ending within the calendar year.

CANADA—DOMINION—*continued.*

4. **Deductions.**—Provision is made for the deduction of a reasonable allowance for depreciation, and in cases where the income is derived from mining and from oil and gas wells and timber limits, an allowance for the exhaustion of the mines, wells and timber limits.

5. **Set-off of Losses.**—Losses in transactions entered into for profit but not connected with the chief business, trade, profession, or occupation of the taxpayer may not be deducted from income derived from the chief business, etc. The Minister of Finance has the sole power of determining what losses are connected with the chief business, etc.

## III.—PERSONAL ALLOWANCES, ETC.

6. **Exemption Limit.**—The normal tax exemption limit in the case of individuals is \$1000, but this may be increased to \$2,000 if the taxpayer is married or has dependants (*see* paragraph 9). Companies have an exemption limit of \$2,000.

The limit of exemption from surtax is \$5,000.

7. **Personal Allowances.**—For the purpose of normal tax only, a deduction of \$300 is allowed (to one parent only) for each child under 18 years of age who is dependent on the taxpayer for support. (This deduction will not, from a date to be proclaimed by the Governor in Council, be allowed to non-residents who are not British subjects.)

The abatements are incorporated in the scales of rates (*see* paragraph 9).

8. **Life Insurance and Similar Allowances.**—A deduction is allowed of amounts deducted from remuneration for superannuation or pension fund.

## IV.—COMPUTATION OF TAX.

9. **Rates of Tax.**—The rates of tax payable on 1922 income are :—

## (A) INDIVIDUALS.

(1) *Normal Tax.*

(i) In the case of married persons and persons who have dependent on them (a) a parent or grandparent, (b) a daughter or sister, or (c) a son or brother under 21 years of age or



CANADA—DOMINION—*continued.*

incapable of self-support on account of mental or physical infirmity\*—

		Rate
On the part of the income—		per cent.
above	\$2,000 up to \$6,000	.. 4
..	\$6,000 .. .. .	.. 8

(ii) In the case of all other persons\*—

		Rate
On the part of the income—		per cent.
above	\$1,000 up to \$6,000	.. 4
..	\$6,000.. .. .	.. 8

(2) *Surtax.*

(payable in addition to normal tax).

		Rate
On the part of the income—		per cent.
above	\$5,000 up to \$6,000	.. 1
..	\$6,000 " \$8,000	.. 2
..	\$8,000 " \$10,000	.. 3
and so on in steps of \$2,000 and 1 per cent. to		
above	\$96,000 up to \$98,000	.. 47
..	\$98,000 " \$100,000	.. 48
..	\$100,000 " \$150,000	.. 52
..	\$150,000 " \$200,000	.. 56
..	\$200,000 " \$300,000	.. 60
..	\$300,000 " \$500,000	.. 63
..	\$500,000 " \$1,000,000	.. 64
..	\$1,000,000.. .. .	.. 65

(3) *Increase of the above taxes in certain cases.*

If the taxable income is not less than \$5,000 the normal tax and surtax are increased by 5 per cent. of their respective amounts.

## (B) CORPORATIONS AND JOINT STOCK COMPANIES.

On the income in excess of \$2,000, 10 per cent., plus an addition of 5 per cent. of the tax if the taxable income is not less than \$5,000.

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\* As from a date to be proclaimed by the Governor in Council the normal tax on non-residents who are not British subjects will be—

On all income exceeding \$1,000 ... 8 per cent.

CANADA—DOMINION—*continued.*

10. **Set-off of Other Taxes paid in Canada.**—Except in the case of banks, a deduction is allowed from the income tax which would be otherwise payable of sums paid for taxes for corresponding accounting periods under Part I. of the Special War Revenue Act, 1915.† No deduction of the taxes so set off is allowed in computing the taxable income.

11. **Provisions regarding Double Taxation.**—Deduction from the tax is allowed of the amount paid to Great Britain or any of its self-governing colonies or dependencies for income tax in respect of income derived from sources therein, and the amount similarly paid to any foreign country if such foreign country treats Canada reciprocally, provided that such amount does not exceed the Canadian tax which would otherwise have been payable on the income in question.

## V.—PAYMENT.

12. **Due Date, Taxation at the Source etc.**—Returns are due on or before the 30th April in each year without any notice or demand. One-quarter of the normal tax and surtax shown by the return to be payable must be remitted with the return, and the remaining amount may be paid in not more than three equal bi-monthly instalments (*i.e.*; not later than 30th June, 31st August, and 31st October) with interest at the rate of 6 per cent. per annum as from the last day prescribed for making the return (30th April). In the event of failure to pay all or part of any of the instalments at the due date additional interest at the rate of 4 per cent. per annum becomes payable upon the deficiency from the date of default.

After examining the taxpayer's return the Minister of Finance sends a notice of assessment verifying or altering the tax estimated in the return. Any additional tax found to be due must be paid within one month from the mailing of the notice. On any delay in payment of such additional tax there

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† Part I. of the Special War Revenue Act, 1915, imposes (1) a quarterly tax on banks of  $\frac{1}{4}$  per cent. on the average amount of the notes of the bank in circulation during the quarter; (2) a tax, levied quarterly, on trust and loan companies of 1 per cent. on the gross amount of interest on loans and investments in Canada, and of income, other than interest, on business transacted in Canada received by such companies on and after 1st January, 1915, and (3) a tax, levied quarterly, of 1 per cent. on net premiums received in Canada on and after 1st January 1915, by insurance companies other than life insurance or marine insurance companies or fraternal benefit societies or purely mutual companies.

CANADA—DOMINION—*continued.*

becomes payable in addition to interest at the rate of 6 per cent. per annum from the last day prescribed for making the return (30th April) further interest at the rate of 4 per cent. per annum from the expiry of one month from the date of the mailing of the notice of assessment.

The Minister may refund any over-payment at or before the issue of the notice of assessment without application by the taxpayer, or after issue of the notice of assessment on application by the taxpayer within 12 months of the issue of the notice.

Dividends are charged with normal tax at the source (*see* paragraph 13).

## VL—CORPORATE, JOINT ETC. INCOME.

13. Companies and Income from Companies.—Corporations and joint stock companies are required to pay a flat rate of tax (normal tax) upon income exceeding \$2,000 (*see* paragraph 9), but are not liable to surtax. Where the year of a corporation is not identical with the calendar year, the return and assessment must be made on the basis of the corporation's fiscal year which ends within the calendar year.

If an incorporated company, for the benefit of its shareholders, or other persons directly or indirectly interested in the company, sells its product or commodities at a price less than the fair price which might be obtained therefor, the Minister of Finance may determine the amount of the taxable income having regard to the fair price which might have been obtained.

Dividends from taxed companies are not again charged to the normal tax in the hands of the shareholders, but for purposes of surtax these dividends are considered as income of the year in which they are paid or distributed—unless they were declared before 1st January, 1920, and are exclusively paid out of profits accumulated before 1st January, 1917.

"Dividends" includes "stock dividends," *i.e.*, bonus shares.

It will be observed that "income" includes (*see* paragraph 1) "interest, dividends or profits directly or indirectly received from . . . stocks, or from any other investment, and whether such gains or profits are divided or distributed or not. . . ." The share of a taxpayer in the undistributed income of a corporation is not however deemed to be taxable income of a taxpayer unless the Minister of Finance is of opinion that the

CANADA—DOMINION—*continued.*

accumulation of such undistributed income is made for the purpose of evading the tax and is in excess of what is reasonably required for the purposes of the business.

**14. Partnerships.**—Persons carrying on business in partnership are liable for income tax only in their individual capacities. The income from the business must be returned on the basis of the business year of account.

Husband and wife carrying on business together are not deemed to be partners for any purpose under the Income Tax Act. The business income in such circumstances is treated as income of one of the spouses.

**15. Married Women.**—A married woman with a separate income is taxable as if she were unmarried.

If after the 1st August, 1917, a person has reduced his income by transferring property of any kind to his wife, or to any member of his family, he is liable to taxation as if such transfer had not taken place, unless the Minister of Finance is satisfied that the transfer was not made for the purpose of evading tax. A similar provision applies to transfers of property by a woman.

*See also paragraph 14, second sub-paragraph.*

**16. Trusts.**—Income accumulating in trust for the benefit of unascertained persons or of persons with contingent interests is taxed in the hands of the trustees as if it were the income of an unmarried person.

## VIII.—TABLE OF ACTS.

The Income War Tax Act, 1917. (7 & 8 Geo. V., 1917, chap. 28.)

Acts amending the Income War Tax Act, 1917 :—

8 & 9 Geo. V., 1918, chap. 25.

9 & 10 Geo. V., 1919, chap. 55.

10 & 11 Geo. V., 1920, chap. 49.

11 & 12 Geo. V., 1921, chap. 33.

12 & 13 Geo. V., 1922, chap. 25.

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## CANADA—ALBERTA.

## TAXES ON CORPORATIONS.

Fire and life insurance companies transacting business in Alberta pay a tax of 2 per cent., other insurance companies a tax of 1 per cent. of the gross premiums received in the previous year. Reinsurance premiums paid to companies transacting business in Alberta are allowed as a deduction. An insurance company which lends or invests money on securities in Alberta, and has invested in the Province more than \$50,000, is required to pay, in addition to the percentage of gross premiums, a tax of  $\frac{1}{2}$  per cent. on the gross income of the company received during the year from its total investments in the Province.

Under the Fire Prevention Act an additional annual tax of not more than  $\frac{1}{2}$  per cent. on the total fire insurance premiums is imposed on companies doing such business.

Loan companies which transact business in Alberta pay a tax of  $\frac{1}{2}$  per cent. on the gross income received during the year from investments in Alberta. A minimum tax is imposed as follows :—

When the paid-up capital is less than \$50,000	\$25
When the paid-up capital is \$50,000, or more, but less than \$100,000 . . . . .	\$50
When the paid-up capital is \$100,000 or more	\$100

Trust companies pay a tax of  $\frac{1}{2}$  per cent. on the gross income received during the year from the total investments in the Province. A minimum tax is imposed as follows :—

Where the paid-up capital is \$100,000 or less	\$100
Where the paid-up capital exceeds \$100,000..	\$175

Telegraph companies pay a tax of 2 per cent. on the gross revenue from business transacted in the Province.

Banks and express companies are charged on the number of their branches. Street railways are taxed on a mileage basis. Telephone companies are taxed on the number of telephones worked. Motive power companies, gas companies and electric lighting companies pay a lump sum. Natural gas companies are taxed on the basis of the cubic feet produced. Land companies pay a tax on the capital amount of monies invested

**CANADA—ALBERTA—continued.**

in Alberta. Grain companies pay a tax on each elevator used. Other companies transacting business in Alberta and not otherwise taxed under the Corporations Taxation Act are taxed on the basis of authorised capital.

The taxes become due and payable on the 30th June each year, except in the case of express companies, grain companies and "other companies," which pay tax on the 1st January. The assessments are based on the revenue etc. of the preceding calendar year.

**TABLE OF ACTS.**

The Corporations Taxation Act. (Revised Statutes, 1922, ch. 29.)

The Fire Prevention Act. (Revised Statutes, 1922, ch. 198.)

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## CANADA—BRITISH COLUMBIA.

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**Introductory.**—The note summarises the “Income and Personal-property Taxation Act,” passed on 3rd December, 1921, which repeals and replaces the taxation of income and personal property under the “Taxation Act.” The new provisions apparently came into force generally as regards the tax payable in 1922.

Dominion of Canada income tax is in general also payable.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—The income-tax applies to “all income of every person resident in the Province and the income earned within the Province of persons not resident in the Province.” Income derived from a source outside the province is liable only to the extent that it is brought into or used in the province.

There is no provision for taxing as income the annual value of immovable property used by the owner for residence or enjoyment.

**2. Income Exempted.**—Among the exemptions are:—

- (i) The incomes of the Governor-General of Canada and of the Lieutenant-Governor of the province.
- (ii) The income of any consul or consular agent who is a citizen of the country he represents and who is not engaged in any other business or profession in the province, provided that the country he represents grants reciprocal exemption to representatives of the British Empire.
- (iii) The full or half pay of members of His Majesty's forces in active service.
- (iv) Pensions payable out of imperial, dominion or colonial funds.
- (v) The income of municipal corporations and of boards, corporations &c. not less than 90 per cent. of the capital of which is owned by the province or a municipal corporation.
- (vi) The income derived from a farm, orchard or ranch by the person who actually operates it, except income derived from the sale of cattle, horses, mules or sheep.

CANADA—BRITISH COLUMBIA—*continued.*

- (vii) The incomes of fire companies used exclusively for the prevention or extinguishment of fires, and of public burying grounds used exclusively for the purposes of the burying ground.
- (viii) The income derived from ships registered &c. in the province and plying wholly without the province or between provincial ports and foreign ports other than foreign ports on the Pacific coast of North America north of the 45th parallel of north latitude.
- (ix) The income derived by persons not resident in the province from interest &c. on stocks &c. of the province or of any municipality in the province.
- (x) Railway companies. (*See* paragraph 20 (*d.*))
- (xi) Banks. (*See* paragraph 20 (*e.*))
- (xii) Insurance, loan, guarantee, trust, telegraph, telephone, express, gas, waterworks, electric lighting, electric power and street railway companies. (*See* paragraph 20 (*f.*))

## II.—COMPUTATION OF INCOME.

3. Year and Basis of Assessment.—The tax is assessed annually upon the net income of the taxpayer during the next preceding calendar year. If the taxpayer's accounting year ends on a day other than the 31st December, the Minister of Finance may adopt that accounting year for the computation of income.

(The exchequer year of the province is the year to 31st March).

## 4. Deductions.—Deduction is allowed of—

- (i) Dominion income tax.
- (ii) An allowance, at the discretion of the Minister of Finance, for depreciation of vehicles, machinery, plant and buildings used in the production of income, if the depreciation has been charged in the accounts.
- (iii) An allowance, at the discretion of the Minister of Finance, in respect of expenditure on the development of a mine.
- (iv) An allowance, at the discretion of the Minister of Finance, in respect of depletion or exhaustion



CANADA—BRITISH COLUMBIA—*continued.*

of mines taxed under the arrangements described in paragraph 18.

- (v) Bad debts, arising out of business, irrecoverable and actually written off.

Deduction is not allowed of—

- (a) Interest paid to a non-resident, or fees or salaries paid to a director, president, vice-president or general manager of a corporation, or a partner in a partnership, if he is not resident in the province, unless a separate return is made and tax is paid by the payer of the interest, fees &c.
- (b) Fees or salaries to partners, directors, presidents, vice-presidents, general managers or other officers, if the Minister of Finance considers the expenditure excessive.
- (c) Any loss or expense recoverable under any insurance policy or contract of indemnity.
- (d) Any tax imposed by the "Taxation Act" (i.e., real-property tax or the special taxation indicated in paragraphs 18 and 20 (a) (b) and (d) ) the "Income and Personal-property Taxation Act" or the "Local Improvement Act."

5. **Set-off of Losses.**—Deficits or losses in transactions entered into for profit but not connected with the chief business of the taxpayer are not allowed as deductions.

### III.—PERSONAL ALLOWANCES ETC.

6. **Exemption Limit.**—The exemption limit is \$1,500 in the case of married individuals, and \$1,200 in the case of unmarried and widowed individuals.

7. **Personal allowances.**—From the tax computed under the scale shown in paragraph 9 there is allowed to an individual the amount of tax (computed as if the amount mentioned below were the entire net income of the taxpayer) on the sum of the following :—

- (a) In the case of a married individual \$1,500 or, in the case of an unmarried or widowed individual, \$1,200.
- (b) \$300 for each dependant.
- (c) The deduction shown in paragraph 8.

CANADA—BRITISH COLUMBIA—*continued.*

“Dependant” means “a child of the taxpayer under the age of 18 years, or a child over that age who is dependent on his parent for support on account of physical or mental incapacity, or a brother, sister, half-brother or half-sister of the taxpayer under the age of 18 years who is dependent on him for support, or a brother, sister, half-brother or half-sister of the taxpayer over that age who is dependent on him for support on account of physical or mental incapacity, or a father, mother, stepfather, stepmother, grandfather or grandmother of the taxpayer who is dependent on him for support on account of physical or mental incapacity.”

8. **Life Insurance and Similar Allowances.**—An allowance is made (in the manner shown in paragraph 7) for premiums paid by the taxpayer on an insurance of his life, subject to the maximum of one-sixth of his gross annual income (*i.e.*, before deduction of trade expenses, dividends from taxed companies, etc., etc.).

## IV.—COMPUTATION OF TAX.

## 9. Rates of Tax.—

On the amount of income—				Rate
	\$	\$		per cent.
in excess of	—	up to	2,500	.. 1
..	2,500	..	3,500	.. 2
..	3,500	..	4,500	.. 3
..	4,500	..	5,500	.. 4
..	5,500	..	6,500	.. 6
..	6,500	..	7,500	.. 7
..	7,500	..	8,500	.. 8
..	8,500	..	9,500	.. 9
..	9,500	..	10,500	.. 10
..	10,500	..	19,500	.. 12½
..	19,500	..	25,700	.. 15

If the income exceeds \$25,700 the rate of tax is 10 per cent. on the whole.

10. **Set-off of other Taxes Paid in the Province.**—Side by side with the income-tax there is a personal-property tax charged (by the same Act) at 1 per cent. of the capital value, and in order to prevent double taxation by these two taxes the law provides that if any person is taxed on the personal property from which his income is derived the personal-property

## CANADA—BRITISH COLUMBIA—continued.

tax only shall be paid if greater than the income-tax. If the income-tax is the greater or is equal to the personal-property tax, the income-tax only shall be paid.

No set-off is allowed for the real-property tax imposed by the "Taxation Act" (which Act formerly included the income and personal-property taxes). See however exemption (vi) in paragraph 2.

## V—PAYMENT.

12. Due Date, Taxation at the Source etc.—The tax is due and payable on the date on which notice of assessment is given. If it is unpaid at the end of the second calendar month after the month in which notice of assessment is given a penalty of one per cent. of the tax is payable, and a further one per cent. for each succeeding month during which it remains unpaid.

As to the taxation of certain interest and salaries of non-residents at the source see paragraph 4 (a).

Dividends and partnership profits are taxed at the source. (See paragraphs 13 and 14.)

## VI.—CORPORATE, JOINT ETC. INCOME.

13. Companies and Income from Companies.—Apart from those taxed on the special bases described in paragraphs 18 and 20 companies are taxed on their income under the general scale, but are not entitled to the allowances described in paragraphs 6, 7 and 8.

Dividends from companies which are liable to taxation in respect of income or under any of the alternatives shown in paragraphs 18 and 20 are excluded from the net income of the shareholder.

14. Partnerships.—Partnerships are taxed on their income under the general scale (or on the special bases in paragraphs 18 and 20 where appropriate) and the partners' shares of the profits are excluded from their net incomes—except that partners' salaries appear to be deducted in arriving at the partnership income and included in the assessments on the individual partners. The allowances in paragraphs 6, 7 and 8 are not granted to partnerships.

15. Married Women.—There is no provision regarding married women, but it appears that they are separately taxed in respect of their separate income.

CANADA—BRITISH COLUMBIA—*continued.*

## VII.—SPECIAL TRADES ETC.

17. **Non-resident Traders, Shipowners etc.**—Non-residents who carry on business regularly through an agent (if information as to the net income is not obtainable) and temporary residents are taxable on the total sales or receipts within the province at a rate to be fixed by regulations but not exceeding 2 per cent. (The reliefs described in paragraphs 6, 7 and 8 are not allowed.) See also paragraph 4 (a).

18. **Mining Concerns.**—

- (a) **Coal Mines and Coke Ovens.**—Owners of coal mines (whether companies, partnerships or individuals) are required to pay either a tax under the Taxation Act of 10 cents per ton of 2,240 pounds on all coal, except shipments to coke-ovens in the province, shipped, exported or in any way delivered from the mine, or income-tax under the Income and Personal-property Taxation Act on their income from the mines, whichever is the greater. If income-tax is the greater the monthly payments on output are treated as part payment of income-tax on income earned during the corresponding period. Owners of coke-ovens are similarly taxed.
- (b) **Gold Mines.**—There is no special alternative to taxation on income in the case of a gold mine (defined for this purpose as a mine in which the market value of the gold recovered from ore is 85 per cent. or more of the gross value of the metal content of such ore), but no real-property tax is payable.
- (c) **Other Mines.**—Persons owning, managing, leasing or working a mine other than a coal mine or a gold mine are taxed either under the Income and Personal-property Taxation Act on the income from the mine or under the Taxation Act on the output, whichever tax is greater. This taxation is in substitution for all taxes on the land from which the mineral is won and on land used for a mill (owned by the mineowner) for treating the ore, if the land is used for mining and milling purposes only, and also in substitution for all taxes on the personal property used in working the mine. The tax on output is collected quarterly at the rate of 2 per cent. on the assessed value of all ore removed from

CANADA—BRITISH COLUMBIA—*continued.*

the premises of the mine. If the tax on income proves to be the greater, the quarterly payments collected on output are treated as in part payment of the tax on the income earned during the corresponding period. Provision is made for relief from the tax on output in the case of small mines.

In addition to all other taxes, a tax is payable of 37½ cents per ton of 2,000 pounds on all iron ore removed from the premises of a mine.

## 20. Various Concerns.—

(a) *Salmon Canning.*—Persons carrying on the business of canning, curing or dry-salting salmon are, in addition to the tax on real property, but in substitution for the tax on personal property used in connection with the business, taxed either under the Income and Personal-property Taxation Act on income or under the Taxation Act on the pack, whichever tax is the greater. The tax on the pack is at the rate of 4 cents a case of 48 one-pound tins or their equivalent packed during the year, and in addition 75 cents a tierce\* on all mild-cured salmon, 15 cents a barrel of 200 lb. on pickled and cured salmon, and 5 cents per hundredweight on dry-salted salmon put up during the year. If the tax on income proves to be the greater in amount, the payments collected on the pack are considered as in part payment of the tax on the income earned during the corresponding period.

(b) *Whale Oil Manufacturing.*—Similarly, persons carrying on the business of manufacturing whale oil and the products of whales are, in addition to the tax on their real property, but in substitution for the tax on personal property used in connection with the business, taxed either under the Income and Personal-property Taxation Act on income or under the Taxation Act on product, whichever tax is the greater. The tax on product is at the rate of 10 cents per barrel of 46 gallons of oil, and 20 cents per ton of 2,000 lbs. of fertiliser, whale-bone or bone-meal manufactured.

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\* If the tierce exceeds 750 lb., a further duty of 10 cents for every 100 lb. exceeding 750 lb. is payable.

CANADA—BRITISH COLUMBIA—*continued*.

- (c) *Concerns artificially reducing their profits.*—If the business of the taxpayer is conducted in such a manner as either directly or indirectly to benefit the taxpayer or the shareholders or patrons of the taxpayer by the sale or disposal of his goods or products at less than a fair price, the Minister of Finance may determine the amount to be deemed the net income of the taxpayer having regard to the fair price which might have been obtained.

The following classes of concern are exempt from income-tax, but are specially taxed :—

- (d) *Railways.*—Railway companies are charged under the Taxation Act real-property tax at the rate of 2 per cent. on \$10,000 for every mile or fraction thereof of the track of the main line and branches of the railway, and on \$3,000 for every mile or fraction thereof of sidings spurs and switches. The income derived by the companies so taxed from the operation of their railways is not subject to income-tax, and the track, the buildings used for railway purposes and the rolling-stock are not otherwise charged real-property or personal-property tax.
- (e) *Banks.*—Banks, in lieu of tax on income, are charged under the Income and Personal-property Taxation Act \$3,000 for the chief office in the province and \$500 for each further branch. In addition banks are taxable in respect of both real and personal property.
- (f) *Insurance and various other Companies.*—Insurance\* loan, guarantee, trust, telegraph, telephone, express, gas, waterworks, electric lighting, electric power and street railway companies are charged under the Income and Personal-property Taxation Act with a special tax of 2 per cent. on the gross income received or accrued from business

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\* Under the British Columbia Fire Insurance Act, companies holding a licence under that Act are required to pay a tax of 2 per cent. of the amount of the premiums payable to them on risks in the province. The premiums so taxed are not included in the gross revenue taxable under the Income and Personal-property Taxation Act as above described.

CANADA—BRITISH COLUMBIA—*continued.*

transacted in the province, and are not subject to the ordinary income and personal-property taxes.

A public service corporation operating wholly within the province, if its prices are limited by statute or municipal by-law and its operating expenses exceed half its gross income, is granted remission of half the tax.

## VIII.—TABLE OF ACTS.

Income and Personal-property Taxation Act. (12 Geo. V., 1921, Second Session, chap. 48.)

Taxation Act. (Revised Statutes of British Columbia, 1911, chap. 222.)

Acts amending the Taxation Act :—

1913, chap. 71.

1916, chap. 64.

1917, chap. 62.

1918, chap. 89.

1919, chap. 79.

1920, chap. 89.

1921, chap. 63.

1921, Second Session, chap. 49.

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## CANADA—MANITOBA.

## TAXES ON CORPORATIONS.

Every insurance company transacting insurance business in the province is required to pay an annual tax of 2 per cent. on the gross premiums received in respect of business transacted in the province during the previous year. Re-insurance premiums paid are deducted.

The Fires Prevention Act (passed in 1917) imposes a further tax of  $\frac{1}{4}$  per cent. on the total fire insurance premiums received by insurance companies, but it is understood that this is not enforced.

Loan companies pay a tax of  $\frac{1}{4}$  per cent. on the gross income received during the previous year from investments in the province. A minimum tax is imposed as follows:—

When the paid-up capital of the company is less than \$50,000 .. .. .	\$ 25
When the paid-up capital is \$50,000 or more, but less than \$100,000 .. .. .	50
When the paid-up capital is \$100,000 or more ..	100

Trust companies pay a tax of 2 per cent. on the gross revenue received during the preceding year from business transacted in the province. A minimum tax is imposed as follows:—

Where the paid-up capital is \$100,000 or less ..	\$ 100
Where the paid-up capital exceeds \$100,000 ..	175

There is an additional tax of 1 per cent. of the gross earnings produced by moneys invested on behalf of, or in trust for, other companies or corporations, unless such other companies or corporations have already paid tax upon such investments.

Telegraph and telephone companies pay a proportion of the gross earnings, which must not exceed 2 per cent.

Banks and express companies are taxed on the number of their offices. Street railway companies are taxed on a mileage basis. Land companies pay a tax on moneys invested in Manitoba. Gas companies and electric lighting companies are taxed on the basis of the population of the towns supplied. Railway companies operating telegraph lines pay a lump sum.



**CANADA—MANITOBA—continued.**

Every person, partnership, firm, company, etc., carrying on any business in the province and not otherwise taxed under the Corporations Tax Act was required to pay in the year 1921 a tax of 2 per cent. on the net income produced or received during the preceding year. In arriving at net income a deduction was allowed for salary of the taxpayer or the partners.

The taxes become due and payable on the 1st April each year.

**TABLE OF ACTS.**

**The Corporations Taxation Act. (Revised Statutes of Manitoba, 1913, chap. 191.)**

**Amending Acts—**

- 4 Geo. V., 1914, chap. 115.
- 5 Geo. V., 1915, chaps. 82 & 83.
- 6 Geo. V., 1916, chap. 110.
- 7 Geo. V., 1917, chap. 16.
- 8 Geo. V., 1918, chap. 91.
- 9 Geo. V., 1919, chap. 17.
- 10 Geo. V., 1920, chap. 17.
- 11 Geo. V., 1921, chap. 11.

**The Fires Prevention Act. (7 Geo. V., 1917, chap. 35.)**

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**N.B.—An income tax which will apply to income of the year 1923 is being considered by the Legislative Assembly of Manitoba.**

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## CANADA—NEW BRUNSWICK.

## TAXES ON CORPORATIONS.

Every insurance company transacting business in the province is required each year to pay a tax on the net premiums received in respect of such business in the preceding year ending 30th April. Net premiums are defined to mean the gross premiums less amounts paid for re-insurance in the province or upon cancellation of policies; in the case of mutual companies, net premiums mean the gross premiums deposited less the unabsorbed portion of premiums returned or credited to the policy holder, but including interest at a legal rate on such unabsorbed premiums during the time of deposit.

The rates of tax applicable to companies licensed under the Canadian Insurance Act are as follows :—

- (a) Fire insurance companies : 2 per cent. of the net premiums received, with a minimum amount of \$100.
- (b) Life, endowment and industrial insurance companies :  $1\frac{1}{2}$  per cent. of the net premiums received, together with an annual tax of \$100.
- (c) Other insurance companies : 2 per cent. of the net premiums received, with a minimum amount of \$25.

The rate of tax charged in (c) is also applicable to all companies incorporated under a provincial law but not licensed under the Canadian Insurance Act which transact business in New Brunswick.

Individuals, firms or corporations within the province accepting insurance in companies not specifically taxed are charged 2 per cent. of the net premiums paid by them in respect of policies issued by such companies in the province. This tax does not apply to renewal premiums on any life policies issued prior to 24th April, 1920.

Telegraph companies pay a tax of 1 per cent. on the cash receipts collected in the province.

Telephone companies are charged  $1\frac{1}{2}$  per cent. of the gross earnings within the province, together with an additional amount of 25 cents on each telephone under rental.

**CANADA—NEW BRUNSWICK—*continued.***

Banks doing business in the province pay tax on the volume of business done; street railway companies pay tax on a mileage basis; express companies are charged on the number and location of their branches; trust, loan or building companies, and all extra-provincial corporations and firms not specifically taxed by the Act, if they carry on business within the province, pay a lump sum.

The taxes become due and payable on the 1st June for the year commencing on that date. The assessments are based on the last business year of the concern ending before the 1st May preceding the due date of payment.

**TABLE OF ACTS.**

**The Corporations Tax Act, 1920. (10 Geo. V., cap. 5.)**

**Amending Act. 11 Geo. V., 1921, cap. 42.**

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## CANADA—NOVA SCOTIA.

### INCOME TAX.

**Introductory.**—The note summarises the Income Tax Act of 1919, which, however, has not yet been put into operation.

Dominion of Canada income tax would be payable, in general, in addition to any Nova Scotia tax.

#### I.—SCOPE OF THE TAX.

**1. Income Charged.**—Normal tax, supertax and surtax are payable on the income of any individual residing or ordinarily resident in Nova Scotia, or employed in Nova Scotia or carrying on any business in Nova Scotia.

Persons residing or having their head office or principal place of business outside Nova Scotia, but carrying on business in Nova Scotia, either directly, or through or in the name of any other person, are liable in respect of the net profit arising from the business in Nova Scotia.

Companies are liable to a normal tax (at a rate different from that payable by individuals) but not to the supertax or surtax.

For the purposes of the Act the term "income" means "the annual net profit or gain or gratuity, whether ascertained and capable of computation as being wages, salary, or other fixed amount, or unascertained as being fees or emoluments, or as being profits from a trade or commercial or financial or other business or calling, directly or indirectly received by a person from any office or employment, or from any profession or calling, or from any trade, manufacture or business, as the case may be; and shall include the interest, dividends or profits directly or indirectly received from money at interest upon any security or without security, or from stocks, or from any other investment, and, whether such gains or profits are divided or distributed or not, and also the annual profit or gain from any other source; including the income from but not the value of property acquired by gift, bequest, devise or descent; and including the income from but not the proceeds of life insurance policies paid upon the death of the person insured, or payments made or credited to the insured on life

**CANADA—NOVA SCOTIA—continued.**

insurance endowment or annuity contracts upon the maturity of the term mentioned in the contract or upon the surrender of the contract."

There is no provision for taxing the annual value of immovable property used by the owner for residence or enjoyment, or for taxing the Nova Scotian income of non-residents who carry on no business in Nova Scotia and are not employed therein.

**2. Income Exempted.—The exemptions include—**

- (i) The salaries of the Lieutenant-Governor and the Judges of the Supreme and County Courts.
- (ii) The incomes of consuls and consuls general who are citizens of the country they represent, and are not engaged in any other business or profession.
- (iii) The income of Boards of Trade and Chambers of Commerce, labour organisations and societies and benevolent and fraternal beneficiary societies and orders.
- (iv) The incomes of mutual corporations not having a capital represented by shares, where no part of the income inures to the profit of any member.
- (v) The income of life insurance companies except such amount as is credited to shareholders' account.
- (vi) The incomes of such insurance, mortgage and loan associations operated solely for the benefit of farmers as are approved by the Treasurer.
- (vii) The military and naval pay of persons who have been on active service overseas during the war of 1914-1918 in His Majesty's forces or those of His Majesty's allies.
- (viii) The incomes of incorporated companies whose business and assets are carried on and situate entirely outside Nova Scotia.
- (ix) The income derived from any bonds, debentures, or stock of Nova Scotia, issued exempt from provincial taxes.

**II.—COMPUTATION OF INCOME.**

**3. Year and Basis of Assessment.—**The tax is under the terms of the law payable on the income of the preceding calendar year. It is gathered however that the assessment

CANADA—NOVA SCOTIA—*continued.*

would be regarded as being for the income year. In regard to the basis of companies' returns *see* paragraph 13.

(The financial year of the province ends on 31st October.)

4. Deductions.—The following deductions are provided for :—

- (i) A reasonable allowance for depreciation or for any expenditure of a capital nature for renewals or for the development of a business.
- (ii) In cases where the income is derived from mining and from oil and gas wells, an allowance for the exhaustion of mines and wells.
- (iii) Amounts paid to the Patriotic and Canadian Red Cross Funds and other patriotic and war funds approved by the Treasurer.

## III.—PERSONAL ALLOWANCES ETC.

6. Exemption Limit.—The exemption limit is \$1,000 but this may be increased to \$2,000 if the taxpayer has dependants (*see* paragraph 9).

7. Personal Allowances.—For the purpose of normal tax, supertax and surtax a deduction is allowed of \$200 for each child under 16 years of age who is dependent upon the taxpayer for support. (*See* also paragraph 9.)

## IV.—COMPUTATION OF TAX.

9. Rates of Tax.—

(A) INDIVIDUALS.

(i) *Normal Tax.*

(i) In the case of unmarried persons and widows or widowers without dependent children\*—

On the part of the income—		Rate
		per cent.
above	\$1,000 up to \$1,500	.. ½
„	\$1,500.. ..	.. 1

\* "Dependent child" means a child under 21 years of age and dependent on his parent for support, or over 21 years of age and dependent on his parent for support on account of physical or mental incapacity.

CANADA—NOVA SCOTIA—*continued.*

(ii) In the case of all other persons—

		Rate per cent.
On the part of the income—		
above	\$2,000 up to \$3,000 ..	½
„	\$3,000.. ..	1

(2) *Supertax.*

(payable in addition to the foregoing).

		Rate per cent.
On the part of the income—		
above	\$6,000 up to \$10,000 ..	½
„	\$10,000 „ \$20,000 ..	1½
„	\$20,000 „ \$30,000 ..	2
„	\$30,000 „ \$50,000 ..	2½
„	\$50,000 „ \$75,000 ..	3½
„	\$75,000 „ \$100,000 ..	5
„	\$100,000 „ \$200,000 ..	6½
„	\$200,000 „ \$400,000 ..	7½
„	\$400,000 „ \$600,000 ..	8½
„	\$600,000 „ \$800,000 ..	10
„	\$800,000 „ \$1,000,000 ..	11½
„	\$1,000,000.. ..	12½

(3) *Surtax.*

(based on the normal tax and supertax and payable in addition to them).

		Rate per cent.
In the case of incomes—		
above	\$6,000 up to \$10,000 ..	1½
„	\$10,000 „ \$100,000 ..	2½
„	\$100,000 „ \$200,000 ..	3½
„	\$200,000 .. ..	8½

## (B) COMPANIES AND CORPORATIONS.

On income in excess of \$3,000 .. .. 1½%

10. *Set-off of other Nova Scotian Taxes.*—A deduction is allowed from the income tax which would be otherwise payable of taxes paid for the same year under the provisions of the Provincial Revenue (Corporations) Act (see paragraphs 21 to 24).

CANADA—NOVA SCOTIA—*continued.*

## V.—PAYMENT.

12. **Due Date, Taxation at the Source etc.**—The assessment is to be made on or before the 30th April or such other date as the Treasurer may prescribe. The tax is payable within one month from the issue of the notice of assessment. The penalty for late payment is interest at 7 per cent. per annum.

Dividends are charged with normal tax at the source (*see* paragraph 13).

## VI.—CORPORATE, JOINT ETC. INCOME.

13. **Companies and Income from Companies.**—Corporations and joint stock companies are required to pay a flat rate of tax upon income exceeding a certain minimum (*see* paragraph 9) but are not liable to supertax or surtax. Where the year of a corporation is not identical with the calendar year, the assessment may be made on the basis of the corporation's fiscal year.

If an incorporated company, for the benefit of its shareholders, or other persons directly or indirectly interested in the company, sells its product or commodities at a price less than the fair price which might be obtained therefor the Treasurer may determine the amount of the taxable income having regard to the fair price which might have been obtained.

Dividends from taxed companies are not again charged to the *normal* tax in the hands of the shareholders, but for purposes of supertax and surtax they must be included in the income of the shareholder.

For supertax purposes the income of a taxpayer includes the share of the undivided profits of any syndicate, trust, association or other body, to which the taxpayer would be entitled, if such profits were distributed, unless the Treasurer is of opinion that the accumulation of such undistributed income is not made for the purpose of evading the tax and is not in excess of what is reasonably required for the purposes of the business.

14. **Partnerships.**—Persons carrying on business in partnership are liable for income tax only in their individual capacities.



CANADA—NOVA SCOTIA—*continued.*

15.—**Married Women.**—A married woman with a separate income is taxable as if she were unmarried.

If after the 1st May, 1919, a person has reduced his income by transferring property of any kind to his wife, or to any member of his family, he is liable to taxation as if such transfer had not taken place unless the Treasurer is satisfied that the transfer was not made for the purposes of evading tax. A similar provision applies to transfers of property by a wife.

## VIII.—TABLE OF ACTS.

The Nova Scotia Income Tax Act, 1919. (9-10 Geo. V., 1919, chap. 33.)

## TAXES ON CORPORATIONS.

21. The following paragraphs summarise the law in force from 1921 onwards.

22. The following taxes are payable by companies carrying on business in Nova Scotia.

Insurance companies pay 2 per cent. on the gross premiums received in respect of business transacted in Nova Scotia with a minimum tax of \$100. Re-insurance premiums are allowed as a deduction to the paying company.

Electric tramway companies, if the paid-up capital amounts to \$30,000 or more, pay 1 per cent. on the gross annual income in respect to such tramways.

A public utility concern, if not owned and operated by a city, town or municipality, pays 50 per cent. on earnings in excess of 8 per cent. of the "fair value of its property, assets and undertaking."

Trust companies pay tax on their paid-up capital and, in addition, tax in respect of the gross income from business transacted in Nova Scotia at the following rates:—

On the amount by which the gross income—		and does		Per cent.
exceeds	..	not exceed	..	
—	..	\$50,000	..	1
\$50,000	..	\$100,000	..	1½
\$100,000	..	—	..	2

CANADA—NOVA SCOTIA—*continued.*

Telephone, gas and electric companies are charged on the paid-up capital, and if such capital amounts to \$30,000 or more, 2 per cent. of the gross annual income from all sources in Nova Scotia except from electric tramways. Further charges are made for each gas or electric meter and for each telephone instrument, and in the case of telephone companies for each long distance message.

Banks are taxed on their capital and on the number of their branch offices; loan companies on their paid-up capital, the amount invested in Nova Scotia and on moneys deposited with them. Telegraph and cable companies pay a lump sum and, in addition, a percentage of the capital invested in the line. Railway and express companies are charged on a mileage basis.

23. Every company carrying on business in Nova Scotia and having a paid-up capital of \$25,000 or more, is required to pay a tax of 1/10th per cent. on the paid-up capital or a proportion thereof corresponding to the proportion of the assets situated in Nova Scotia; the minimum tax payable is \$25. Against the tax so charged there may be set off any tax payable by a company under the provisions summarised in the preceding paragraph except in the case of a company that carries on in Nova Scotia any part of its business in addition to that in respect of which a tax is payable under the provisions summarised in paragraph 22.

24. Tax on long distance telephone messages is payable monthly. Otherwise the taxes are payable on the 1st June each year and are based on the income etc. of the preceding year and the capital etc. at the end of the preceding year.

## ACT IMPOSING TAXES ON CORPORATIONS.

The Provincial Revenue (Corporations) Act. (11-12 Geo. V., chap. 3.)

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## CANADA—ONTARIO.

Introductory.—Dominion of Canada income tax is in general payable in addition to Ontario Mining Tax or tax under the Corporation Tax Act.

## MINING TAX.

## I.—SCOPE OF THE TAX.

1. **Income Charged.**—The Mining Tax is payable on annual profits exceeding \$10,000 of any mine in Ontario. All mines and mineral workings in the province occupied, worked or operated by the same person or under the same general management or control, or the profits of which accrue to the same person are for the purpose of determining liability to taxation dealt with as one and the same mine.

2. **Income Exempted.**—The whole of the tax on profits from the mining of iron ore may be remitted if it is shown that the ore has been smelted in the Dominion of Canada, or delivered at a blast furnace in the Dominion for the *bona fide* purpose of being smelted thereat.

## II.—COMPUTATION OF INCOME.

3. **Year and Basis of Assessment.**—The figures of the previous year are taken, but the tax is deemed to be a tax for the calendar year in which it is payable. (The financial year of the province ends on 31st October.)

4. **Deductions.**—The annual profits are ascertained, in general, by deducting from the gross receipts from the year's output (or, if the mineral is not sold but is treated by or for the taxpayer, from the value of the output at the pit's mouth) outgoings, including :—

- (a) cost of transportation of output sold, if borne by the taxpayer ;
- (b) actual and proper working expenses both underground and above ground, including salaries and wages and also office expenses for necessary office work done at the mine, and in immediate connection with the operation thereof ;

CANADA—ONTARIO—*continued.*

- (c) cost of power and light, explosives and fuel, hire and fodder of horses, food of employees, outlay in safeguarding the mine or its product, insurance of the output, and of the mining plant, buildings etc. ;
- (d) an allowance for depreciation by ordinary wear and tear of plant, machinery, equipment and buildings, to be based on the probable average annual cost of repairs and renewals to maintain the same in a state of efficiency, and in no case to exceed 15 per cent. of the value at the commencement of the year ; (No allowance is made for exhaustion of the mine.)
- (e) the cost of actual work done in sinking new shafts, making new openings, workings or excavations of any kind or of stripping or trenching in or upon the lands on which the mine is situated or upon any lands belonging to the taxpayer in Ontario, such work having for its object the opening up or testing for ore or mineral ;
- (f) all taxes payable or profits taken under any Act of Parliament of Great Britain and Ireland or of the Parliament of the Dominion of Canada upon or from the profits of the mine or mining work or upon or from the profits made in smelting, refining or otherwise treating any of the products of the mine or mining work.

## III.—PERSONAL ALLOWANCES ETC.

6. Exemption Limit.—Profits not exceeding \$10,000 are not charged. (*See* paragraph 1.)

7. Personal Allowances.—Tax is not charged on the first \$10,000. (*See* paragraph 9.)

## IV.—COMPUTATION OF TAX.

## 9. Rates of Tax.—

*Annual Profits of Nickel or Nickel-Copper Mines.*

On excess above

\$10,000 up to \$5,000,000—5 per cent.

\$5,000,000 up to \$10,000,000—6 per cent.

\$10,000,000 up to \$15,000,000—7 per cent.

\$15,000,000 a percentage or percentages increasing in like progression.

CANADA—ONTARIO—*continued.**Annual Profits of other Mines.*

On the excess above \$10,000, up to \$1,000,000, 3 per cent. ; on the excess above \$1,000,000 the same rate or rates as for nickel or nickel-copper mines.

(Subject to certain exceptions the Mining Tax Act also imposes a tax at the rate of 5 cents an acre on mining locations, mining claims and mining rights, and a tax at the rate of 2 cents per 1,000 feet on natural gas.)

10. Set-off of other Taxes paid in Ontario.—The amount of *municipal income tax*\* which may be charged on a mine or mineral work taxable under the Mining Tax Act is limited to  $1\frac{1}{2}$  per cent. of the annual profits as ascertained under that Act, and in any case to a sum of \$35,000. Municipal income tax within these limits on income from a mine may be deducted from the provincial tax.

11. Provisions regarding Double Taxation.—The Act provides that "during the present war, and for the year in which the same terminates, any war tax or war profits paid to the Government of Great Britain and Ireland by the owner, manager, holder, tenant, lessee, occupier or operator of a mine carrying on his refining operations in Great Britain shall be deducted from the tax under this Act but not so as to reduce the tax under this Act, in the case of a nickel or nickel-copper mine, to a sum less than 3 per cent. on the excess over \$10,000 of the annual profits of such mine. . . ."

## V.—PAYMENT.

12. Due Date, Taxation at the Source etc.—The tax becomes payable on the 1st October in each year. If it is not paid in due time 10 per cent. of the amount is added forthwith, and a further 10 per cent. at the end of each year thereafter that the tax remains unpaid.

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\* Section 3 of the Ontario Assessment Act provides that "all municipal, local or direct taxes or rates shall, where no other express provision is made, be levied upon the whole of the assessments for real property, income and business or other assessments made under this Act, according to the amounts assessed in respect thereof, and not upon any one or more kinds of property or assessment or in different proportions."

CANADA—ONTARIO—*continued.*

## VIII.—TABLE OF ACTS.

- The Mining Tax Act. (Rev. Stat., chap. 26.)  
 The Mining Tax Act, 1917. (7 Geo. V., 1917, chap. 7.)  
 The Mining Tax Amendment Act, 1920. (10-11 Geo. V.,  
 1920, chap. 10.)  
 The Mining Tax Amendment Act, 1921. (11 Geo. V.,  
 1921, chap. 11.)  
 The Mining Tax Amendment Act, 1922. (12-13 Geo. V.,  
 1922, chap. 11.)

## TAXES ON CORPORATIONS.

Under the Corporations Tax Act gas and electric companies pay a tax of  $\frac{1}{4}$  per cent. on the *net* revenue earned within Ontario in addition to a tax of 1/10th per cent. on the paid-up capital. In calculating net revenue no deduction is made for dividends or interest payable upon the company's shares or securities, but an allowance is made for any annual fixed sum or share of profits payable to a municipal corporation for the franchise of the company.

Companies owning, operating or using a street railway or part thereof in a city for the carriage of passengers pay, in addition to a charge based on mileage of track, a tax of 1 per cent. of the *net* earnings of the railway in the city. Working expenditure and any part of the revenue or receipts payable to the corporation of the city for the franchise of the company are deducted in arriving at the net earnings.

Life insurance companies pay a tax of  $1\frac{1}{4}$  per cent. on the gross premiums less the cash value of dividends to policy holders, and other insurance companies a tax of 1 per cent. on the gross premiums received in respect of the business transacted in Ontario. Re-insurance premiums are allowed as a deduction to the paying company.

Trust companies pay a tax on the paid-up capital, and in addition a tax of 1 per cent. on the *gross* annual income on business transacted in Ontario.

Ordinary railways are taxed on a mileage basis; loan companies pay a tax on paid-up capital and on moneys invested in Ontario, and if they receive deposits a tax on the deposits also; banks pay on their capital and an additional tax for

CANADA—ONTARIO—*continued.*

each office ; telegraph companies pay on the amount invested on lines in Ontario and telephone companies on their paid-up capital.

The taxes under the Corporation Tax Act are based on the revenue or income of the preceding year, or the capital, etc., at the end of the preceding year. They are deemed to be due on the 1st January of the year in which they are imposed, but are not payable until the 1st July thereafter. If tax is not paid on that date a penalty of 5 per cent. of the tax, plus 1 per cent. per month, is payable.

## TABLE OF ACTS.

- The Corporations Tax Act. (Rev. Stat., chap. 27.)
  - The Corporations Tax Act, 1914. (4 Geo. V., 1914, chap. 11.)
  - The Corporations Tax Act, 1915. (5 Geo. V., 1915, chap. 8.)
  - The Corporations Tax Act, 1916. (6 Geo. V., 1916, chap. 8.)
  - The Corporations Tax Act, 1920. (10-11 Geo. V., 1920, chap. 9.)
  - The Corporations Tax Act, 1921. (11 Geo. V., 1921, chap. 12.)
  - The Corporations Tax Act, 1922. (12-13 Geo. V., 1922, chap. 12.)
  - The Declaratory Act, 1922. (12-13 Geo. V., 1922, chap. 13.)
  - The Corporations Tax Act, 1923 (2). (12-13 Geo. V., 1922, chap. 14.)
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## CANADA—PRINCE EDWARD ISLAND.

**Introductory.**—The income tax described has been in force since 1920 inclusive.

Dominion of Canada income tax is in general payable in addition.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—The income tax applies to “all income derived from real and personal property in the province, and all income derived from any other source whatsoever or wheresoever brought into, received, earned, or got by any person, body corporate, trustee, agent, receiver, guardian, executor or administrator in the province.”

There is no provision for taxing as income the annual value of immovable property used by the owner for residence or enjoyment.

**2. Income Exempted.**—Among the exemptions are:—

- (i) The income derived by the owner or lessee of any farm or orchard from his land.
- (ii) Pensions payable out of the public moneys of His Majesty's Imperial Treasury or of the Dominion of Canada, or of any province thereof, or from any of the allied nations of Great Britain, to any officer, soldier, sailor or nurse who served in His Majesty's forces during the Great War or to any dependant of such.
- (iii) The income arising from real and personal estate up to the capital value of \$5,000, belonging to any officer, soldier, sailor or nurse who served overseas in the Canadian Expeditionary Force, or in any of the forces, military or naval, of His Majesty during the Great War. This exemption is granted for a period of five years from the passing of the Taxation Act (22nd May, 1920).
- (iv) The incomes of electricity companies. (See paragraph 20.)



CANADA—PRINCE EDWARD ISLAND—*continued.*

## II.—COMPUTATION OF INCOME.

3. Year and Basis of Assessment.—The tax for each calendar year is based on the income of the preceding calendar year, or of a period of twelve months ended on the latest date at which the taxpayer can state his last annual income.

(The financial year of the province is the calendar year.)

4. Deductions.—In the case of companies engaged in breeding, raising and selling silver foxes and their pelts, 3 per cent. of the paid-up capital is allowed as a deduction from the gross income.

No deduction is allowed for—

- (a) Directors' fees, or salaries of partners, or of persons holding office as directors, or the salary paid to the president, vice-president or general manager of any company or body corporate, when such directors, officers, partners or persons do not reside within the province.
- (b) Interest on borrowed capital from which an income is derived.
- (c) Taxes payable to dominion or province.
- (d) Depreciation.

## III.—PERSONAL ALLOWANCES ETC.

6. Exemption Limit.—The exemption limit is \$500, or, in the case of any soldier, sailor or nurse who served overseas during the recent war, \$1,000.

7. Personal Allowances.—An abatement of \$500 is allowed from every income, or, in the case of any soldier, sailor or nurse who served overseas during the recent war, \$1,000.

## IV.—COMPUTATION OF TAX.

9. Rates of Tax.—The tax is charged on the taxable income after deducting abatements etc. on the following scale:—

CANADA—PRINCE EDWARD ISLAND—*continued.*

Where the taxable income—

exceeds and does not  
exceedRate of tax on  
the whole of  
such amount.

\$	\$	Per cent.
—	500 .. .. .	1
500	1,000 .. .. .	1½
1,000	2,000 .. .. .	2
2,000	3,000 .. .. .	2½
3,000	4,000 .. .. .	3
4,000	5,000 .. .. .	3½
5,000	6,000 .. .. .	4
6,000	8,000 .. .. .	4½
8,000	10,000 .. .. .	5
10,000	12,000 .. .. .	6
12,000	15,000 .. .. .	7
15,000	20,000 .. .. .	8
20,000	— .. .. .	10

10. *Set-off of other Taxes paid in the Province.—*

Side by side with the income tax, a personal property tax is charged, at the rate of  $\frac{1}{4}$  per cent., on the assessed capital value of the property, and in order to prevent double taxation under these two taxes, the law provides that when any person is assessed and taxed on personal property from which his income is derived, the personal property tax only shall be paid, if higher than the income tax; if the income tax is the higher, or is equal to the personal property tax, the income tax only shall be paid.

No set-off is allowed for the real property tax, which is imposed (on a capital value basis) by the same Act as the income and personal property taxes. See, however, the exemption marked (i).

## V.—PAYMENT.

12. *Due Date, Taxation at the Source etc.—*The assessment rolls are required to be made up by the 1st August each year, and the assessment notices are to be issued immediately thereafter. The tax is, however, "due and payable" on the 2nd January of the same year. If payment is made on or before 30th June a discount of 5 per cent. is allowed. If the tax is unpaid on the following 31st December interest at 5

CANADA—PRINCE EDWARD ISLAND—*continued.*

per cent. per annum from the 31st December is payable in addition to the tax. (In the case of tax payable as in paragraph 20 (a) the rate of interest is 6 per cent.)

Dividends are taxed at the source—see paragraph 13.

## VI.—CORPORATE, JOINT ETC. INCOME.

13. Companies and Income from Companies.—Apart from the classes of companies taxed on the special bases described in paragraph 20, companies are taxed in the same manner as individuals. They are entitled to exemption if the income does not exceed \$500 and to an abatement of the same amount whatever the size of the income.

Dividends from companies which are assessed direct upon their property and income are excluded from the taxable income of the shareholder.

14. Partnerships.—Partnerships are taxed in the same way as companies, and the partners' shares of the income of a taxed partnership are excluded from the taxable incomes of the partners.

15. Married Women.—There is no provision in the Taxation Act regarding married women, but it appears that they are separately taxed in respect of their separate income.

## VII.—SPECIAL TRADES ETC.

## 20. Various Corporations and Persons.—

(a) *Electricity Companies.*—Electric light companies and electric power companies transacting business in Prince Edward Island are exempted from the taxes upon income and personal property, but are subjected to a special tax at the rate of 1 per cent. upon their "gross revenue from all sources derived, arising, or accrued from business transacted in this Province."

(b) *Lobster Canneries and Factories.*—Provision is made for the taxation of persons carrying on the business of canning and packing lobsters on the income or on the pack, whichever tax is the greater, in addition to the tax on real property. The tax on the pack is at the rate of 15 cents. a case of 48 1-lb. tins or their equivalent of lobsters, packed during the year. If the tax on income proves to be the greater in amount

CANADA—PRINCE EDWARD ISLAND—*continued.*

the payments collected on the pack are considered as in part payment of the tax on the income earned during the corresponding period. The special tax on the pack is, however, suspended as regards the pack for the years 1921, 1922 and 1923, the tax on income only being payable.

(c) *Additional Tax in Certain Cases.*—In addition to other taxes, lump sums are paid by fire, life or endowment, and accident or guarantee insurance companies, trust, loan or building companies, telegraph companies, shipping companies, exporters of intoxicating liquors, outside brokers, stockbrokers and express companies, and banks are taxed on the volume of business done.

## VIII.—TABLE OF ACTS.

- The Taxation Act. (10-11 Geo. V., 1920, cap. 3.)  
 An Act to amend the Statute Law. (11 Geo. V., 1921,  
 cap. 7.)  
 An Act to amend the Statute Law. (12 Geo. V., 1922,  
 cap. 9.)
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## CANADA—QUEBEC.

## TAXES ON CORPORATIONS ETC.

With some minor exceptions, life insurance companies which transact business in the province pay  $1\frac{1}{2}$  per cent., and other insurance companies 1 per cent., on premiums received or due in the preceding calendar year, with minima of \$400 and \$250, respectively. Re-insurance premiums paid to companies doing business in Quebec are deductible from premiums received or due.

Under the Act for the Prevention of Fires, fire insurance companies are in addition charged annually  $\frac{1}{2}$  per cent. of their fire insurance premiums.

Extra-provincial express companies, partnerships and associations pay  $\frac{1}{2}$  per cent. on gross earnings of express business in the province in the preceding year, with a minimum of \$800, plus a lump sum for each place of business, and, if they are extra-Canadian,  $\frac{1}{2}$  per cent. on gross earnings from any other business transacted in the province.

Partnerships, associations, firms or persons, whose chief office or place of business is outside of Canada, if they are not otherwise taxed, pay  $\frac{1}{2}$  per cent. of gross earnings in the province in the preceding year, with a minimum of \$50, plus a lump sum for each place of business in the province.

Other companies pay tax mainly on paid-up capital, with an additional lump sum for each place of business.

The taxes are payable on 1st July each year.

## TABLE OF ACTS.

The Companies Tax Act. (Revised Statutes, 1909, Title IV., Chapter V., Part Second, Division III., Section XVIII.)

## Amending Acts—

- 3 Geo. V., chap. 18.
- 7 Geo. V., chap. 18.
- 10 Geo. V., chap. 23.
- 12 Geo. V., chap. 33.

Act for the Prevention of Fires. (3 Geo. V., 1912, chap. 38.)

## Amending Act—

- 9 Geo. V., 1919, chap. 49.

## CANADA—SASKATCHEWAN.

## TAXES ON CORPORATIONS.

Insurance companies transacting business in the province under *The Saskatchewan Insurance Act* or registered and licensed under *The Companies Act*, are required to pay a tax on the premiums received in the previous year at the following rates :—

	Per cent.
Where the gross premiums are less than \$50,000	1
Where the gross premiums are \$50,000 or more but less than \$100,000 .. .. .	1½
Where the gross premiums are \$100,000 or more but less than \$150,000 .. .. .	1½
Where the gross premiums are \$150,000 or more but less than \$200,000 .. .. .	1¾
Where the gross premiums are \$200,000 or more	2

The tax is, however, not to be less than a minimum computed as follows :—

If the authorised capital of the company is \$100,000 or less .. .. .	100
If the authorised capital of the company exceeds \$100,000 .. .. .	175

Reinsurance premiums paid are allowed as a deduction.

An insurance company which lends or invests money on security in the province, and has invested in the province more than \$25,000, is required to pay, in addition to the percentage tax on gross premiums, a tax of 40 cents on every 1,000 dollars of the capital amount invested by the company in the province.

Fire insurance companies are in addition required to pay into a *special fund* not more than ½ per cent. on fire insurance premiums annually. The fund is applied for the maintenance of the office of fire commissioner and paying the expenses.

Trust companies pay 1½ per cent. on gross revenue from investments in the province and on gross revenue from other business transacted in the province, plus ½ per cent. on investments made in the province on behalf of other companies or of individuals, there being a minimum tax on the same basis as for insurance companies.

CANADA—SASKATCHEWAN—*continued.*

Telegraph companies and other companies owning, leasing or operating telegraph lines pay 1 per cent. of the gross earnings for the preceding year up to a maximum tax of \$2,000.

Railway companies, if they have been in operation for five years and less than seven years pay tax not exceeding 1½ per cent. on the gross earnings from lines situated in Saskatchewan : if they have been in operation for seven years or more, tax not exceeding 3 per cent. on such earnings. This tax is payable on the 1st May each year.

Land companies pay a tax on business done in the province. Banks and express companies are taxed on the number of their branches. Loan companies pay tax on the capital invested in the province. With the exception of farming, telephone and some other companies, all companies not otherwise taxed pay tax on their authorised capital, this tax being due on the 1st January each year.

Where not otherwise specified, the tax is due and payable on the 1st July each year, on the basis of the revenue etc. of the preceding calendar year.

## TABLE OF ACTS.

The Corporations Taxation Act. (Saskatchewan Revised Statutes 1920, chap. 31.)

The Fire Prevention Act. (Saskatchewan Revised Statutes 1920, chap.172.)

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## DOMINICA.

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**Introductory.**—The income tax as summarised in this note has been in force since 1899.

Dominica is one of the five Presidencies constituting the Colony of the Leeward Islands.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—Residents are liable in respect of the annual profits or gains arising or accruing from any property situated in Dominica or elsewhere and the annual profits or gains from any pension, or from any profession, employment, trade or vocation whether carried on in Dominica or elsewhere. Non-residents are liable in respect of the annual profits and gains from any property in Dominica or any profession, trade, employment or vocation exercised within Dominica.

There is no provision for charging as income the annual value of immovable property used by the owner as his residence or for enjoyment.

**2. Income Exempted.**—Among the exemptions are :—

- (i) The stock dividends or interest of friendly societies.
- (ii) The stock or dividends of savings banks.
- (iii) Dividends or interest payable by trustees of savings banks on deposits.

### II.—COMPUTATION OF INCOME.

**3. Year and Basis of Assessment.**—The tax is payable each year on the basis of the income of the preceding year ended 31st December.

### III.—PERSONAL ALLOWANCES ETC.

**6. Exemption Limit.**—The exemption limit is £50.

### IV.—COMPUTATION OF TAX.

**9. Rates of Tax.**—

On incomes of £50 to £100, 2½ per cent.

On incomes of £100 and above, 3½ per cent.



**DOMINICA—continued.**

**10. Set-off of Licence Tax.**—A deduction is allowed from the income tax on income derived from the exercise of any trade or profession of the amount paid by the taxpayer for a licence to exercise such trade or profession.

**V.—PAYMENT.**

**12. Due Date, Taxation at the Source etc.**—The tax is payable on or before the 1st April.

There is provision for deduction of tax from salaries paid out of public funds.

**VI.—CORPORATE, JOINT ETC. INCOME.**

**13. Companies and Income from Companies.**—All bodies corporate, companies, etc., are chargeable like individuals, the income being the profits and gains before any dividend is distributed to any persons, companies, etc., entitled to share in the profits, and such persons, companies, etc., are required to allow a deduction of the tax from their dividends.

**15. Married Women.**—The Ordinance provides that the trustee of a married woman having the direction or control or management of her property or business is chargeable with duty in like manner and to the same amount as would be charged if she were sole.

**VIII.—TABLE OF ORDINANCES.**

The General Tax Acts Consolidation Ordinance, 1899.  
(No. 7 of 1899.)

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## GRENADA.

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**Introductory.**—The note summarises the law in force from 1st January, 1922.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—In general terms, residents are liable in respect of income from any source in or out of the colony, but in the case of income from sources out of the colony, only in respect of so much of the income as is received in the colony; non-residents are liable in respect of income from any source in the colony.

In the case of a dwelling-house occupied by the owner or let free of rent or at a rent which is less than the gross amount at which the house could reasonably be expected to let, the annual rental value is deemed to be income derived from the house.

#### **2. Income Exempted.**—

- (i) The income of the Governor-in-Chief of the Windward Islands.
- (ii) The income of any friendly society registered under any ordinance of the colony.
- (iii) Any portion of the salary of an official of the Windward Islands paid by the Government of St. Lucia or St. Vincent if income tax is payable in respect thereof in the colony paying such portion.
- (iv) Income arising in respect of debentures issued under the Local Loan Ordinance, 1917.
- (v) The income of a District Board or of a Town or Water Authority.

### II.—COMPUTATION OF INCOME.

**3. Year and Basis of Assessment.**—The income tax is levied in each calendar year in respect of the income derived or received in the preceding calendar year. The form of return prescribed by the regulations intimates that the Assessment Committee will accept a return based on the income of a period of twelve months ending within the preceding calendar year.

#### **4. Deductions.**—The following are allowed :—

- (i) Interest payable on any borrowed capital employed in acquiring income on which tax is payable.

GRENADA—*continued.*

- (ii) Part of the rent or annual value of a dwelling-house used for the purpose of acquiring income on which tax is payable, not exceeding two-thirds of the rent or annual value of the whole house.
- (iii) Wear and tear of machinery or plant.
- (iv) Land and house tax or town rates.
- (v) One-sixth of the annual value of buildings (in arriving at income from the buildings or from a plantation etc.).

5. **Set-off of Losses.**—Losses sustained in one profession, trade, employment or vocation carried on in the colony, or in the ownership or occupation of land in the colony, may be set off against profits from any other profession, trade, employment or vocation, or from the ownership or occupation of any other land.

## III.—PERSONAL ALLOWANCES ETC.

6. **Exemption Limit.**—The exemption limit is £100.

7. **Personal Allowances.**—Provided that the income does not exceed £800 relief is granted equal to the income tax upon £25 if at some time in the year preceding the year of assessment the taxpayer had a wife, and upon £15 in respect of each child of his living and under the age of 16 years at the commencement of the year preceding the year of assessment. "Child" includes a stepchild, but not an illegitimate child unless the parents have married each other.

8. **Life Insurance and Similar Allowances.**—A deduction is allowed for annual insurance premiums paid by the taxpayer on his life or that of his wife, up to one-sixth of the total income.

## IV.—COMPUTATION OF TAX.

9. **Rates of Tax.**—The rates of tax payable in 1923 are :—

				<i>s. d.</i>	
On each £ from	— to £100..	..	..	Nil	
" "	£100 to £300..	..	..	0	3
" "	£300 to £500..	..	..	0	6
" "	£500 to £700..	..	..	0	9
" "	£700 to £900..	..	..	1	0
" "	£900 to £1,100	..	..	1	3
" "	£1,100 to £1,300	..	..	1	6
" "	£1,300 to £1,500	..	..	1	9

<i>GRENADA—continued.</i>		<i>s. d.</i>
On each £ from £1,500 to £1,700	.. ..	2 0
"    "    £1,700 to £2,000	.. ..	2 3
"    "    £2,000 to £3,000	.. ..	2 6
"    "    £3,000 to £4,000	.. ..	2 9
"    "    £4,000 to £5,000	.. ..	3 0
"    "    £5,000 to £6,000	.. ..	3 3
"    "    £6,000 to £7,000	.. ..	3 6
On each £ above £7,000	.. ..	4 0

11. Provisions regarding Double Taxation.—For the purposes of Grenada income tax, income is assessable without any deduction for United Kingdom income tax (including super-tax).

Any person who has paid or is liable to pay Grenada income tax and has paid United Kingdom income tax for the same year in respect of the same part of his income is entitled to relief at a rate equal to the excess of the appropriate rate of Grenada tax over half the appropriate rate of United Kingdom tax, or, if the Grenada rate exceeds the United Kingdom rate, at half the United Kingdom rate.

A certificate issued by or on behalf of the Commissioners of Inland Revenue in the United Kingdom is receivable in evidence to show what is the "appropriate rate of United Kingdom tax" in any particular case.

The appropriate rate of Grenada tax is determined by dividing the tax payable for the year (before deduction of the double income tax relief) by the amount of the income in respect of which the Grenada tax has been charged, except that where Grenada tax is charged on an amount other than the ascertained amount of the actual profits the rate of tax is determined by the Assessment Committee.

Income tax paid in any part of His Majesty's dominions other than the United Kingdom, or in any British protectorate, on income from sources outside Grenada, may be deducted from the Grenada tax on the same income.

#### V.—PAYMENT.

12. Due Date, Taxation at the Source etc.—Payment is (under the regulations) to be made on or before the 31st August\*. If tax is not paid within the prescribed time an additional 5 per cent. of its amount is payable.

Pensions paid out of the public revenue of the colony and salaries of public officials are taxed by deduction.

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\* In 1922 the time was extended to 31st October.

**GRENADA—continued.**

Dividends are taxed at the source—see paragraph 13.

Repayments of tax paid in excess may be made up to one year after the end of the year of assessment.

**VI.—CORPORATE, JOINT ETC. INCOME.**

13. **Companies and Income from Companies.**—Companies are chargeable in the same way as individuals, and are entitled to exemption if the total income does not exceed £100.

Double taxation of dividends in the hands of company and individual shareholder is obviated by a provision that if any profits or gains have been assessed as income of any individual and also as income of a corporate body of persons, the individual is allowed a relief equal to the income tax chargeable upon the body of persons in respect of such profits or gains.

15. **Married Women.**—The income of a married woman living with her husband is deemed to be his income and is charged in his name.

**VII.—SPECIAL TRADES ETC.**

20. **Insurance Companies.**—Insurance companies (other than life insurance companies) are taxed on their net profits, including interest. If the head office is not in the colony the profit is computed by taking the gross premiums and interest received or receivable in the colony and deducting premiums on reinsurances effected in the colony, actual losses, reserve for unexpired risks, agency expenses and a fair proportion of head office expenses.

Life insurance companies are taxed on investment incomes less management expenses and commission. If the head office is not in Grenada the investment income is apportioned in the ratio of premiums received or annuities paid in the colony to total premiums or annuities, and tax is payable on such apportioned sum less Grenada expenses and a fair proportion of head office expenses.

**VIII.—TABLE OF ORDINANCES.**

The Income Tax Ordinance, 1921. (No. 11 of 1921.)

The Income Tax Amendment Ordinance, 1922. (No. 9 of 1922.)

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## JAMAICA.

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**Introductory.**—The note summarises the law in force for 1921 and 1922.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—In general terms, residents are liable in respect of income from any source in or out of the island; non-residents are liable in respect of income from any source in the island. As regards income from sources out of the island persons not domiciled in the island and British subjects not ordinarily resident in the island are liable only in respect of so much of that income as is received in the island.

If a person carries on business or is engaged in any trading operation in the island, and the products (or goods purchased) are sold out of the island the profit is deemed to arise or accrue in the island. If the profit is increased by treatment, other than handling and disposal, of the products or goods outside the island, such increase of profit is not deemed to arise or accrue in the island.

There is no provision for taxing as income the annual value of immovable property occupied by the owner for purposes of residence or enjoyment.

- 2. Income Exempted.**—Among the exemptions are:—
- (i) Incomes of friendly societies and industrial and provident societies.
  - (ii) The official emoluments of consuls or vice-consuls who are citizens of the countries they represent and who are not engaged in any other business or profession.
  - (iii) Income of any Parochial Board, the Kingston General Commissioners or any Government Institution.
  - (iv) Wounds and disability pensions and war gratuities declared exempt by the Governor in Privy Council.
  - (v) The pay and allowances of members of His Majesty's regular forces on the active list.

*JAMAICA—continued.*

Under a general power of remission conferred by the law, the Governor in Council has remitted—

- (a) half the tax payable by building societies in the island; and  
 (b) the tax payable by public officers on their grants-in-aid

## II.—COMPUTATION OF INCOME.

3. Year and Basis of Assessment.—Tax is charged in each calendar year in respect of income derived or received during the immediately preceding year. The Assessment Committee may, however, make the assessment on the basis of the income of a period of 12 months terminating at any time in the immediately preceding year.

4. Deductions.—Among the deductions allowed are :—

- (i) Interest payable on borrowed capital employed in acquiring income upon which tax is payable.  
 (ii) Rates and taxes on real estate (but not including income tax).  
 (iii) A reasonable amount for the exhaustion, wear and tear of property arising out of the use or employment of such property in business or trade.  
 (iv) An allowance for replacement of obsolete plant or machinery not exceeding the cost of the plant or machinery replaced less the total depreciation since the date of purchase and any sum realised by the sale of the obsolete plant or machinery.

The deductions for repairs of premises, and for the supply, repair, or alteration of articles employed in acquiring income may not exceed the sum usually expended on the average of the seven years preceding the year of assessment.

5. Set-off of Losses.—A loss sustained in one profession, business, trade, adventure or concern in the nature of a trade, employment or vocation carried on in Jamaica or in the ownership or occupation of land in Jamaica may be set off against profits from any other profession, business etc. or from the ownership or occupation of any other land. If after such set-off a loss still remains, this net loss may be set off against profits of any of the succeeding three years unless such loss involves the bankruptcy of the taxpayer or his compounding

JAMAICA—*continued.*

with his creditors. The last mentioned provision is applicable only to losses incurred in 1920 or subsequent years.

## III.—PERSONAL ALLOWANCES ETC.

6. **Exemption Limit.**—The exemption limit is £100.

7. **Personal Allowances.**—Provided that the income does not exceed £500, relief is granted equal to the income tax upon £20 if at some time in the year preceding the year of assessment the taxpayer had a wife, and upon £10 in respect of each child of his living and under the age of 16 years at the commencement of the year of assessment. "Child" includes a step-child but not an illegitimate child.

8. **Life Insurance and Similar Allowances.**—The following are among the deductions allowed in arriving at the income:—

- (1) The annual amount of premiums paid for an insurance on the life of the taxpayer, his wife or child, up to one-sixth part of the whole of his income.
- (2) Sums compulsorily deducted from ministers' stipends in respect of contributions to widows' and orphans' funds, provided no benefits enure until the death of the contributor. This deduction added to the life insurance deduction must not exceed one-sixth of the whole of the income.
- (3) Deductions from salary under the Pensions Law or the Widows and Orphans Pension Law of the island.

## IV.—COMPUTATION OF TAX.

9. Rates of Tax.—		<i>s. d.</i>
On the first £100.. .. .	.. .. .	Nil
On every £ from £100 up to £400 .. .. .	.. .. .	0 2½
"    "    £400    "    £500 .. .. .	.. .. .	0 3
"    "    £500    "    £750 .. .. .	.. .. .	0 4
"    "    £750    "    £1,000 .. .. .	.. .. .	0 6
"    "    £1,000    "    £1,500 .. .. .	.. .. .	0 9
"    "    £1,500    "    £2,000 .. .. .	.. .. .	1 0
"    "    £2,000    "    £5,000 .. .. .	.. .. .	1 3
"    "    £5,000    "    £8,000 .. .. .	.. .. .	1 6
"    "    £8,000    "    £10,000 .. .. .	.. .. .	1 9
"    "    above £10,000 .. .. .	.. .. .	2 0



*JAMAICA—continued.*

10. **Set-off of Property Tax.**—The property tax is an annual tax, payable on the first day of April in respect of the twelve calendar months beginning on that date. It is chargeable on the capital value of real property at the rate of 1s. per £10, except in the parish of Kingston, where the rate is 8d. per £10. There is a temporary addition of a further 4d. per £10 on property exceeding £100 in value, payable as from 1st July, 1919.

One-third of the property tax payable by the taxpayer on the 1st April in the immediately preceding year is deductible from the income tax payable by him. (The "super-tax" payable in addition to property tax when the total value of the property of an individual exceeds £15,000 is not property tax for the purpose of this provision.)

11. **Provisions Regarding Double Taxation.**—For the purposes of Jamaica income tax, income is assessable without any deduction for United Kingdom income tax (including super-tax).

Any person who has paid or is liable to pay Jamaica income tax and has paid United Kingdom income tax for the same year in respect of the same part of his income is entitled to relief at a rate equal to the excess of the appropriate rate of Jamaica tax over half the appropriate rate of United Kingdom tax, or, if the Jamaica rate exceeds the United Kingdom rate, at half the United Kingdom rate.

A certificate issued by or on behalf of the Commissioners of Inland Revenue in the United Kingdom is receivable in evidence to show what is the "appropriate rate of United Kingdom tax" in any particular case.

The appropriate rate of Jamaica tax is determined by dividing the tax payable for the year (before deduction of the double income tax relief) by the amount of the income in respect of which the Jamaica tax has been charged, except that where Jamaica tax is charged on an amount other than the ascertained amount of the actual profits the rate of tax is determined by the (Jamaica) Assessment Committee.

#### V.—PAYMENT.

12. **Due Date, Taxation at the Source etc.**—The tax is payable (under the Regulations) on the 31st December in general.

Salaries of public officials and pensions payable out of the public revenue of the colony are taxed by deduction.

*JAMAICA—continued.*

Dividends are taxed at the source—see paragraph 13.

Claims for repayment of tax paid in excess must be made within one year from the end of the year of assessment.

## VI.—CORPORATE, JOINT ETC. INCOME.

13. **Companies and Income from Companies.**—Companies are charged on the same basis as individuals and are entitled to exemption if the total income does not exceed £100.

Double taxation of dividends in the hands of company and individual shareholder is obviated by a provision that if any profits or gains are assessed as income of an individual and also as income of a corporate body of persons, such individual is entitled to a relief equal to the income tax chargeable upon such body of persons in respect of such profits or gains.

14. **Partnerships.**—A return of the partnership income is required from the precedent acting partner resident in the island (or if no partner is so resident, from the agent or manager in the island) but the tax is payable by the individual partners only.

15. **Married Women.**—There is no provision regarding married women in the law, but it appears from the return form that they are assessed separately in respect of their own income.

16. **Trusts.**—If the taxpayer dies during the year next preceding the year of assessment and but for his death would have been chargeable to income tax, the personal representative is charged with the payment of the income tax with which the deceased would have been chargeable.

Income of a trust estate is chargeable on the trustee unless the beneficiary makes a return of the income.

## VII.—SPECIAL TRADES ETC.

17. **Non-resident Traders, Shipowners etc.**—There are provisions similar to those contained in Nos. 7 and 8 of the General Rules applicable to Schedules A, B, C, D and E of the United Kingdom Income Tax Act. 1918, in regard to cases where residents are controlled by non-residents and to the charging of non-residents on the basis of a percentage of turnover.

**JAMAICA—continued.**

**20. Insurance Companies.**—Insurance companies (other than life insurance companies) are taxed on their net profits including interest. If the head office is not in Jamaica the profit is computed by taking the gross premiums, interest and other income received or receivable in Jamaica, deducting premiums returned to the insured, premiums paid on re-insurances, actual losses (less losses covered by re-insurance), agency expenses and a fair proportion of head office expenses, and making an adjustment for increase or decrease in the reserve for unexpired risks.

Life insurance companies are taxed on investment incomes less management expenses and commission. If the head office is not in the island the investment income is apportioned in the ratio of premiums received or annuities paid in Jamaica to total premiums or annuities, and tax is payable on such apportioned sum less Jamaica expenses and a fair proportion of head office expenses.

**VIII.—TABLE OF LAWS.**

- The Income Tax Law, 1919. (No. 24—1919.)  
 The Income Tax Amendment Law, 1920. (No. 39—1920.)  
 The Income Tax Amendment Law, 1920 (No. 2). (No. 50—1920.)  
 The Income Tax Amendment Law, 1921. (No. 21—1921.)
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## NEWFOUNDLAND.

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**Introductory.**—The note summarises the law in force for the year 1922, *i.e.*, under which tax is imposed on 1922 income.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—Income tax is payable on the income of any person—

- (i) residing or ordinarily resident in Newfoundland; or
- (ii) who remains in Newfoundland during any calendar year for a period or periods equal to one hundred and eighty-three days; or
- (iii) who is employed in the Colony; or
- (iv) who, not being a resident of Newfoundland, is carrying on business in Newfoundland; or
- (v) who, not being ordinarily a resident of Newfoundland, derives income for services rendered by him in the colony to any person resident or carrying on business in Newfoundland, but only upon that portion of the income so earned by such non-resident.

“Persons employed in Newfoundland” is defined to mean “all persons who receive directly or indirectly, salary, wages, commissions, fees or other remuneration for personal services, any part of which is performed in the colony.”

Persons residing or having their head office or principal place of business outside Newfoundland, but carrying on business in Newfoundland, either directly or through or in the name of any other person, are liable in respect of the net profit or gain arising from the business in Newfoundland.

The receipt by a person resident outside of Newfoundland of income from the rents of landed property situate within Newfoundland is deemed to be the carrying on of a business in Newfoundland. (Tax is payable at a special rate—*see* paragraph 9.)

For the purposes of income tax the term “income” means “the annual net profit or gain or gratuity, whether ascertained and capable of computation as being wages, salary or other fixed amount, or unascertained as being fees or emoluments, or as being profits from a trade, or commercial or financial or other business or calling, directly or indirectly received by a person from any office or employment, or from any profession or calling, or from any trade, manufacture or business, as the

**NEWFOUNDLAND—continued.**

case may be; and shall include the interest, dividends\* or profits, directly or indirectly received from money at interest upon any security or without security, or from stocks, or from any other investment; and, whether such gains, or profits are divided or distributed or not, and also the annual profit or gain from any other source, including the income from, but not the value of, property acquired by gift, bequest, devise or descent; and including the income from, but not the proceeds of, life insurance policies paid upon the death of the person insured, or payments made or credited to the insured on life insurance endowment or annuity contracts upon the maturity of the term mentioned in the contract, or upon the surrender of the contract."

In cases in which personal and living expenses form part of the profit, gain or remuneration of the taxpayer they are assessed as income.

Income derived by a taxpayer domiciled or resident in Newfoundland from property or investments outside of Newfoundland is liable to taxation on the amounts received from such investments.

There is no provision for taxing the annual value of immovable property used by the owner for residence or enjoyment.

**2. Income Exempted.**— Among the exemptions are:—

- (i) The incomes of the Governor, the Judges of the Supreme Court of Newfoundland, the Judge of the Central District Court, and Clergymen of all religious denominations.
- (ii) The incomes of consuls and vice-consuls who are citizens of the country they represent and who are not engaged in any other business or profession.
- (iii) The incomes of Boards of Trade, Chambers of Commerce, of labour organisations and societies, and of benevolent and fraternal beneficiary societies and orders.
- (iv) The incomes of mutual corporations not having a capital represented by shares, no part of the income of which inures to the profit of any member thereof.
- (v) The incomes of life insurance companies, except such amount as is credited to shareholders' account.

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\* "Dividends" includes *inter alia* "stock dividends" (bonus shares) and dividends on paid up life insurance policies.

NEWFOUNDLAND—*continued.*

- (vi) The military and naval pay of persons who have been on active service overseas during the recent war in any of the military or naval forces of His Majesty or of any of His Majesty's allies.
- (vii) Disability and dependants' pensions in connection with the recent war.
- (viii) The income derived from any bonds or other securities of the Colony of Newfoundland issued exempt from any income tax imposed, and in pursuance of any legislation enacted by, the Legislature.
- (ix) Fire insurance companies. (*See* paragraph 20.)
- (x) Banks. (*See* paragraph 20.)

## II.—COMPUTATION OF INCOME.

3. Year and Basis of Assessment.—The tax is under the terms of the law payable on the income of the preceding calendar year. It is understood, however, that the assessment is regarded as being made for the income year.

The income of a company and income from a business or a partnership must be returned on the basis of the accounting year.

4. Deductions.—Provision is made for the following deductions :—

- (i) Reasonable allowances for depreciation and for the exhaustion, wear and tear of property used in a business.
- (ii) In determining the income derived from mining and from oil wells and timber limits, an allowance for the exhaustion of the mines, wells and timber limits.
- (iii) Amounts paid to Newfoundland organisations for religious, charitable and educational purposes, to such amount as may be allowed by the Minister of Finance and Customs, but not exceeding 10 per cent. of the net income computed without reference to this deduction.
- (iv) Losses, not covered by insurance, from fires, storms, shipwrecks, theft, etc., incurred in business or trade.
- (v) Bad debts written off in the income year.

**NEWFOUNDLAND—continued.**

No deduction is allowed for :—

- (a) Restoring, or making good the exhaustion of, property in respect of which allowance has been made for exhaustion etc.
- (b) Life insurance premiums on the life of any officer or employee or of any person financially interested in any trade or business carried on by the taxpayer, when the taxpayer is directly or indirectly a beneficiary under the policy.

5. **Set-off of Losses.**—Losses suffered on the maturing or sale of securities may be deducted from other income, but it is separately provided that losses in transactions entered into for profit but not connected with the chief business, trade, profession, or occupation of the taxpayer are not to be deducted from income derived from the chief business, etc. The Minister of Finance and Customs has the sole power of determining what losses are connected with the chief business, etc.

### III.—PERSONAL ALLOWANCES ETC.

6. **Exemption Limit.**—The normal tax exemption limit in the case of individuals is \$1,000, but this may be increased to \$2,000 if the taxpayer is married or has dependants (see paragraph 9). Corporations and joint stock companies have an exemption limit of \$2,000.

The limit of exemption from supertax is \$6,000.

7. **Personal Allowances.**—The abatements are incorporated in the scales of rates—see paragraph 9.

For normal tax only deductions are allowed of :—

- (i) (To one parent only) \$200 for each child under 18 years of age.
- (ii) \$200 in respect of each close relation supported by a taxpayer who is head of a family, if the support is given under a legal or moral obligation.

8. **Life Insurance and Similar Allowances.**—A deduction is allowed for any amount retained by an employer out of the remuneration of the taxpayer in connection with a superannuation or pension scheme.

No deduction is allowed for life insurance premiums (cf. paragraph 4 (b)).

## NEWFOUNDLAND—continued.

## IV.—COMPUTATION OF TAX.

9. Rates of Tax.—The rates of tax payable on 1922 income are :—

## A.—Individuals.

## (1) Normal Tax.

(1) In the case of unmarried persons, and widows and widowers without dependent children\* and persons who are not supporting dependent brothers and sisters under the age of 18 years, or a dependent parent or parents, grandparent or grandparents :—

On the part of the income—	Rate per cent.
above \$1,000 up to \$6,000 ..	5
„ \$6,000 .. .. .	8

(ii) In the case of all other persons :—

On the part of the income—	Rate per cent.
above \$2,000 up to \$6,000 ..	5
„ \$6,000 .. .. .	8

## (2) Supertax.

(Payable in addition to normal tax.)

On the part of the income—	Rate per cent.
above \$6,000 up to \$8,000 ..	2
„ \$8,000 „ \$10,000 ..	4
„ \$10,000 „ \$20,000 ..	6
„ \$20,000 „ \$30,000 ..	10
„ \$30,000 „ \$40,000 ..	15
„ \$40,000 „ \$50,000 ..	20
„ \$50,000 „ \$100,000 ..	30
„ \$100,000 .. .. .	35

## B.—Corporations and Joint Stock Companies.

On the part of the income—	Rate per cent.
above \$2,000 up to \$6,000 ..	5
„ \$6,000 .. .. .	8

No supertax is payable by these concerns.

\* “Dependent child” means a child under 18 years of age and dependent on his parent for support on account of physical or mental incapacity.



**NEWFOUNDLAND—continued.****C.—Income of Non-Residents from Landed Property in Newfoundland.**

In lieu of normal tax and supertax—

On the whole of such income—5 per cent.

**V.—PAYMENT.**

**12. Due Date, Taxation at the Source etc.**—Returns are due on or before the 30th April in each year without any notice or demand. One quarter of the normal tax and supertax shown by the return to be payable must be remitted with the return, and the remaining amount may be paid in not more than three equal bi-monthly instalments with interest at 6 per cent. per annum from 30th April.

After examining the taxpayer's return the Minister of Finance and Customs sends a notice of assessment verifying or altering the tax estimated in the return. Any additional tax due must be paid within thirty days from the mailing of the notice.

Failure to pay any tax when due involves a penalty of \$5 or one quarter of the tax unpaid, whichever is the greater.

If on the examination of the return it is discovered that an overpayment has been made, the Minister is required to refund the overpaid tax. There is also a general power to refund tax wrongfully collected, but no refund may be made because of an alleged error in the assessment unless application is made within twelve months from the date of payment.

Dividends are charged with normal tax at the source (see paragraph 13)

**VI.—CORPORATE, JOINT ETC. INCOME.**

**13. Companies and Income from Companies.**—Corporations and joint stock companies are liable to normal tax, but not to supertax (see paragraph 9). When the accounting year of a corporation is not the calendar year the return and assessment are made on the basis of the income of the accounting year ending within the calendar year.

If an incorporated company conducts its business so as directly or indirectly to benefit its shareholders or other persons directly or indirectly interested in the company by selling its goods at less than the fair price which might be obtained for them, the Minister of Finance and Customs may determine the

**NEWFOUNDLAND—continued.**

income of the company for the purposes of the Act, having regard to the fair price which might be obtained.

Dividends from taxed companies are not again charged to the *normal* tax in the hands of the shareholders, but they must be taken into account for supertax purposes, being treated as income of the year in which they are paid or distributed. Dividends includes "stock dividends" (bonus shares).

For supertax purposes only, the income of a taxpayer includes the share of the undivided profits of any syndicate, trust, association, corporation, or other body or of any partnership to which he would be entitled if such profits were distributed, unless the Minister of Finance and Customs is of opinion that the accumulation of such undivided profits is not made for the purpose of evading the tax, and is not in excess of what is reasonably required for the purposes of the business.

**14. Partnerships.**—Persons carrying on business in partnership are required to make a return of the partnership income, but are liable for tax only in their individual capacities. The income from the partnership must be returned on the basis of the business year of account.

Husband and wife carrying on business together are not deemed to be partners; the business income must be treated as income of one of them.

**15. Married Women.**—Married women with a separate income are taxable as if they were unmarried.

Any person who, after the 1st January, 1918, has reduced his income by the transfer or assignment of any property to his wife or any member of his family is liable to taxation as if such transfer had not taken place, unless the Minister of Finance and Customs is satisfied that such transfer was not made for the purpose of evading tax. A similar provision applies to transfer of property by a woman.

See also the second sub-paragraph of paragraph 14.

**16. Trusts.**—Income accumulating in trust for the benefit of unascertained persons or persons with contingent interests is taxable in the hands of the trustees as if it were the income of an unmarried person.

NEWFOUNDLAND—*continued.*

## VII.—SPECIAL TRADES ETC.

## 20. Fire Insurance Companies and Banks.—

(1) *Fire Insurance Companies* are charged, in lieu of income tax, 5 per cent. on premiums of insurance against fire upon property within the Colony. The tax is due for the calendar year on the 31st December.

(2) *Banks* (except the Newfoundland Savings Bank) are charged, in lieu of income tax,  $\frac{1}{4}$  per cent. of the deposits on the 31st December. The tax is payable for the previous calendar year on the 15th January.

If in either case the tax is not paid when due a penalty of 5 per cent. of the tax is incurred, together with interest at 1 per cent. for each full month.

## VIII.—TABLE OF ACTS.

Income Tax Act, 1922. (13 Geo. V., cap. 26.)

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## ST. CHRISTOPHER AND NEVIS.

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**Introductory.**—The note summarises the law in force for 1922.

St. Christopher and Nevis is one of the five Presidencies constituting the Colony of the Leeward Islands.

The Presidency is also known as "St. Kitts and Nevis"; it is referred to in this note as "St. Kitts."

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—In general terms, residents are liable in respect of income from any source in or out of St. Kitts; non-residents are liable in respect of income from any source in St. Kitts. As regards income from sources out of St. Kitts persons not domiciled in St. Kitts and British subjects not ordinarily resident in St. Kitts are liable only in respect of so much of that income as is received in St. Kitts.

There is no provision for taxing as income the annual value of immovable property occupied by the owner for purposes of residence or enjoyment.

#### **2. Income Exempted.**—

- (i) The salaries of the Governor of the Leeward Islands and of the Administrator of the Presidency.
- (ii) Incomes of ministers of religion derived from their occupation as such.
- (iii) Profits of estates or sugar factories which have paid land tax or export duty.

### II.—COMPUTATION OF INCOME.

**3. Year and Basis of Assessment.**—The income tax is levied in each calendar year in respect of the income derived or received in the preceding calendar year.

#### **4. Deductions.**—

- (i) A deduction is allowed for interest payable on any borrowed capital employed in acquiring income on which tax is payable.
- (ii) The deduction for repairs of premises and for the supply, repair or alteration of any articles employed in acquiring the income may not exceed the sum usually expended on the average of the three years preceding the year of assessment.

**ST. CHRISTOPHER AND NEVIS—continued.**

5. **Set-off of Losses.**—Losses sustained in one profession, trade, employment or vocation carried on in St. Kitts, or in the ownership or occupation of any land in St. Kitts, may be set off against profits from any other profession, trade, employment or vocation or from the ownership or occupation of any other land.

**III.—PERSONAL ALLOWANCES ETC.**

6. **Exemption Limit.**—The exemption limit is £100.

8. **Life Insurance and Similar Allowances.**—Annual insurance premiums paid by the taxpayer on his life or on that of his wife or any of his children, up to one-sixth of the total income, are allowed as a deduction.

**IV.—COMPUTATION OF TAX.****9. Rates of Tax.—**

				Rate on the whole income.
On incomes of £100	..	..	..	1d. in the £
.. over £100 and not exceeding £150	..	..	..	3d. "
.. " £150 " " £600	..	..	..	6d. "
.. " £600 " " £1,000	..	..	..	8d. "
.. " £1,000 " " £2,000	..	..	..	10d. "
.. " £2,000 .. .. .	..	..	..	1s. "

11. **Provisions regarding Double Taxation.**—For the purposes of St. Kitts income tax, income is assessable without any deduction for United Kingdom income tax (including super-tax).

Any person who has paid or is liable to pay St. Kitts income tax and has paid United Kingdom income tax for the same year in respect of the same part of his income is entitled to relief at a rate equal to the excess of the appropriate rate of St. Kitts tax over half the appropriate rate of United Kingdom tax, or, if the St. Kitts rate exceeds the United Kingdom rate, at half the United Kingdom rate. The rate of relief may, however, in no case exceed 3s. in the £.

A certificate issued by or on behalf of the Commissioners of Inland Revenue in the United Kingdom is receivable in evidence to show what is the "appropriate rate of United Kingdom tax" in any particular case.

The appropriate rate of St. Kitts tax is determined by dividing the tax payable for the year (before deduction of the

**St. CHRISTOPHER AND NEVIS—continued.**

double income tax relief) by the amount of the income in respect of which the St. Kitts tax has been charged, except that where St. Kitts tax is charged on an amount other than the ascertained amount of the actual profits the rate of tax is determined by the (St. Kitts) Assessment Committee.

Insurance companies are not allowed this relief (*cf.* paragraph 20).

**V.—PAYMENT.**

12. **Due Date, Taxation at the Source etc.**—The tax is (under the rules) payable either in one sum on or before the 30th November, or in two equal instalments in May and November. If tax is not paid within the prescribed time an additional 5 per cent. of its amount is payable.

The Governor in Council has by the rules provided for the payment of tax by deduction monthly in the cases of pensions paid out of the revenue of the presidency and of salaries of public officials.

Dividends are taxed at the source (*see* paragraph 13).

Claims for repayment of tax paid in excess must be made within twelve months from the end of the year of assessment.

**VI.—CORPORATE, JOINT ETC. INCOME.**

13. **Companies and Income from Companies.**—Companies are chargeable in the same way as individuals, and are entitled to exemption if the income does not amount to £100.

Double taxation of dividends in the hands of the company and individual shareholder is obviated by a provision that if any profits or gains are assessed as income of an individual and also as income of a corporate body of persons, such individual is allowed a relief equal to the income tax chargeable upon the body of persons in respect of such profits or gains.

15. **Married Women.**—The income of a married woman living with her husband is deemed to be his income and is charged in his name.

**VII.—SPECIAL TRADES ETC.**

20. **Insurance Companies.**—Insurance companies (other than life insurance companies) are taxed on their net profits including interest. If the head office is not in St. Kitts the profit is computed by taking the gross premiums, interest and other income received or receivable in St. Kitts, deducting

**ST. CHRISTOPHER AND NEVIS—continued.**

premiums returned to the insured, premiums paid on re-insurances, actual losses (less losses covered by reinsurance), agency expenses, and a fair proportion of head office expenses, and making an adjustment for increase or decrease in the reserve for unexpired risks.

Life insurance companies are taxed on investment incomes less management expenses and commission. If the head office is not in St. Kitts the investment income is apportioned in the ratio of premiums received or annuities paid in St. Kitts to total premiums or annuities, and tax is payable on such apportioned sum less St. Kitts expenses and a fair proportion of head office expenses.

No relief from double income tax (*see* paragraph 11) is allowed to insurance companies.

**VIII.—TABLE OF ORDINANCES.**

The Finance Ordinance, 1922. (No. 5 of 1922.)

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## ST. LUCIA.

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**Introductory.**—The note summarises the law in force for 1922.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—In general terms, residents are liable in respect of income from any source in or out of the colony, but in the case of income from sources out of the colony, only in respect of so much of the income as is received in the colony; non-residents are liable in respect of income from any source in the colony.

Profit derived from anything produced in or imported into the colony which is exported or sold out of the colony is deemed to be income derived from a source in the colony.

There is no provision for taxing as income the annual value of immovable property occupied by the owner for purposes of residence or enjoyment.

**2. Income Exempted.**—Among the exemptions are—

- (i) The official income and allowances of the Governor of the Windward Islands and of the Administrator of St. Lucia.
- (ii) The income of any friendly society registered under the Friendly Societies Ordinance.
- (iii) The income of any Volunteer Corps, Municipal Body, Town Board or Water Authority.
- (iv) The emoluments paid from the public revenue of the police force, except the Chief of Police, the Sergeant-Major, and the Staff-Sergeant.
- (v) The income of any telegraph company, or chartered banking company.
- (vi) The income of any insurance company derived from premiums paid on policies issued by it.
- (vii) The income of any shipping company having its head office out of the colony, derived from the carriage of passengers, mails, or freight to or from any place in or out of the colony, and from any subsidy paid out of the public revenue of the colony.



**St. Lucia—continued.**

- (viii) The income of persons residing out of the colony derived from government stock of the colony or from interest on money lent to persons residing in the colony.

**II.—COMPUTATION OF INCOME.**

3. **Year and Basis of Assessment.**—The tax is payable in respect of the calendar year. The basis of assessment is in general the income of the twelve months ending on the 30th September in the previous year.

**III.—PERSONAL ALLOWANCES ETC.**

6. **Exemption Limit.**—The exemption limit is £50.

8. **Life Insurance and Similar Allowances.**—Annual insurance premiums paid by the taxpayer on his life, up to one-sixth of the total income, are allowed as a deduction.

**IV.—COMPUTATION OF TAX.**

9. **Rates of Tax.**—The rates of tax payable in 1922 are :—

Where the income—		Rate of income tax in the £	
		s. d.	
amounts to £50 and does not exceed	£100	..	1
exceeds	£100	..	2
..	£200	..	3
..	£300	..	4
..	£400	..	5
..	£500	..	6
..	£750	..	8
..	£1,000	..	10
..	£1,500	..	1 0
..	£2,000	..	1 3
..	£3,000	..	1 6
..	£4,000	..	1 9
..	£5,000	..	2 0
..	£6,000	..	2 3
..	£7,000	..	2 6
..	£8,000	..	2 9
..	£9,000	..	3 0
..	£10,000	..	3 6

**ST. LUCIA—continued.**

**11. Provisions regarding Double Taxation.**—For the purposes of St. Lucia income tax, income is assessable without any deduction for United Kingdom income tax (including super-tax).

Any person who has paid or is liable to pay St. Lucia income tax and has paid United Kingdom income tax for the same year in respect of the same part of his income is entitled to relief at a rate equal to the excess of the appropriate rate of St. Lucia tax over half the appropriate rate of United Kingdom tax, or, if the St. Lucia rate exceeds the United Kingdom rate, at half the United Kingdom rate.

A certificate issued by or on behalf of the Commissioners of Inland Revenue in the United Kingdom is receivable in evidence to show what is the "appropriate rate of United Kingdom tax" in any particular case.

The appropriate rate of St. Lucia tax is determined by dividing the tax payable for the year (before deduction of the double income tax relief) by the amount of the income in respect of which the St. Lucia tax has been charged, except that where St. Lucia tax is charged on an amount other than the ascertained amount of the actual profits the rate of tax is determined by the Income Tax Assessor.

Relief is given equal to the amount of income tax paid in any part of His Majesty's dominions other than the United Kingdom, or in any British protectorate, on income from sources outside St. Lucia, up to the amount of the St. Lucia tax on the same income.

**V.—PAYMENT.**

**12. Due Date, Taxation at the Source etc.**—The tax is due and payable on or before the 31st July. On tax remaining unpaid after that date a fine is charged of 6d. for sums not exceeding 10s., of 1s. for sums between 10s. and £1, and of 5 per cent. for sums exceeding £1.

Income from official salaries and pensions is taxed by deduction if it amounts to £50 or over for the year, the rate being the rate on the scale for an income equal to the annual amount of the salary or pension, or the aggregate of salary and pension if both are payable.

ST. LUCIA—*continued.*

VI.—CORPORATE, JOINT ETC. INCOME.

13. **Companies and Income from Companies.**—Companies are chargeable in the same way as individuals and are entitled to exemption if the income does not amount to £50. There is no provision against double taxation of dividends in the hands of company and shareholder.

14. **Partnerships.**—A return of the partnership income may be required from any partner present in the colony, or from the agent in the colony if no partner is present in the colony. The person making the return is liable to pay income tax in respect of the income of all the partners, jointly and severally with the partners themselves. The tax is computed and charged on the total income of the partnership.

15. **Married Women.**—Where there is legal community of property, the income of the wife is deemed to be the income of the husband. In the case of "marriage in separation of property by contract," each consort makes a separate return.

VIII.—TABLE OF ORDINANCES.

- The Income Tax Ordinance. (No. 117, 1916 Revision.)
  - The Income Tax Amendment Ordinance, 1918. (No. 3 of 1918.)
  - The Income Tax Amendment Ordinance, 1919. (No. 3 of 1919.)
  - The Income Tax Amendment Ordinance, 1921. (No. 6 of 1921.)
  - The Income Tax Amendment Ordinance, 1922. (No. 14 of 1922.)
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## ST. VINCENT.

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**Introductory.**—The note summarises the law in force for 1922.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—In general terms, residents are liable in respect of income from any source in or out of the colony, but in the case of income from sources out of the colony, only in respect of so much of the income as is received in the colony; non-residents are liable in respect of income from any source in the colony.

Profit derived from anything produced in or imported into the colony which is exported or sold out of the colony is deemed to be income derived from a source in the colony.

There is no provision for taxing as income the annual value of immovable property occupied by the owner for purposes of residence or enjoyment.

#### 2. Income Exempted.—

- (i) The income of the Governor of the Windward Islands and of the Administrator of St. Vincent.
- (ii) The income of any friendly society registered under any ordinance of the colony.
- (iii) Any portion of the salary of an official of the Windward Islands paid by the Government of St. Lucia or Grenada if income tax is payable in respect thereof in the colony paying such portion.

### II.—COMPUTATION OF INCOME.

**3. Year and Basis of Assessment.**—The income tax is levied in each calendar year in respect of the income derived or received in the preceding calendar year.

#### 4. Deductions.—

- (i) A deduction is allowed for interest payable on any borrowed capital employed in acquiring income on which tax is payable.
- (ii) The deductions for repairs of premises, and for the supply, repair or alteration of any articles employed in acquiring income may not exceed the

**St. VINCENT—continued.**

sum usually expended on the average of the six years preceding the year of assessment.

**5. Set-off of Losses.**—Losses sustained in one profession, trade, employment or vocation carried on in the colony, or in the ownership or occupation of land in the colony may be set off against profits from any other profession, trade, employment or vocation, or from the ownership or occupation of any other land.

**III.—PERSONAL ALLOWANCES ETC.**

**6. Exemption Limit.**—The exemption limit is £150.

**7. Personal Allowances.**—If the total income does not exceed £500, a relief is allowed equal to the income tax on £25 in respect of each child under 16 years of age at the beginning of the year. "Child" includes a step-child or an adopted child, but not an illegitimate child unless the parents have married each other.

**8. Life Insurance and Similar Allowances.**—Annual insurance premiums paid by the taxpayer on his life or on that of his wife, up to one-sixth of the total income, are allowed as a deduction.

**IV.—COMPUTATION OF TAX.**

**9. Rates of Tax.**—The rates of tax payable in 1922 are as follows:—

Where the income—	Rate of income tax in the £.	
	s.	d.
exceeds £150 but does not exceed £200	..	0 1
"   £200      "   "   £300	..	0 2
"   £300      "   "   £400	..	0 3
"   £400      "   "   £500	..	0 4
"   £500      "   "   £750	..	0 5
"   £750      "   "   £1,000	..	0 6
"   £1,000     "   "   £1,500	..	0 8
"   £1,500     "   "   £2,000	..	0 10
"   £2,000     "   "   £3,000	..	1 0
"   £3,000     "   "   £4,000	..	1 3
"   £4,000     "   "   £5,000	..	1 6
"   £5,000     "   "   "   "   "   "	..	1 9

**ST. VINCENT—continued.**

**11. Provisions regarding Double Taxation.**—For the purposes of St. Vincent income tax, income is assessable without deduction for United Kingdom income tax (including supertax).

Any person who has paid or is liable to pay St. Vincent income tax and has paid United Kingdom income tax for the same year in respect of the same part of his income is entitled to relief at a rate equal to the excess of the appropriate rate of St. Vincent tax over half the appropriate rate of United Kingdom tax, or, if the St. Vincent rate exceeds the United Kingdom rate, at half the United Kingdom rate.

A certificate issued by or on behalf of the Commissioners of Inland Revenue in the United Kingdom is receivable in evidence to show what is the "appropriate rate of United Kingdom tax" in any particular case.

The appropriate rate of St. Vincent tax is determined by dividing the tax payable for the year (before deduction of the double income tax relief) by the amount of the income in respect of which the St. Vincent tax has been charged, except that where St. Vincent tax is charged on an amount other than the ascertained amount of the actual profits the rate of tax is determined by the (St. Vincent) Official Assessor.

**V.—PAYMENT.**

**12. Due Date, Taxation at the Source etc.**—The tax is payable (under the regulations) on the 30th September. If it is not paid by that date an additional 5 per cent. of its amount is payable.

Pensions and annuities paid out of the public revenue of the colony and salaries of public officials are taxed by deduction.

Dividends are taxed at the source (*see* paragraph 13).

Repayment of tax paid in excess may be made within three months from the date of payment.

**VI.—CORPORATE, JOINT ETC. INCOME.**

**13. Companies and Income from Companies.**—Companies are chargeable in the same way as individuals, and are entitled to exemption if the total income does not exceed £150.

**ST. VINCENT—continued.**

Double taxation of dividends in the hands of company and shareholder is obviated by a provision that if any profits or gains have been assessed as income of any person and also as income of a corporate body of persons the overcharge is to be rectified by vacating part or the whole of one of the assessments. ("Person" is defined in the Act to mean "any individual or corporated body of persons.")

15. **Married Women.**—The income of a married woman living with her husband is deemed to be his income and is charged in his name.

VIII.—TABLE OF ORDINANCES.

The Income Tax Ordinance, 1919. (No. 29 of 1919.)

The Income Tax (Amendment) Ordinance, 1922. (No. 8 of 1922.)

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## TRINIDAD AND TOBAGO.

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**Introductory.**—The note summarises the law in force for 1922.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—In general terms, residents are liable in respect of income from any source in or out of the colony; non-residents are liable in respect of income from any source in the colony. Persons not domiciled in the colony and British subjects not ordinarily resident in the colony are, in respect of income from securities, stocks, shares, rents and all possessions (not being trading undertakings) out of the colony, chargeable with the tax only on such income as is received in the colony. Foreign income not so specified is assessable on the amount arising or accruing.

The chargeable income includes the annual value of a house occupied by the owner or occupied rent free, and the annual value of any residence, quarters, board and lodging or other allowances in kind received by an employee in respect of his services.

All casual profits are specifically made chargeable.

If a person carries on business or is engaged in any trading operation in the colony, and the products (or goods purchased) are sold out of the colony, the profit is deemed to arise in the colony. If the profit is increased by treatment, other than handling and disposal, of the products or goods outside the colony, such increase of profit is not deemed to arise in the colony.

**2. Income Exempted.**—Among the exemptions are—

- (i) The official salary and allowances of the Governor.
- (ii) The official emoluments of a consul or vice-consul who is a citizen of the country he represents and is not engaged in any other business or profession.
- (iii) The income of a registered building society or friendly society. (Dividends, bonuses and interest paid by a building society are chargeable.)
- (iv) The income of local authorities and government institutions.
- (v) Interest on debentures issued under the Local Loan Ordinance, 1915.



TRINIDAD AND TOBAGO—*continued.*

## II.—COMPUTATION OF INCOME.

**3. Year and Basis of Assessment.**—Assessments are made for the calendar year.

In the case of a company (other than a company specially treated as indicated in paragraphs 17 and 20) the assessment is made on the average income of the three years preceding the year of assessment. In other cases rents, interest, dividends, income from foreign possessions (not being trading undertakings), income from employments and pensions are assessed on the basis of the previous year; casual profits are assessed as the Commissioner sees fit on the basis of the previous year or on an average; other income is assessed on the average of the preceding three years.

The Commissioner may allow the three years' average to be computed up to any day in the year preceding the year of assessment.

Provision is made for the exclusion from the computation of any loss in respect of which relief was given under a special provision for 1921.\*

Provision is made for the adjustment of assessments on the occasion of the commencement or cessation of a business, or of a succession to a business, in terms similar to those of the Income Tax Act, 1918, of the United Kingdom (Rule 1 (2) and Rule 8 of the Rules applicable to Cases I. and II. of Schedule D, and Rule 3 of the Miscellaneous Rules applicable to Schedule D).

**4. Deductions.**—Among the deductions allowed are—

- (i) Interest payable on borrowed capital employed in acquiring chargeable income.
- (ii) Annuities and annual payments legally payable.
- (iii) Rates and taxes on real estate (not including income tax).
- (iv) Fire insurance premiums on property used in acquiring chargeable income.
- (v) Bad debts which have been included in the years of average, and doubtful debts to the extent that they are estimated to be bad.

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\* If the actual income for 1921 was less than 90 per cent. of the assessment, the assessment might be reduced to the actual income.

TRINIDAD AND TOBAGO—*continued.*

- (vi) A proportion of the rent or annual value of a dwelling-house used for a trade or profession, not exceeding in general two-thirds.
- (vii) An allowance for wear and tear of buildings, machinery or plant, computed on the written-down values.

5. **Set-off of Losses.**—A loss sustained in one trade, profession, employment etc. may be set off against profits from any other trade, profession, employment etc. or from the ownership or occupation of land. Losses from speculation etc. may be set off against ordinary trading profits or against casual profits.

## III.—PERSONAL ALLOWANCES ETC.

6. **Exemption Limit.**—The exemption limit is £500 (to individuals resident in the colony only).

7. **Personal Allowances.**—If the income of a person (other than a company) resident in the colony exceeds £500, a deduction is made from the tax of an amount equal to the tax payable on £500 at the lowest rate.

## IV.—COMPUTATION OF TAX.

9. **Rates of Tax.**—The rates of tax payable for the year of assessment 1922 are :—

			<i>s.</i>	<i>d.</i>
On each £ from	—	to £1,000 ..	0	6
" "	"	£1,000 " £2,000 ..	1	0
" "	"	£2,000 " £5,000 ..	2	0
" "	"	£5,000 " £8,000 ..	4	0
" "	"	£8,000 " £12,000 ..	5	0
" "	"	above £12,000 ..	6	8

11. **Provisions regarding Double Taxation.**—For the purposes of Trinidad income tax, income is assessable without any deduction for United Kingdom income tax (including super-tax).

Any person who has paid or is liable to pay Trinidad income tax and has paid United Kingdom income tax for the same year in respect of the same part of his income is entitled to relief at a rate equal to the excess of the appropriate rate of Trinidad tax over half the appropriate rate of United Kingdom tax, or if the Trinidad rate exceeds the United Kingdom rate, at half the United Kingdom rate.

**TRINIDAD AND TOBAGO—continued.**

A certificate issued by or on behalf of the Commissioners of Inland Revenue in the United Kingdom is receivable in evidence to show what is the "appropriate rate of United Kingdom tax" in any particular case.

The appropriate rate of Trinidad tax is determined by dividing the tax payable for the year (before deduction of the double income tax relief) by the amount of the income in respect of which the Trinidad tax has been charged, except that where Trinidad tax is charged on an amount other than the ascertained amount of the actual profits the rate of tax is determined by the (Trinidad) Commissioner.

**V.—PAYMENT.**

12. **Due Date, Taxation at the Source etc.**—The date for payment (prescribed by the regulations) is, in general, the 31st October for the year 1922. Tax on the whole income of public officers is deducted from their salaries.

Claims for repayment of tax paid in excess must be made within 12 months from the end of the year of assessment.

**VI.—CORPORATE, JOINT ETC. INCOME.**

13. **Companies and Income from Companies.**—Companies are not entitled to the exemption and abatement of £500 allowed in the case of individuals.

Companies assessable to income tax are deemed to be the agents of their absentee mortgagees, debenture-holders, etc., and are therefore assessable to income tax on behalf of such absentees.

Double taxation of dividends in the hands of company and individual shareholder is obviated by a provision that where any profits or gains are assessed as income of an individual and also as income of a corporate body of persons the individual is entitled to a relief equal to the tax chargeable on the body of persons in respect of the profits or gains.

14. **Partnerships.**—The precedent partner (or the agent or manager) resident in the colony is required to make a return of the partnership profits, but the partners are liable to tax in their individual capacities only. The precedent acting partner (or the manager) resident in the colony is deemed to be the agent of a non-resident partner and is assessed to income tax on the latter's behalf.

TRINIDAD AND TOBAGO—*continued.*

15. **Married Women.**—The income of a married woman living with her husband is deemed to be his income and is charged in his name.

## VII—SPECIAL TRADES ETC.

17. **Non-resident Traders, Shipowners etc.**—If a person sells goods in the colony on account of a person whose principal place of business is out of the colony the representative in the colony may be charged on behalf of the non-resident on an assumed income of 10 per cent. of the selling price of the goods if the income cannot otherwise be ascertained to the satisfaction of the Commissioner.

A non-resident is deemed to be trading in the colony if his recognised agent or other representative resident in the colony sells in the colony the goods of the non-resident—wherever the contract, delivery and payment are made.

Non-resident shipowners or charterers are taxable on 10 per cent. of the sums payable in the previous year in respect of fares or freight for passengers, livestock, mails or goods shipped in the colony.

20. **Insurance Companies.**—Insurance companies (other than life insurance companies) are taxed on their net profits including interest on the three years average. If the head office is not in the colony the profit is computed by taking the gross premiums, interest and other income received or receivable in the colony, deducting premiums returned to the insured, premiums paid on reinsurances, actual losses (less losses covered by reinsurance), agency expenses and a fair proportion of head office expenses, and making an adjustment for increase or decrease in the reserve for unexpired risks.

Life insurance companies are taxed on investment incomes less management expenses and commission of the previous year. If the head office is not in the colony the investment income is apportioned in the ratio of premiums received in the colony to total premiums, and tax is payable on such apportioned sum less expenses in the colony and a fair proportion of head office expenses.

## VIII.—TABLE OF ORDINANCES.

The Income Tax Ordinance, 1922. (No. 8, 1922.)

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## BRITISH INDIA.

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**Introductory.**—The note summarises the law in force for the years 1922-23 and 1923-24.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—The Indian Income-tax Act, 1922, applies to all income from whatever source it is derived if it accrues or arises or is received in British India, or is, under the provisions of the Act, deemed to accrue or arise or to be received in British India. The Act extends to the whole of British India, including British Baluchistan and the Sonthal Parganas, and applies also, within the dominions of Princes and Chiefs in India in alliance with His Majesty, to British subjects in those dominions who are in the service of the Government of India or of a local authority established in the exercise of the powers of the Governor-General in Council in that behalf, and to all other servants of His Majesty in those dominions.

The following classes of chargeable income are specified in the Act.

(1) *Salaries.*—Any salary, wages, annuity, pension or gratuity, fees, commissions, perquisites or profits, paid by Government, a local authority, a company or any other public body or association, or by a private employer. Any income which would be chargeable under this head if paid in British India is deemed to be so chargeable if paid to a British subject or any servant of His Majesty in any part of India by Government or a local authority. House-rent allowances and the value of rent-free quarters are regarded as forming part of the emoluments of an employee.

(2) *Interest on Securities.*—Interest on any security of the Government of India (unless income-tax free), or of a local government, or on debentures or other securities for money issued by or on behalf of a local authority or company. (The income-tax on interest on a security of a local government issued income-tax free is payable by the local government, and super-tax is payable by the recipient.) Interest, not payable in British India, on sterling or other securities issued by the Government of India, or by an English company carrying on business in India, is not chargeable unless received in British India by a resident there.

**BRITISH INDIA—continued.**

(3) *Property*.—The *bona fide* annual value of buildings or lands appurtenant thereto other than portions of such property occupied by the owner for the purposes of his business. "Annual value" is defined as meaning the sum for which the property might reasonably be expected to let from year to year, with the proviso that where the property is occupied by the owner as his residence, such sum is not to be taken at a higher figure than 10 per cent. of his total income.

(4) *Business*.—The profits or gains of any business carried on by the taxpayer. "Business" includes any trade, commerce or manufacture, or any adventure or concern in the nature of trade, commerce or manufacture. A resident in British India carrying on or controlling a business abroad is liable in respect only of income received in or brought into British India within three years of the end of the year in which the profits accrued or arose.

(5) *Professional Earnings*.—The profits or gains of any profession or vocation followed by the taxpayer, including professional fees paid in any part of India to a person ordinarily resident in British India.

(6) *Other sources*.—This includes such income as income from urban lands not appurtenant to buildings, interest on deposits and mortgages, discount on treasury bills.

**2. Income Exempted.**—Among the exemptions granted by the Act are :—

- (i) Agricultural income. (The full definition is given in paragraph 19.)
- (ii) Income of local authorities.
- (iii) Interest on securities (securities here including any trustee investment) held by the provident funds and provident insurance societies referred to in paragraph 8.
- (iv) Any capital sum received in commutation of the whole or a portion of a pension, or in the nature of consolidated compensation for death or injuries, or in payment of any insurance policy, or as the accumulated balance at the credit of the subscriber to any provident fund as in the preceding head.
- (v) Any receipts, not being receipts arising from business or the exercise of a profession, vocation or occupation, which are of a casual and non-recurring

BRITISH INDIA—*continued.*

nature and are not by way of addition to the remuneration of an employee.

- (vi) Any special allowance, benefit or perquisite specifically granted to meet expenses wholly and necessarily incurred in the performance of the duties of an office or employment of profit. (*Cf.* paragraph 1 (1).)
- (vii) Interest on any security of the Government of India issued or declared to be income-tax free. This exemption does not extend to super-tax, and the interest must also be taken into account in arriving at total income for the purposes of determining the rate under the graduated scale at which income-tax should be levied on other income. Such securities include War Bonds 1922, 1923, 1925 and 1928 ; 5 per cent. Loan, 1945-55 ; five-year 6 per cent. Bonds, 1926 and 1927 ; ten-year 6 per cent. Bonds, 1930, 1931 and 1932 ; and ten-year 5 per cent. Bonds, 1933. (*Cf.* also exemptions (xv) and (xvi).)

Among further exemptions granted by the Governor General in Council under statutory authority are :-

- (viii) The official allowance of an accredited political agent in British India of a prince or state in India.
- (ix) The official salaries and fees received in India by foreign consuls, representatives and consular employees from their governments.
- (x) The salaries of His Majesty's Trade Commissioners in India.
- (xi) Scholarships granted to meet the cost of education.
- (xii) The yield of Post Office cash certificates, and the interest on deposits in the Post Office Savings Bank.
- (xiii) Wounds and disability gratuities, and gratuities to the dependants of deceased soldiers, etc.
- (xiv) The allowance or salary paid in the United Kingdom to officers on leave or duty there.
- (xv) Interest on Mysore Durbar Securities.
- (xvi) Interest on Government securities purchased through the Post Office and held in the custody of the Accountant-General, Posts and Telegraphs. (This interest must be included in total income like that referred to at (vii).)
- (xvii) Income derived from the manufacture of indigo for a period of four years from 1st April, 1921.

BRITISH INDIA—*continued.*

- (xviii) Profits of a registered co-operative society and dividends, etc., to members. (This exemption does not extend to securities, and there is no exemption from super-tax.)

## II.—COMPUTATION OF INCOME.

3. Year and Basis of Assessment.—The year of assessment is the year ending 31st March, and coincides with the Government's financial year. Assessments are made on the basis of the income of the previous year, ending 31st March, or of a period of 12 months (ending in that year), for which accounts have been made up, if the taxpayer so elects. In special cases (for example native traders making up accounts for a period of not exactly 12 months) the Indian Board of Inland Revenue may prescribe that the income of a specified period shall be adopted.

When a business, profession or vocation *commenced after the 31st March, 1922*, is discontinued in any year, if the income-tax authorities consider that there may be difficulty in collecting the tax under the assessment which would ordinarily be made in the succeeding year on the profits of the year of discontinuance, an assessment on these profits may be made within the year in which the business is discontinued in addition to the assessment on the previous year's profits.

In view of the fact that under the Indian Income-tax Act, 1918, tax was charged on the actual income of the year of assessment it is provided that if any business, profession or vocation which was in existence on 1st April, 1922, and on which tax was at any time charged under the Act of 1918, is discontinued, no tax shall be payable in respect of the income, profits or gains of the period between the end of the previous year (or period of account adopted) and the date of discontinuance, and the taxpayer may further claim a reduction of the assessment for the year in which the business, etc., was discontinued to the income, etc., of the said period.

If any change occurs in the constitution of a firm or if any person has succeeded to any business, profession or vocation, the assessment is made on the firm as constituted, or on the person engaged in the business etc. at the time of the making of the assessment.



BRITISH INDIA—*continued.*

4. **Deductions.**—The deductions allowed are classified under the same headings as the income chargeable (see paragraph 1,).

- (1) *Salaries.*—See paragraph 8.
- (2) *Interest on Securities.*—Interest paid on a bank loan obtained in order to purchase the securities.
- (3) *Property.*—
  - (i) In respect of repairs, one-sixth of the annual value, but limited if the tenant bears the cost of repairs to the difference between the annual value and the rent paid ;
  - (ii) Premiums of insurance against damage or destruction ;
  - (iii) Mortgage interest and ground rent ;
  - (iv) Land-revenue ;
  - (v) Collection charges not exceeding 6 per cent. ;
  - (vi) An allowance for voids.
- (4) *Business.*—
  - (i) Rent of premises, excluding any part applicable to a residential portion ;
  - (ii) Repairs of the business portion of such premises where the taxpayer is tenant only and has undertaken to bear the cost of repairs ;
  - (iii) Interest on capital borrowed, where the payment of interest is not in any way dependent on the earning of profits ;  
(Periodical subscriptions to prescribed mutual benefit societies may be deducted under this head.)
  - (iv) Premiums of insurance against damage or destruction of buildings, machinery or plant used for business purposes ;
  - (v) Current repairs to such buildings, machinery or plant ;
  - (vi) An allowance for depreciation of such buildings, machinery or plant owned by the taxpayer ;  
(The rates of allowance are based on original cost and are fixed by rules made by the Indian Board of Inland Revenue. When in any year full effect cannot be given to the allowance admissible the balance may be carried forward.)

## BRITISH INDIA—continued.

- (vii) In the case of machinery or plant sold or discarded as obsolete, the difference between the original cost to the taxpayer as reduced by the aggregate allowances for depreciation and the selling price or scrap value ;
- (viii) Land-revenue, local rates or municipal taxes paid in respect of the business portion of the premises ;
- (ix) Any expenditure (not being in the nature of capital expenditure) incurred solely for the purpose of earning the profits.

- { (5) *Professional Earnings*, and
- { (6) *Other Sources*.—

Expenditure (not being capital expenditure) incurred solely for the purpose of producing the income, excluding personal expenses.

5. **Set-off of Losses.**—A loss sustained under any one head (including a share in the loss of a registered firm) may be set off against income or profits under any other head in the same year, but losses may not be carried forward from year to year.

## III.—PERSONAL ALLOWANCES ETC.

6. **Exemption Limit.**—The income-tax exemption limit is Rs. 2,000 (total income) in the case of every individual, un-registered firm and Hindu undivided family. The super-tax exemption limit is Rs. 50,000 in general.

7. **Personal Allowances.**—There are no abatements allowed for income-tax if the total income exceeds Rs. 2,000, and no allowances for children or dependants. For super-tax there is an abatement as shown in the scale in paragraph 9.

8. **Life Insurance and Similar Allowances.**—These allowances are made for income-tax only and they are not allowed in computing total income for the purpose of determining the rate of income-tax or the super-tax assessment. The total of the allowances described in this paragraph may not exceed one-sixth of the total income.

A deduction is allowed in computing the taxable income of any sum paid by the taxpayer to effect an insurance, or in respect of a deferred annuity, on his own life, or on the life

## BRITISH INDIA—continued.

of his wife, or as a contribution to any provident fund to which the Provident Funds Act, 1897, applies, or to any provident fund which complies with the provisions of the Provident Insurance Societies Act, 1912, or has been exempted from the provisions of that Act. In the case of a Hindu undivided family a deduction is allowed of any sums paid to effect an insurance on the life of any male member of the family or of the wife of any such member.

In assessing income from salaries a deduction is allowed of any sum deducted under the authority of Government from the salary of any individual for the purpose of securing to him a deferred annuity or of making a provision for his wife or children, subject to a limit of one-sixth of the salary.

## IV.—COMPUTATION OF TAX.

9. Rates of Tax.—The rates of tax for the years 1922-23 and 1923-24 are as follows :—

(1) *Income-tax.*

A. Individuals, unregistered firms and Hindu undivided families :—

Total income.				Rate per rupee on taxable income.	
Not less than	but less than			Annas*	Pies*
Rupees	Rupees				
—	2,000	..	..	..	Nil
2,000	5,000	..	..	0	5
5,000	10,000	..	..	0	6
10,000	20,000	..	..	0	9
20,000	30,000	..	..	1	0
30,000	40,000	..	..	1	3
40,000	—	..	..	1	6

The tax is limited to the aggregate of

- (a) the amount which would have been payable if the total income had been a sum less by one rupee than the limit of the scale next below ; and
- (b) the amount by which the total income exceeds that sum.

B. Companies and registered firms :—1 anna 6 pies\* in the rupee on the whole taxable income. (Cf. paragraphs 13 and 14.)

\* 12 pies = 1 anna ; 16 annas = 1 rupee.

## BRITISH INDIA—continued.

## (2) Super-tax.

A. Individuals, unregistered firms and Hindu undivided families :—

		Rate per rupee.
		—
		Annas.
On the first	Rs. 50,000* of the total income..	Nil
„ „ next	Rs. 50,000† „ „	.. 1
„ „ „	Rs. 50,000 „ „	.. 1½
„ „ „	Rs. 50,000 „ „	.. 2
„ „ „	Rs. 50,000 „ „	.. 2½
„ „ „	Rs. 50,000 „ „	.. 3
„ „ „	Rs. 50,000 „ „	.. 3½
„ „ „	Rs. 50,000 „ „	.. 4
„ „ „	Rs. 50,000 „ „	.. 4½
„ „ „	Rs. 50,000 „ „	.. 5
„ „ „	Rs. 50,000 „ „	.. 5½
„ „ „	remainder „ „	.. 6

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

† „ „ „ „ „ Rs. 25,000.

B. Companies :—On the amount by which the total income exceeds Rs. 50,000, 1 anna in the rupee.

In computing “total income” income from a Hindu undivided family\* is excluded, but income exempted as at (vii) and (xvi) of paragraph 2 is included, and none of the deductions indicated in paragraph 8 is allowed. For super-tax purposes only, income from an unregistered firm actually assessed to super-tax is excluded from the “total income” of the member of the firm.

The “taxable income” excludes income from a Hindu undivided family,\* dividends from a taxed company, and the taxpayer’s share of the profits or gains of a taxed firm, the exemptions (vii) and (xvi) of paragraph 2 are of course allowed, and the deductions in paragraph 8 are granted.

11. Provisions regarding Double Taxation.—For the purposes of Indian income-tax, income is assessable without any deduction for United Kingdom income tax (including super-tax).

\* Cf. paragraph 16.

**BRITISH INDIA—continued.**

Any person who has paid Indian income-tax and United Kingdom income tax for the same year in respect of the same part of his income is entitled to relief at a rate equal to the excess of the Indian rate of tax over the rate at which he has obtained relief from United Kingdom income tax under section 27 of the Finance Act, 1920. The rate of relief is, however, limited to half the Indian rate.

The Indian rate of tax is determined by dividing the income-tax and super-tax by the income on which it was charged.

**V.—PAYMENT.**

12. **Due Date, Taxation at the Source etc.**—Tax is due within the time specified in the notice of demand, or if no time is specified, on or before the first day of the second month following the date of the service of the notice. In case of default the Income-tax Officer may, in his discretion, direct the recovery of a sum not exceeding double the amount of the arrear.

“Salaries” and “Interest on Securities” (see paragraph 1) are charged with income-tax at the source, the person making payment being required to deduct income-tax and pay it over to the Government. Tax is deducted from salaries at the rate appropriate to the estimated income under this head, and from securities at the maximum rate (for 1922-23 and 1923-24 1 anna 6 pies in the rupee). Dividends from taxed companies and income from registered firms are also charged with income-tax at the source at the maximum rate (see paragraphs 13 and 14). In all of these cases, if the rate of income-tax appropriate to the taxpayer's total income is less than the maximum (or, in the case of salary, the rate actually deducted), a repayment or set-off of the excess may be claimed; or if the tax deducted from salary is insufficient the balance may be directly charged.

Claims to repayment of tax paid in excess must be made within one year from the last day of the year in which the tax was recovered.

**VI.—CORPORATE, JOINT ETC. INCOME.**

13. **Companies.**—Foreign associations, whether incorporated or not, carrying on business in British India may be declared to be companies for the purposes of income-tax.

Companies are assessable to income-tax at the maximum rate on their whole income, and also to super-tax on any income

BRITISH INDIA—*continued.*

in excess of Rs. 50,000 (*see* paragraph 9). The dividends are not charged with income-tax in the hands of the shareholders, and if the rate of tax appropriate to the shareholder's total income is less than the maximum he is entitled to an appropriate repayment. For this purpose dividends are deemed to have been taxed at the maximum rate of income-tax in force at the time when they were declared. In computing income income-tax must be added to the net dividends. Super-tax is payable by the shareholders on dividends without regard to the super-tax paid by the company.

Companies are required to deduct income-tax at the maximum rate from their debenture interest (*see* paragraph 12).

Super-tax is payable by a company on the dividends of any non-resident shareholder if he is liable to super-tax on the dividends (the dividends being treated for this purpose as his total income) and such tax may be deducted from the dividends.

14. Partnerships.—If the instrument of partnership of a firm, specifying the shares of the partners, is registered with the Income-tax Officer, income-tax is payable on the whole income of the firm at the maximum rate, but the individual partners are entitled to an adjustment by refund if the rate of tax appropriate to their total income is less than the maximum. A partner's share of the firm's income must be included in his total income for the purposes of determining the rate of income-tax payable and of assessing super-tax.

If a taxpayer, resident out of British India, is a member of a registered firm and liable to super-tax on his share of the profits, the partners resident in British India are liable on his behalf to the super-tax on his share (treating his share for this purpose as if it were his total income).

In the case of an unregistered firm the whole income of the firm is assessed to income-tax on the same scale as is applicable to individuals, no charge is made on the individual partner and no refund is allowed. The partner's share of the income must be included in his *total* income. (But if the income of the firm is less than Rs. 2,000 no income-tax is payable by the firm, and in that case the partners' shares must be assessed to income-tax in their hands.) If the firm's income exceeds Rs. 50,000 super-tax is payable by the firm and the partners' shares are not included in their total incomes for super-tax purposes. If the firm's income is Rs. 50,000 or less no super-tax is payable by the firm and the partners' shares must be included in their total incomes for super-tax purposes.

**BRITISH INDIA—continued.**

15. **Married Women.**—Although there is no specific provision to such effect in the Act, a married woman is chargeable as if unmarried and is separately assessed in respect of her separate income.

16. **Hindu Undivided Family.**—The income of a Hindu undivided family is assessed to income-tax and super-tax on the family, and such income distributed to members of the family is entirely excluded from consideration in assessing the individual members.

**VII.—SPECIAL TRADES ETC.**

17. **Non-resident Traders, Shipowners etc.**—In the case of any person residing out of British India, all profits or gains accruing or arising to such person, either directly or indirectly, through or from any business connection or property in British India, are deemed to be income accruing or arising within British India, and are chargeable to income-tax in the name of the agent of any such person.

Where a person not resident in British India, and not being a British subject or a firm or company constituted within His Majesty's Dominions or a branch thereof, carries on business with a person resident in British India, and it appears to the appropriate income-tax authority that, owing to the close connection between the resident and the non-resident person and to the substantial control exercised by the non-resident over the resident, the course of business between those persons is so arranged that the business done by the resident in pursuance of his connection with the non-resident produces to the resident either no profits or less than the ordinary profits which might be expected to arise in that business, the profits derived therefrom, or which may reasonably be deemed to be derived therefrom, are chargeable to income-tax in the name of the resident person.

The following extracts may be quoted from an instruction issued by the Central Government with reference to these provisions :—“ It will be observed that these provisions permit the levy of the tax on a non-resident's business not only where he has established a regular agency in India, but also where he conducts his business regularly through a particular agent or casually through various agents . . . . The Government of India do not, however, desire that in practice the liability to assessment should be enforced except where something definitely of the nature of an agency exists, and in particular

**BRITISH INDIA—continued.**

no attempt should be made to tax the profits of a *consignment business pure and simple*, merely because the non-resident consignor habitually uses a particular resident as his agent."

If the actual amount of income arising to a non-resident through or from any business connection in British India (including cases falling within the second sub-paragraph of this paragraph) cannot be ascertained, the amount of income may be computed as a reasonable percentage of the turnover, or as an amount which bears the same proportion to the total profits of the business of the non-resident as the receipts accruing from the business connection in British India bear to the total receipts.

In regard to the collection of super-tax from non-residents by companies and firms, see paragraphs 13 and 14. See also paragraph 20 regarding the treatment of insurance companies not incorporated in British India.

19. Farming.—As indicated in paragraph 2, agricultural income is exempted from tax. (See also Addendum, p. 374.)

Agricultural income is defined as meaning—

- (a) any rent or revenue derived from land which is used for agricultural purposes, and is either assessed to land-revenue in British India or subject to a local rate assessed and collected by officers of Government as such ;
- (b) any income derived from such land by—
  - (1) agriculture, or
  - (2) the performance by a cultivator or receiver of rent-in-kind of any process ordinarily employed by a cultivator or receiver of rent-in-kind to render the produce raised or received by him fit to be taken to market, or
  - (3) the sale by a cultivator or receiver of rent-in-kind of the produce raised or received by him, in respect of which no process has been performed other than a process of the nature described in (2) ;
- (c) any income derived from any building owned and occupied by the receiver of the rent or revenue of any such land, or occupied by the cultivator or the receiver of rent-in-kind, of any land with respect to which, or the produce of which, any operation mentioned under (b) (2) or (b) (3) is carried on : provided that the building is on or in the immediate



**BRITISH INDIA—continued.**

vicinity of the land, and is a building which the receiver of the rent or revenue or the cultivator or the receiver of the rent-in-kind, by reason of his connection with the land, requires as a dwelling house, or as a storehouse, or other outbuilding.

**20. Insurance Companies.**—In the case of life assurance companies incorporated in British India whose profits are periodically ascertained by actuarial valuation, the income of the life assurance business is the average annual net profits disclosed by the last preceding valuation, subject to the adding back of deductions inadmissible for income-tax, and of income-tax deducted from investments. (The same method is applied to annuity and capital redemption business of life assurance companies.) If the annual average amount of income-tax deducted from investments exceeds the income-tax payable on the income so computed, a refund of the difference is allowed.

In the case of other insurance business carried on by British Indian companies any amount charged against receipts for the sole purpose of a reserve to meet outstanding liabilities or unexpired risk in respect of policies issued, and not used for any other purpose, may be treated as expenditure incurred solely for the purpose of earning the profits. A deduction is similarly allowed for any amount written-off to meet depreciation of, or loss on, securities or other assets, or carried to a reserve fund for that purpose; but any sums taken credit for on account of appreciation of or gains on the securities or other assets are deemed to be income chargeable with tax.

The income from dividing society or assessment business is deemed to be 15 per cent. of the premium income of the previous year.

In the absence of more reliable data the income of Indian branches of non-resident insurance companies may be deemed to be the proportion of the income of the companies corresponding to the proportion which the Indian premium income bears to the total premium income, or in the case of dividing society or assessment business, may be deemed to be 15 per cent. of the Indian premium income.

**VIII.—TABLE OF ACTS.**

The Indian Income-tax Act, 1922. (No. XI. of 1922.)

The Indian Finance Act, 1922. (No. XII. of 1922.)

The Indian Finance Act, 1923.

## STRAITS SETTLEMENTS.

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**Introductory.**—The note summarises the law in force for 1922. The tax is not reimposed for 1923.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—“Income” (*i.e.*, taxable income) for the purpose of the Income Tax Ordinance, is defined as meaning:—

(1) In the case of a company, other than a life assurance company, incorporated in the Colony,

(a) the total net profits of its business\* wheresoever made;

(b) the net annual value of lands, tenements or hereditaments owned by it wheresoever the same may be situated;

(c) interest from any source, whether within or without the Colony;

(d) dividends, profits, commissions or bonuses credited or paid by any company, association† or person whether within or without the Colony;

(e) its income from any other source wheresoever arising:

(2) in the case of a life assurance company incorporated in the Colony,

(a) the amount set aside for, credited or distributed to, the shareholders; and

(b) an amount equal to 10 per centum of the amount, if any, set aside for, credited or distributed to, policy holders in the way of bonus, abatement of premium or addition to the sum insured:

(3) in the case of a company, other than a life assurance company, which is not incorporated in the Colony or of an association†,

(a) the net profits of its business\* arising or received in the Colony;

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\* The word “business” throughout the Ordinance includes profession, vocation, trade, manufacture, adventure, undertaking and concern.

† “Association” is defined for the purposes of the Ordinance as meaning any partnership, and any body or association of persons, whether incorporated or not, other than a company.

STRAITS SETTLEMENTS—*continued.*

- (b) the net annual value of lands, tenements or hereditaments owned by it and *situated in the Colony* ;
  - (c) interest from any source arising or received in the Colony ;
  - (d) dividends, profits, commissions or bonuses credited or paid by any company, association† or person arising or received in the Colony ;
  - (e) its income from any other source arising or received in the Colony :
- (4) in the case of a life assurance company which is not incorporated in the Colony,
- (a) the net profits of its business\* arising or received in the Colony ; and
  - (b) an amount equal to ten per centum of the amount, if any, set aside for, credited or distributed to, holders of policies issued in the Colony in the way of bonus, abatement of premium or addition to the sum insured ;
- or
- (c) in lieu of (a) and (b) at the option of the Collector the interest on its investments in the Colony and from any other source arising or received in the Colony :
- (5) in the case of an individual,
- (a) his salary ;
  - (b) the net profits, derived by him from carrying on any business,\* arising or received in or brought into the Colony ;
  - (c) the net annual value of lands, tenements or hereditaments owned by him and *situated in the Colony* ;
  - (d) dividends, profits, commissions or bonuses credited or paid by any company, association† or person, arising or received in or brought into the Colony ;
  - (e) his income from any other source arising or received in or brought into the Colony.

2. **Income Exempted.**—The following are excluded from taxable income, but must be included in *total* income for the purpose of determining the rate of tax :—

- (i) The official salary of a consular officer of foreign nationality, if he does not carry on business in the

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\* † See notes on previous page.

**STRAITS SETTLEMENTS—continued.**

colony and if his state grants reciprocal treatment to British consular officers.

- (ii) Wounds and disability pensions paid from public funds to present or past members of His Majesty's forces.
- (iii) The pay of members of His Majesty's forces.
- (iv) Interest on securities issued in respect of any war loan raised in the colony or in the United Kingdom, or in any British possession, protectorate or protected state.
- (v) In the case of a company, association or person whose principal place of business is not situated in the colony, and whose business in the colony is the sale of rubber, copra or other agricultural produce or of metals or minerals produced or won by it or him outside the colony, the income arising from such sale.

See also the first sub-paragraph of paragraph 11.

**II.—COMPUTATION OF INCOME.**

**3. Year and Basis of Assessment.**—The year of assessment commences on the 1st January. In the case of salaries and pensions of individuals and in the case of income from a business newly set up, acquired or commenced and from immovable property newly improved or acquired on or after the 1st January, 1922, the assessment is on the income received in the year of assessment; and in the case of income from a business newly set up, acquired or commenced during the year 1921, and from immovable property newly improved or acquired during that year, on the income received during a period of twelve months calculated from the date of such commencement or acquisition. In other cases the assessment is on the income received by the taxpayer in his last financial year prior to the 27th day of March, 1922. ("Financial year" means each period of 12 months at the end of which the balance of accounts is struck, or, if no such balance is struck, the calendar year.)

In the case of income from a business or the ownership of immovable property in respect of which there has been a succession after 31st December, 1921, or in cases of change

**STRAITS SETTLEMENTS—continued.**

after 31st December, 1921, in the membership of an "association" owning immovable property or carrying on a business, the assessment is on the income during the last financial year, unless the profits are shown to have fallen short from a specific cause since the change or succession took place, or by reason thereof.

4. Deductions.—Among the deductions allowed are :—
- (i) An allowance for depreciation by reason of wear and tear of any machinery or plant used for business purposes.
  - (ii) Expenditure on the supply, repairs or alterations of any implements, utensils or articles used for business purposes, up to the average expenditure of the last three financial years.
  - (iii) Such part of the interest paid on borrowed capital as bears income tax in the colony, or is exempt from taxation under the first sub-paragraph of paragraph 11.
  - (iv) Bad debts incurred in the year of income or in the previous year and written off in the year of income. The Collector may allow the deduction of the annual amount written off to bad debts reserve.
  - (v) In the case of immovable property, municipal rates, and one-eighth of the annual value—the latter to cover repairs, insurance, maintenance and upkeep.

Every mortgagor of immovable property in the colony may deduct from both taxable income and total income the interest paid by him to his mortgagee, subject to the limitations that the deduction may not exceed the net annual value of the property mortgaged, and that such interest is liable to tax.

No deduction is allowed in respect of :—

- (a) Depreciation of land, buildings or leases.
- (b) Any loss or expense which is recoverable under any contract of insurance or indemnity.
- (c) Any part of the annual value of premises used for the purpose of business, where such premises belong to the company, association or person carrying on the business, and are situated outside the colony.

**STRAITS SETTLEMENTS—continued.**

- (d) Any sum exceeding two-thirds of the rent of any premises used partly as a dwelling and partly for the purposes of business.
- (e) Income tax payable in the colony, or in the United Kingdom, or payable elsewhere on income arising in the colony.

**5. Set-off of Losses.**—Section 18 of the Income Tax Ordinance, 1922, provides that :—

- “(1) An association or person carrying on two or more distinct businesses in the Colony may set off a loss incurred in one or more of such businesses against the profit of the other or others.
- “(2) An association or person, whose business head office is in the Colony, having a branch business in the Malay Peninsula carried on under the same name or style as the head office, which or who proves to the satisfaction of the Collector-General that it or he keeps one central account in the Colony into which profits or losses of the branch business are habitually brought into account, may deduct losses of the branch business from the total net profits.”

No deduction is allowed in respect of any loss not connected with or arising out of any business.

**III.—PERSONAL ALLOWANCES ETC.**

**6. Exemption Limit.**—Any company, association or person whose *total* income is less than \$5,000 is exempt. (See explanations of “total income” in paragraph 9.)

**8. Life Insurance and Similar Allowances.**—Deductions in computing taxable income are allowed in respect of sums, not exceeding in all one-sixth of the *total* income (*vide* paragraph 9), deducted by the Government as a contribution under the Widows' and Orphans' Pension Ordinance, or by any employer as a contribution to a Provident Fund recognised by the Governor, or paid to a life assurance company for an insurance or deferred annuity for the benefit of the taxpayer, his wife or his children.

STRAITS SETTLEMENTS—*continued.*

## IV.—COMPUTATION OF TAX.

9. Rates of Tax.—For the year 1922 the rates are as follows :—

Amount of <i>total</i> income.	Rate per cent. on <i>taxable</i> income.
Not less than \$5,000 but less than \$6,000	2
"    "    \$6,000    "    "    \$7,200	3
"    "    \$7,200    "    "    \$8,400	4
"    "    \$8,400    "    "    \$12,000	5
"    "    \$12,000 .. .. .	6

"Total income" includes the income from all sources, whether arising or received in or brought into the colony or not, the net annual value of lands etc. owned, wherever situated, and any income specifically exempted, without allowing a deduction for income tax or any war tax wherever paid.

11. Provisions Regarding Double Taxation.—*Exemption is allowed in respect of any income not arising in the Colony on which income tax has been or will be paid in the United Kingdom or in any British Possession, Protectorate or Protected State at a rate not less than that chargeable under the Straits Settlements Income Tax Ordinance.*

For the purposes of Straits Settlements income tax, income is assessable without any deduction for United Kingdom income tax (including super-tax).

Any person who has paid or is liable to pay Straits Settlements income tax and has paid United Kingdom income tax for the same year in respect of the same part of his income is entitled to relief at a rate equal to the excess of the appropriate rate of Straits Settlements tax over half the appropriate rate of United Kingdom tax, or, if the Straits Settlements rate exceeds the United Kingdom rate, at half the United Kingdom rate.

A certificate issued by or on behalf of the Commissioners of Inland Revenue in the United Kingdom is receivable in evidence to show what is the "appropriate rate of United Kingdom tax" in any particular case.

The appropriate rate of Straits Settlements tax is determined by dividing the tax payable for the year (before deduction of the double income tax relief) by the amount of the

**STRAITS SETTLEMENTS—continued.**

income in respect of which the Straits Settlements tax has been charged, except that where the Straits Settlements tax is charged on an amount other than the ascertained amount of the actual profits the rate of tax is determined by the Straits Settlements Collector.

**V.—PAYMENT.**

**12. Due Date, Taxation at the Source etc.**—Tax under a direct assessment is required by the Rules made under the Ordinance to be paid within a period of 21 days after service of the notice of assessment, or if the 21 days expire before 1st September, within the period ending on the 1st September. In cases of default the Collector may recover a sum not exceeding double the amount of the tax.

Salaries and pensions are usually taxed by deduction, employers paying salary or pension to any person resident in the colony being required to deduct tax at the rate which would be chargeable if the salary or pension in question formed the total income of the employee. The Collector may, however, at the request of or with the consent of the employee, direct the employer not to deduct tax from such salary or pension, or to deduct tax at a rate specified by the Collector. The tax so deducted is set off against the tax payable under the official assessment.

Dividends are also taxed at the source—*see* paragraph 13.

Claims for repayment of tax paid in excess must be made within nine months after the end of the year of assessment.

**VI.—CORPORATE, JOINT ETC. INCOME.**

**13. Companies and Income from Companies.**—Companies are charged in the same way and under the same scale as individuals, and are entitled to exemption if the total income is less than \$5,000. They are empowered to deduct a proportionate part of the tax paid by them from the dividends paid to their members. The shareholder of a company which has paid income tax in the colony can claim as a set off from the tax assessed upon him a proportionate amount of the tax paid by the company.

**14. Partnerships.**—Partnerships are included in the more general term "associations" used in the Income Tax Ordinance. *See* the definition given in the footnote on page 230. Partnerships are assessed in the same way as individuals



STRAITS SETTLEMENTS—*continued.*

and companies. The member's share of the income of the partnership is included in his total income but is excluded from his taxable income.

## VII.—SPECIAL TRADES ETC.

17. Non-resident Traders, Shipowners etc.—In the case of a company, association or person selling goods in the colony on account of a company, association or person whose principal place of business is not situated in the colony, an assessment may be made on the basis of an assumed income not exceeding 5 per cent. of the selling price if the income cannot otherwise be ascertained to the satisfaction of the Collector-General. Goods are deemed to be sold in the colony within the meaning of this provision if any company, association or person in the colony receives a commission in respect of the sale of the goods or is paid a salary for obtaining orders for or for influencing the sale of the goods.

The profits of a company, association or person whose principal place of business is not situated in the colony, if it or he either as owner or as charterer of any ship carries passengers, live stock, mails or goods shipped at any port in the colony, are deemed, if the income cannot otherwise be determined to the satisfaction of the Collector-General, to be a fixed percentage of the full amount payable to it or him (whether such amount is payable in or beyond the colony) in respect of the carriage of such passengers, live stock, mails and goods. The fixed percentage is to be determined by the Collector-General at not less than 5 or more than 10. This provision is not applicable in the case of a company incorporated in the colony.

## VIII.—TABLE OF ORDINANCES.

The Income Tax Ordinance, 1922. (No. 3 of 1922.)

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## AUSTRALIA—COMMONWEALTH.

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**Introductory.**—The note summarises the law in force for 1922-23.

The income tax of a State or of the Northern Territory is in general payable in addition to Commonwealth tax.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—The income tax is chargeable in respect of the taxable income derived directly or indirectly by every taxpayer from sources within Australia. The tax extends to the territory of Papua, but does not apply to income derived from sources in Papua by a resident of Papua nor to any income earned in Papua by personal exertion by any person while there.

“Income” includes *inter alia* :—

- (1) Prizes in lotteries paid in cash or by means of inscribed stock or bonds or other negotiable instruments.
- (2) 5 per cent. of the capital amount of a retiring allowance or gratuity which is paid in a lump sum.
- (3) 5 per cent. of the capital value of land with improvements thereon owned and used or used rent free by the taxpayer for residence or enjoyment and not for profit. (If the taxpayer is an employee and premises are occupied by him for purposes of residence in connection with his employment, the annual rental value to him of the premises or part thereof used by him for purposes of residence is treated as income.)
- (4) Money derived by way of royalty or bonuses, and premiums, fines, etc., paid in connection with leasehold estates, also any payment received by a lessee upon the assignment or transfer of a lease to another person, after deducting the portion (if any) which is properly attributable to the transfer of any tangible assets belonging to the lessee, and so much of any fine, premium, etc., or of any sum paid by the lessee for the assignment or transfer of the lease as is properly attributable to the period

AUSTRALIA—COMMONWEALTH—*continued.*

of the lease unexpired at the time of assignment or transfer by him. Tax is, however, not chargeable on the proceeds of the sale, transfer or assignment of the lease of a mining property (other than coal mining) by a *bona fide* prospector or by a person, partnership, syndicate or company who or which does not make a business of buying and selling mining properties and who or which purchased the lease from a *bona fide* prospector and worked the property in a proper and efficient manner.

- (5) The value of allowances or gratuities (other than retiring allowances or gratuities paid in a lump sum), bonuses etc., whether in money, goods, sustenance or land, given to a taxpayer in connection with any employment or services.
- (6) The proceeds of the sale of trading stock after 30th June, 1921 (whether included in the sale of a business or not).
- (7) Bonus shares which capitalise current profits. (See paragraph 13.)
- (8) " In the case of a co-operative company or society— all sums received from members in payment for commodities supplied or animals or land sold to them or received in respect of commodities, animals or land sold by the company or society whether on its own account or on account of its members." But "income" "does not include any rebate received by a member of a co-operative company based on his purchases from that company, where . . . 90 per cent. of its sales is made to its own members."

Reference should also be made to paragraph 17 in regard to the making of profits in connection with imports into and exports from Australia.

2. Income Exempted.—The following are among the exemptions :—

- (i) The salary of the Governor-General and the salaries of the Governors of the States.
- (ii) The official salaries of foreign consuls and the trade commissioners of any part of the British Dominions.

AUSTRALIA—COMMONWEALTH—*continued.*

- (iii) Revenues of a public authority, a municipal corporation or other local governing body.
- (iv) Income of societies registered under a Friendly Societies Act of the Commonwealth or a State and not carried on for the profit of the members.
- (v) Income of a trade union or of an association of employers or employees registered under any Act of the Commonwealth or a State relating to the settlement of industrial disputes.
- (vi) Income of a provident, benefit, or superannuation fund established for the benefit of the employees in any business or class of business.
- (vii) Income of any society or association, not carried on for the purpose of profit or gain to the individual members, established for the purpose of promoting the development of the agricultural, pastoral, horticultural, viticultural, stockraising, manufacturing or industrial resources of Australia.
- (viii) Income derived from the bonds, debentures, stock or other securities of the Commonwealth issued for the purposes of the Commonwealth War Loans, the interest on which is declared by the prospectus to be free from Commonwealth income tax. If a company which has derived income from these securities pays in any year any portion of that income in dividends to its shareholders, the proportion of the dividend for that year which has been paid out of such income is likewise exempt. The Commonwealth Inscribed Stock Act, 1911-1918, provides that the interest derived from Commonwealth Government inscribed stock or treasury bonds shall not be liable to income tax under any law of the Commonwealth or a State, unless the interest is declared to be so liable by the prospectus relating to the loan on which the interest is payable.
- (ix) Pensions paid under the Australian Soldiers' Repatriation Act, 1920-21.
- (x) The remuneration paid by the government of the Commonwealth or of a State to a person residing outside Australia for expert advice to that government or as member of a Royal Commission.

AUSTRALIA—COMMONWEALTH—*continued.*

## II.—COMPUTATION OF INCOME.

**3. Year and Basis of Assessment.**—Income tax is payable for each financial year commencing 1st July on the taxable income for the 12 months ending the 30th June immediately preceding. Where the income cannot conveniently be returned for the year to 30th June, the Commissioner may accept returns made up to the annual balancing date of the taxpayer's accounts. The basis may not be changed without the Commissioner's consent.

The *rate* of tax is determined, not by the taxable income of the year preceding the year of assessment, but by the average taxable income for the five years preceding the year of assessment (or smaller number provided for below), with the following limitations :—

- (a) No income year prior to that commencing 1st July, 1920, may come into the average.
- (b) The first year which would otherwise be brought into the average is omitted if the taxable income is greater than that in the next year.
- (c) The first year brought into the average must not be one in which no business was carried on *and* there was no taxable income.
- (d) In the case of a taxpayer who is carrying on business an excess of deductions over income is taken into account.
- (e) If owing to retirement the taxable income is permanently reduced to less than two-thirds of the average the taxpayer is assessed as if he had never been a taxpayer in a previous year.

(The taxable income is the net income after *all* deductions and allowances have been made.)

**4. Deductions.**—Among the deductions *allowed* are :—

- (i) All losses and outgoings not of a capital nature, including commission, discount, travelling expenses, interest and expenses actually incurred in gaining or producing the assessable income.
- (ii) Food and rent of quarters for employees in a business ; employer's contributions to approved benefit or pension funds or schemes for employees.
- (iii) Bad debts incurred and actually written off in the year of income ; bad debts incurred in the year

AUSTRALIA—COMMONWEALTH—*continued.*

preceding the year of income, but not proved to be bad and written off until the year of income, if the Commissioner considers they would have been deductible if they had been proved to be bad and actually written off in the year of income; bad debts incurred in any year if they have been included as income in a previous year's return.

Recoveries must be credited as income in the year in which they are received.

- (iv) Expenditure for repairs to property occupied for the purpose of producing income or from which income is derived or deemed to be derived.
- (v) Expenditure for repairs and a percentage allowance for depreciation by wear and tear of machinery, implements, utensils, rolling-stock and articles (including beasts of burden and working beasts) employed by the taxpayer for the purpose of producing income, such wear and tear not being of a kind that may be made good by repairs. Where in any business income is set apart by the taxpayer by way of a fund to cover such depreciation, the amount so set apart for the year of income is, subject to the Commissioner's approval, the measure of the depreciation allowance. (As regards mining concerns, see paragraph 18.)
- (vi) All rates and taxes, including State and Commonwealth land taxes, and State income tax (but not Commonwealth income tax) paid in Australia during the year in which the income was received. If a refund of any of these taxes is received it is to be brought into account as income in the year in which received.
- (vii) Sums paid by way of commission for collecting income.
- (viii) Calls paid on shares in a mining company or syndicate carrying on mining operations in Australia for gold, silver, base metals or rare minerals.
- (ix) Interest on mortgage of land such as is referred to in paragraph 1 (3) if the Commissioner is satisfied that the mortgage was entered into in good faith.
- (x) Contributions made to the Department of Repatriation (including the value of contributions in kind);

AUSTRALIA—COMMONWEALTH—*continued.*

gifts exceeding £5 each to public charitable institutions in Australia.

- (xi) Where a taxpayer who is the lessee under a lease or the assignee or transferee of a lease, has paid a fine, premium or similar consideration for a lease or the renewal of a lease or a sum for the assignment or transfer of a lease of premises or machinery used for the production of income, the Commissioner may allow as a deduction the amount obtained by dividing the sum so paid by the number of years of the unexpired period of the lease at the date the amount was so paid. The aggregate of the deductions so allowed is not to exceed the sum so paid if paid on or after the 30th June, 1914,\* or the part of the sum so paid which is proportionate to the unexpired portion of the lease from 30th June, 1914, if the sum was paid before that date.

A deduction calculated on a similar basis is allowed for the annual sum necessary to recoup the expenditure on improvements on land made under covenant with the lessor by a lessee who has no tenant rights in the improvements.

- (xii) In the case of a purchased annuity, that part of the annuity which represents the purchase price. [This is treated by the Act as an exclusion from the definition of "income."]

In the case of a total income composed partly of income from personal exertion and partly of income from property, the deduction mentioned above under (x) is made from whichever class of income is the greater. The remaining deductions are made primarily from the class of income to which in the Commissioner's opinion they relate, but if the income of either class is insufficient to cover the deductions which would fall to be made from it primarily, the balance is deducted from the other class.

The following are among the deductions *not allowed* :—

- (a) Losses by fire, accident, robbery or embezzlement.  
 (b) Any loss or expense which is recoverable under any contract of insurance or indemnity.

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\* The Commonwealth income tax was first levied for the financial year commencing 1st July, 1915, on the taxable income derived during the 12 months commencing 1st July, 1914.

AUSTRALIA—COMMONWEALTH—*continued.*

- (c) Any loss not connected with or arising out of the production of income.
- (d) Rent or value of or cost of repairs to any premises or part of premises not occupied for the purpose of producing income. (Generally, the residential proportion of premises used for both residential and business purposes is taken to be, in the case of storekeepers, grocers and other similar traders, one-half, of hotel-keepers and lodging-house-keepers, one-fourth, and of doctors, chemists, etc., two-thirds.)
- (e) Doubtful debts.
- (f) Expenditure incurred to protect income.
- (g) Interest paid on money which is not used to produce income.
- (h) Depreciation of goodwill, land, buildings or improvements; wastage or depreciation of a lease or loss occasioned by the expiration of a lease. (See however, deduction (xi).)

5. **Set-off of Losses.**—Where a taxpayer makes a loss in carrying on a business either alone or as a partner with other persons, he may deduct the loss from his other income. So far as possible the deduction must be made from income from personal exertion.

Losses incurred in a previous year are not deductible.

## III.—PERSONAL ALLOWANCES ETC.

6. **Exemption Limit.**—Except in the cases of companies and absentees there is an exemption limit of £200. For this purpose the income is the income after all permissible deductions, except the abatement, have been made.

7. **Personal Allowances.**—(1) A deduction is allowed of £40 in respect of each child under the age of 16 years at the beginning of the income year who is wholly maintained by the taxpayer. (It is understood that a proportionate allowance is made for a child born in the income year.) This deduction is made as far as possible from the class of income (from personal exertion or from property) which is the larger.

(2) An abatement is allowed of £200 less £1 for every £3 by which the income exceeds £200. "Income" here means the income after all other deductions (including the children



**AUSTRALIA—COMMONWEALTH—continued.**

deductions and those mentioned in paragraph 8) have been made. The abatement is allowed as far as possible from income from property.

No child deduction or abatement is allowed to an "absentee." "Absentee" means "a person who does not reside in Australia and includes a person who has been absent from Australia during more than half the financial year in which the income the subject of the assessment was derived, unless he satisfies the Commissioner that he resides in Australia, but does not include a public officer of the Commonwealth or a State who is absent in the performance of his duty or a resident of the Territory of Papua."

**8. Life Insurance and Similar Allowances.**—Deductions are allowed in respect of—

- (a) Up to the maximum of £50, premiums or sums paid by the taxpayer for insurance on his life or that of his wife or children or for a deferred annuity or other like provision for his wife or children or in respect of any fidelity guarantee or bond which he is required to provide in the exercise of his business. The insurance or other provision must be effected in Australia.
- (b) Up to the maximum of £100, payments made by a taxpayer (who is in receipt of salary, wages, allowances, stipends or annuity or whose net income after allowing all deductions does not exceed £800) for the benefit of himself, his wife or children to superannuation, sustentation, widows' or orphans' funds established in Australia or to Australian friendly societies.

These deductions are made as far as possible from the class of income (from personal exertion or from property) which is the greater.

**IV.—COMPUTATION OF TAX.**

**9. Rates of Tax.**—Differentiation in rate is made, as regards the income of persons other than "companies," between "income from personal exertion" and "income from property."

"Income from personal exertion" is defined as meaning "income derived from sources in Australia consisting of

AUSTRALIA—COMMONWEALTH—*continued.*

earnings, salary, wages, commission, fees, bonuses, pensions, superannuation allowances, retiring allowances and gratuities not paid in a lump sum, allowances received in the capacity of employee, and the proceeds of any business" ("business" including any profession, trade, employment, vocation or calling) "carried on by the taxpayer either alone or as a partner with any other person, and any income from any property where the income forms part of the emoluments of any office or employment of profit held by the individual, but does not include interest, unless the taxpayer's principal business consists of the lending of money, and does not include rents and dividends."

"Income from property" is defined as meaning "all income derived from sources in Australia and not derived from personal exertion."

The computation of tax is based on the taxable income, *i.e.*, the income after all deductions and allowances have been made. The rate is determined by an average taxable income computed in the manner indicated in paragraph 3, and the rate of tax so determined is applied to the actual taxable income of the year preceding the year for which the assessment is made.

For the financial year beginning 1st July, 1922, the rates are as follows:—

*I. General Scale of Rates.*—The following formulae give the rates of charge under the scheme of graduation in the Acts. (See II. below for the additional tax which is also payable.)

(A) *Income from personal exertion.*—(1) For so much of the taxable income as does not exceed £7,600 the average rate of tax is given by the formula

$$R = \left( 3 + \frac{3}{800} I \right)$$

where R=average rate of tax in pence per £,  
and I=taxable income in £.

Under this formula the tax on £7,600 is £997 10s.

(2) For every £ in excess of £7,600 the tax is 5s.

## AUSTRALIA—COMMONWEALTH—continued.

(B) *Income from property.*—

(1) For such part of the taxable income as does not exceed £546, the Act gives the following formula for calculation of the rate of tax—

$$R = \left( 3 + \frac{I}{181.058} \right)$$

where R and I have the same meanings as at (A) (1) above.

(2) For such part of the income as exceeds £546 but does not exceed £2,000, the Act prescribes that “the additional tax for each additional pound of taxable income above £546 shall increase continuously with the increase of the taxable income in a curve of the second degree in such a manner that the increase of tax for one pound increase of taxable income shall be—

“ 11.713	}	}	pence	}	£545 10s. and	£546 10s.
12.768			£599 10s.		£600 10s.	
14.672			£699 10s.		£700 10s.	
16.512			£799 10s.		£800 10s.	
18.288			£899 10s.		£900 10s.	
20.000			£999 10s.		£1,000 10s.	
27.600			£1,499 10s.		£1,500 10s.	
33.600			£1,999 10s.		£2,000 10s.”	

The Act provides no formula in this case, but the following formula has been computed, R and I having the same meanings as at (A) (1) above, and I not being less than £546 nor more than £2,000.

$$R = -1 \frac{1}{15} \left( \frac{I}{1000} \right)^2 + 11 \frac{3}{5} \left( \frac{I}{1000} \right)$$

(3) For such part of the income as exceeds £2,000 but does not exceed £6,500, the Act prescribes that “the additional tax for each additional pound of taxable income above £2,000 shall increase continuously with the increase of the taxable income in a curve of the third degree in such a manner that the increase of tax for one pound increase of taxable income shall be—

## AUSTRALIA—COMMONWEALTH—continued.

“ 33·600	} between	£1,999 10s. and £2,000 10s.
40·000		£2,499 10s. „ £2,500 10s.
45·300		£2,999 10s. „ £3,000 10s.
49·600		£3,499 10s. „ £3,500 10s.
53·000		£3,999 10s. „ £4,000 10s.
55·600		£4,499 10s. „ £4,500 10s.
57·500		£4,999 10s. „ £5,000 10s.
58·800		£5,499 10s. „ £5,500 10s.
59·600		£5,999 10s. „ £6,000 10s.
60·000		£6,499 10s. „ £6,500 10s.”

Again the Act provides no formula, but the following formula has been computed. As before  $R$  = average rate of tax in pence per £ and  $I$  = taxable income in £.  $I$  in this case is not less than £2,000 nor more than £6,500.

$$R = \frac{1}{30} \left( \frac{I}{1000} \right)^3 - 1 \frac{1}{15} \left( \frac{I}{1000} \right)^2 + 12 \frac{7}{12} \left( \frac{I}{1000} \right) - 5 + 5 \frac{8}{15} / \left( \frac{I}{1000} \right)$$

Under this formula the tax on £6,500 is £1,130 4s.

(4) For every £ in excess of £6,500 the tax is 5s.

(C) *Mixed Incomes.*—The rule in the case of mixed incomes is as follows:—For every pound sterling of taxable income derived from personal exertion the rate of tax is ascertained by dividing the total amount of tax that would be payable under the scale above if the total taxable income of the taxpayer were derived exclusively from personal exertion by the amount of the total taxable income. The rate for the portion of the income derived from property is ascertained in a similar manner.

II. *Additional Tax.*—For 1922-23 an additional tax is payable of 53½ per cent. of the tax calculated as above.

III. *Income of a company.*—(“ Company ” includes all bodies or associations, corporate or unincorporate, but not partnerships.)

(a) For the undistributed income the rate is 2s. 5d. in the £.

(b) A rate of 7d. in the £ is payable on the amount distributed as dividends out of assessable income or as interest to absentees who are shareholders or debenture holders, or who have money lodged at interest with the company.

See also section 20 (2) (c) of the Income Tax Assessment Act, 1922, quoted in paragraph 13, below.

AUSTRALIA—COMMONWEALTH—*continued.*

IV. *Lottery Prizes.*—Tax at the rate of 12½ per cent. is payable in respect of prizes won in a lottery on or after the 18th October, 1922. If the prize is paid in stock, bonds etc. tax is payable on the face value.

V. *Rebate in respect of Business Income.*—If an individual carries on alone or in partnership a business which from its nature and character requires for its efficient working the retention in the business of some part of the income of each year, he is allowed rebate of tax on 15 per cent. of the income derived from that business at a rate equal to the excess (if any) of the rate paid by him over 2s. 5d. in the £.

VI. *Tables illustrating the Effect of the Scales of Rates.*—The following tables show the amount of tax and the rate per pound sterling chargeable on a number of incomes under the scales given above, including the "additional tax" referred to in II. The tax chargeable on an income from personal exertion exceeding £7,600, or on an income from property exceeding £6,500, will be found by adding to the tax on £7,600 or on £6,500, respectively, the amount arrived at by applying to the excess of the income above these figures a rate of 7s. 8½d. in the £.

1922—23.

## INCOME FROM PERSONAL EXERTION.

Taxable income (after allowing all deductions).	Tax.			Rate per £ on taxable income.
	£	£	s. d.	d. per £.
100 ..	2	3	1	.. 5-181
200 ..	4	15	11	.. 5-756
300 ..	7	18	3	.. 6-333
400 ..	11	10	3	.. 6-907
500 ..	15	11	9	.. 7-483
600 ..	20	2	11	.. 8-059
800 ..	30	14	0	.. 9-210
1,000 ..	43	3	5	.. 10-361
1,500 ..	82	14	10	.. 13-339
2,000 ..	134	6	3	.. 16-117
2,500 ..	197	17	4	.. 18-996
3,000 ..	273	8	5	.. 21-874

AUSTRALIA—COMMONWEALTH—*continued.*

1922—23.

## INCOME FROM PERSONAL EXERTION.

Taxable income (after allowing <i>all</i> deductions).	Tax.	Rate per £ on taxable income.
£	£ s. d.	d. per £.
3,500 ..	360 19 3 ..	24·752
4,000 ..	460 10 0 ..	27·630
4,500 ..	572 0 6 ..	30·508
5,000 ..	695 10 11 ..	33·386
5,500 ..	831 1 1 ..	36·264
6,000 ..	978 11 3 ..	39·142
6,500 ..	1,138 1 1 ..	42·021
7,000 ..	1,309 10 11 ..	44·899
7,600 ..	1,531 3 3 ..	48·352

1922—23.

## INCOME FROM PROPERTY.

Taxable income (after allowing <i>all</i> deductions).	Tax.	Rate per £ on taxable income.
£	£ s. d.	d. per £.
100 ..	2 5 5 ..	5·453
200 ..	5 5 0 ..	6·300
300 ..	8 18 8 ..	7·148
400 ..	13 6 7 ..	7·996
500 ..	18 8 6 ..	8·844
600 ..	25 4 8 ..	10·094
800 ..	43 19 10 ..	13·197
1,000 ..	67 7 4 ..	16·169
1,500 ..	143 18 2 ..	23·025
2,000 ..	242 3 10 ..	29·063
2,500 ..	360 3 8 ..	34·577
3,000 ..	496 16 11 ..	39·748
3,500 ..	648 16 11 ..	44·492
4,000 ..	813 2 6 ..	48·787
4,500 ..	986 19 6 ..	52·638
5,000 ..	1,167 19 9 ..	56·063
5,500 ..	1,354 1 11 ..	59·088
6,000 ..	1,543 10 6 ..	61·741
6,500 ..	1,734 17 2 ..	64·066

**AUSTRALIA—COMMONWEALTH—continued.**

**11. Special Provisions regarding Double Taxation.—**  
Section 18 of the Income Tax Assessment Act, 1922, is as follows :—

“ Section 18.—(1) Any person who has an amount of income which is liable to income tax for any year of assessment—

“ (a) under this Act and in the United Kingdom ; or

“ (b) under this Act and in the United Kingdom and in a State of the Commonwealth of Australia,

and who satisfies the Commissioner as to—

“ (c) the amount of the income which is so liable ; and

“ (d) the amounts of taxes to which the income is so liable, together with the rate or rates of those taxes, shall be entitled to a rebate of tax upon that amount of income at a rate which shall be ascertained as follows :—

“ (i) In the case where the amount of income is liable to tax under this Act and in the United Kingdom, and the Commonwealth rate is greater than one-half of the British rate :—

“ (a) Where the Commonwealth rate is greater than the British rate, the rate of rebate shall be one-half of the British rate ;

“ (b) Where the Commonwealth rate is not greater than the British rate, the rate of rebate shall be the excess of the Commonwealth rate over one-half of the British rate :

“ Provided that no rebate shall be claimable under this paragraph with respect to any amount of income to which the next following paragraph is applicable ;

“ (ii) In the case where the amount of income is liable to tax under this Act and in a State and in the United Kingdom, and the sum of the Commonwealth and State rates is greater than one-half of the British rate, the proportion which the Commonwealth rate bears to the sum of the Commonwealth and State rates shall be ascertained, and the rate of rebate shall be that proportion of the following rates :—

“ (a) Where the sum of the Commonwealth and State rates is greater than the British rate—one-half of the British rate ;

AUSTRALIA—COMMONWEALTH—*continued.*

“(b) where the sum of the Commonwealth and State rates is not greater than the British rate—the excess of the sum of the Commonwealth and State rates over one-half of the British rate.

“(2) In this section the following expressions, in relation to an amount of income, have the following meanings :—

“(a) ‘ Commonwealth rate ’ means the rate ascertained by dividing the total amount of income tax paid or payable for the year by the taxpayer (before the deduction of the rebate granted under this section) by the amount of the total taxable income in respect of which the tax paid or payable under this Act has been charged for that year ; except that, where the tax is charged on an amount other than the ascertained amount of actual profits, the rate of tax shall be as determined by the Commissioner ;

“(b) ‘ State rate ’ has a corresponding meaning in relation to the income tax paid or payable on the amount of income under the law of a State ;

“(c) ‘ British rate ’ means the appropriate rate of the tax in the United Kingdom upon the amount of income.

“(3) For the purposes of this section a certificate issued by or on behalf of the Commissioners of Inland Revenue in the United Kingdom shall be receivable in evidence to show—

“(a) what is the appropriate rate of United Kingdom tax, and

“(b) the particular amount of income which is liable to tax under this Act and in the United Kingdom.”

## V.—PAYMENT.

12. **Due Date, Taxation at the Source etc.**—The duty is due and payable 30 days after the service by post of the notice of assessment. If unpaid by the due date, additional tax amounting to 10 per cent. of the tax unpaid becomes payable.

Provisions regarding the taxation at the source of dividends and interest paid to absentees or paid in respect of bearer securities or share warrants are quoted in paragraph 13. (Section 20 (2) of the Income Tax Assessment Act, 1922.)



AUSTRALIA—COMMONWEALTH—*continued.*

## VI.—CORPORATE, JOINT ETC. INCOME.

13. **Companies and Income from Companies.**—For the purposes of income tax, "company" includes all bodies or associations, corporate or unincorporate, but not partnerships. The general principle followed is to assess the company on its undistributed income at a flat rate, the shareholders being required to include the dividends in their personal returns. Special provision is made for the taxation of dividends and interest paid to absentees, and of dividends and interest on share stock or debentures payable to bearer. No abatement is allowed to companies.

The following is the text of the relative provisions of the Income Tax Assessment Act, 1922.

"Section 16. The assessable income of any person shall include—

"(b) in the case of a member, shareholder, depositor or debenture-holder of a company which derives income from a source in Australia or of a company which is a shareholder in a company which derives income from Australia—

"(i) dividends, bonuses or profits (but not including a reversionary bonus issued on a policy of life assurance) credited, paid or distributed to the member or shareholder from any profit derived from any source by the company:

"Provided that where a company derives income from a source in Australia and from a source outside Australia a taxpayer shall only be taxable on so much of the dividend as bears to the whole dividend the same proportion that the profits derived by the company from a source in Australia bears to the total profits of the company:

"Provided further that where a company distributes to its members or shareholders any undistributed income accumulated prior to the 1st day of July, 1914,\* the sum so received by the member or shareholder shall not be included as part of his income. For the purposes of this proviso amounts carried forward by a company in its profit and loss account, appropriation account, revenue and expenses account or any other account similar to any of the foregoing accounts shall not be deemed to be accumulated income:

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\* The Commonwealth income tax was first levied for the financial year beginning 1st July, 1915, on the taxable income derived during the 12 months beginning 1st July, 1914.

AUSTRALIA—COMMONWEALTH—*continued.*

“ Provided also that where a dividend or bonus is paid wholly and exclusively out of the profits arising from the sale of capital assets a member or shareholder shall not be liable to tax on that dividend or bonus.

“(ii) the face value of shares distributed by a company to its members or shareholders in consequence of the capitalization of the whole or any part of the assessable income of the company which it is liable to include in its return for the purposes of its current assessment :

“ Provided that nothing in this section shall render liable to taxation the value of shares issued by a company to its members or shareholders in consequence of the capitalization of any other of its profits ;

“(iii) interest credited or paid to any depositor or debenture-holder of a company ;”

. . . . .

“ Section 20 (1). For the purpose of ascertaining the taxable income of a company there shall be deducted from the total assessable income, in addition to any other deductions allowed by this Act, so much of the assessable income as is available for distribution and is distributed to the members or shareholders of the company ; provided that in the case of a life insurance company there shall also be deducted so much of the income as consists of premiums paid upon the policies issued by the company.

“(2) In addition to any other income tax payable by it, a company shall also pay income tax on—

“(a) so much of the assessable income of the company as is distributed to the members, shareholders or stockholders of the company who are absentees ; and

“(b) the interest paid or credited by the company to any person, who is an absentee, on money raised by debentures of the company and used in Australia, or on money lodged at interest in Australia with the company ; and

“(c) interest or dividends distributed in respect of debentures or share stock payable to bearer the names and addresses of the holders of which are not supplied to the Commissioner by the company as if the total amount so distributed were the income of an individual :

“ Provided that a company shall be entitled to deduct and retain for the use of the company from the amount payable to any of the persons referred to in paragraphs (a) and (b) of this sub-section such amount as is necessary to pay the tax which becomes due in respect of that amount ;

“ Provided also that a company shall be entitled to deduct and retain for the use of the company from the interest or dividend payable to any person who is a holder of debentures or share stock payable to bearer an amount which bears the same proportion to the amount paid by the company under paragraph (c) of this sub-section as the interest or dividend payable to that person bears to the total

## AUSTRALIA—COMMONWEALTH—continued.

interest or dividend payable in respect of those debentures or that share stock :

" Provided further that, where the Commissioner is satisfied that the holder of debentures or share stock payable to bearer is a person who is not liable to furnish a return, the Commissioner may refund to that person the amount of the tax paid by the company in respect of the debentures or share stock of that person :

" Provided further that where a company pays tax under this sub-section on any dividend or interest, and the member, shareholder or person includes that dividend or interest in his return, the proportionate amount of tax paid by the company in respect of the dividend or interest shall be deducted from the total tax payable by the member, shareholder or person.

" (3) A company, notwithstanding any contract, agreement or arrangement entered into by it, may, with the approval of the Commissioner, charge *pro rata* the amount of the tax actually paid by it against those beneficially interested in the income of the company.

" (4) Where a company has paid income tax on undistributed income and that income is in any year subsequent to that in which it was derived by the company distributed to the members or shareholders of the company, a member or shareholder who is a taxpayer shall be entitled to a rebate in his assessment of the lesser of the two following amounts —

" (a) the part of the tax so paid by the company which bears the same proportion to the total tax so paid by the company as the amount so distributed to the member or shareholder bears to the total amount so distributed to the members or shareholders of the company ; or

" (b) the part of the tax payable by the member or shareholder in his individual assessment which bears the same proportion to the tax payable by him on his income from property as the amount so distributed to him bears to his total income from property remaining after allowing all the deductions allowed by this Act from that income, except the deduction under section twenty-four."\*

" Section 31 (1). Where in any year a company has not distributed to its members or shareholders at least two-thirds of its taxable income, the Commissioner shall determine whether a sum or a further sum (not exceeding the excess of two-thirds of the taxable income of the company over the amount distributed by it to its members or shareholders) could reasonably have been distributed by the company to them, such determination in the case of any financial year prior to that beginning on the first day of July one thousand nine hundred and twenty-two to be made not later than the thirtieth day of June one thousand nine hundred and twenty-three and in the case of other financial

\* This is the section of the Act dealing with the abatement, see paragraph 7 above.

**AUSTRALIA—COMMONWEALTH—continued.**

years within six months after the date of the issue to the company of its ordinary assessment.

“(2) The Commissioner shall calculate the additional tax, if any, which would have been payable by the shareholders if the sum or further sum determined by the Commissioner in accordance with sub-section (1) of this section had been distributed to them in proportion to their interests in the paid-up capital of the company, and the company shall pay to the Commissioner the amount by which the additional tax, if any, exceeds the tax payable by the company on the sum or further sum so determined by the Commissioner.

“(3) In addition to any other facts which the Commissioner may consider in exercising the powers conferred upon him by sub-section (1) of this section, the Commissioner shall take into consideration the relation between the distributable income of the company and its taxable income and the fact of the retention by the company of taxable income for the following purposes :—

“(a) to restore unrecouped losses of paid-up capital or of accumulated trading profits which had been invested in the business ;

“(b) to meet losses which the directors consider were certain to arise during subsequent accounting periods of the business ;

“(c) to provide an annual sinking fund calculated at 5 per centum per annum compound interest to repay debentures used by the company for the purposes of its business ;

“(d) in the case of a company dealing with exported butter, for the purpose of insuring regularity of price on any consignment.

“(4) For the purposes of this section ‘taxable income’ means the assessable income after deducting all the deductions allowed by this Act except the deduction allowed by sub-section (1) of section twenty of this Act.

. . . . .

“(6) Where in any year by virtue of sub-section (2) of section sixteen of the Income Tax Assessment Act, 1915, or of that sub-section, as amended by the Income Tax Assessment Act, 1918, any part of the income of a company not actually distributed has been deemed to be distributed to any member or shareholder of the company, his taxable income shall be reduced—

“(a) by one-third of the total amount of the income of the company actually distributed to him and of the income of the company so deemed to be distributed to him ; or

“(b) by the amount of the income of the company so deemed to be distributed to him,

“whichever is the less ; and the Commissioner shall refund to him the tax over-paid, and the company shall repay to the Commissioner the tax previously refunded to it or dealt with as it directed in respect of the total amount of income to be excluded from the assessments of the shareholders of the company under this sub-section. . . . .”

AUSTRALIA—COMMONWEALTH—*continued.*

The provisions of section 16 (1) of the Income Tax Assessment Act, 1915-1921, which are reproduced in section 20 (1) of the Income Tax Assessment Act, 1922, have formed the subject of judicial decisions in two important cases.

(1) In *The Federal Commissioner of Taxation v. The Foster Brewing Co., Ltd.* (1916, 22 C.L.R. 288 and 545) the company claimed to deduct the amount of two dividends from its total income for the year for which the dividends were paid, but the Commissioner of Taxation apportioned the dividends between the amount appearing in the Profit and Loss Account as having been brought forward from the previous year, and the net profit for the year, and allowed a deduction of only the proportionate part of the dividend so attributed to the net profit of the year. The Court held on the evidence that the entire amount of the dividends was deductible from the net profit of the year.

(2) In the cases of *The Commercial Banking Company of Sydney, Limited, v. The Federal Commissioner of Taxation*, and *The Bank of New South Wales v. The Federal Commissioner of Taxation* (1917, 23 C.L.R. 102), it was held that where a company which has accumulated profits distributes a dividend to its shareholders, it is always a question of fact whether the distribution is, for the purposes of section 16 (1) of the Income Tax Assessment Act, 1915, made out of the profits for that period, or partly out of these profits and partly out of the accumulated profits. The dividend distributed was less in amount than the profits for the period in respect of which the dividend was paid, and it was held on the whole evidence that notwithstanding the fact that the directors in their report to the shareholders, which was adopted by them, had recommended the payment of the dividend out of a sum made up of the accumulated profits and the profits for the period, the distribution was made solely out of the profits for the period.

(The view was expressed that where a dividend is not shewn to have been paid wholly out of the profits for the period, but is only shewn to have been paid out of a sum composed of all profits, current and accumulated, the Commissioner of Taxation has no authority under section 16 (1) of the Income Tax Assessment Act, 1915, to *apportion* the dividend between the profits for the period and the accumulated profits, and the company could not claim the deduction provided for by the section.)

**AUSTRALIA—COMMONWEALTH—continued.**

If a company, besides deriving income from sources in Australia subject to the tax, derives income from Australian State Securities exempt from the tax, and income from sources outside Australia, the amount to be deducted under section 16 (1) of the 1915 Act or section 20 (1) of the 1922 Act is so much of the sum distributed as is attributable to the amount of income derived from sources in Australia and not exempt from taxation. How much is so attributable is a question of fact in each case.

**14. Partnerships.**—Partnerships are liable to furnish a return of the partnership income, but are not in general liable to assessment. Each partner is assessable in respect of his individual interest in the income of the partnership (not merely his share of the distributed income), together with his other income.

In the case of a partnership formed after 13th September, 1915, if any partner is not a taxpayer, and the Commissioner is not satisfied that that partner is in receipt and control of his share of the income, the partnership is liable on behalf of that partner to tax on his individual interest in the income of the partnership at the rate applicable to a taxable income equal to the income of the partnership.

**15. Married Women.**—A married woman appears to be assessable as if she were unmarried, although the Act contains no specific provision to this effect. Payments made by husband to wife or by wife to husband, unless made *bona fide* in the course of business and for services rendered, are expressly mentioned among the inadmissible deductions.

**16. Trusts.**—A beneficiary who is not under a legal disability, and who is presently entitled to a share in the income of the trust estate is assessable in his individual capacity. A trustee is assessable in respect of the part of the income of the trust estate which is proportionate to the interest of any beneficiary who is under a legal disability, or to which no other person is presently entitled and in actual receipt thereof and liable as a taxpayer in respect thereof. A beneficiary who is under a legal disability and who is a beneficiary in more than one trust estate, or who derives income from any other source, is assessable on his individual interest in each trust estate, and any other income, but from the tax so assessed a deduction is made of any tax paid by a trustee in respect of his interest in a trust estate.

AUSTRALIA—COMMONWEALTH—*continued.*

## VII.—SPECIAL TRADES ETC.

## 17. Non-resident Traders, Shipowners etc.—

(1) *Businesses Controlled out of Australia.*—If a business carried on in Australia is controlled principally by persons resident outside Australia and the business produces a smaller taxable income than might be expected to arise, the Commissioner may assess the person carrying on the business in Australia on a percentage of the receipts. If the assessee is a company, section 20 (*see* paragraph 13) does not apply.

(2) *Imports into Australia.*—The question of liability in cases where an agent is selling goods in Australia on behalf of a non-resident principal depends on whether or not a business is, within the meaning of the Act, carried on in Australia on account of the overseas principals.

The following three points have to be decided :—

- (a) Place of contract, *i.e.*, location of the person who *accepts* the contract ;
- (b) Place of delivery, *i.e.*, location of the goods when the seller lost all right to the goods. If they are shipped at the purchaser's risk, the seller loses his right when the goods are placed on board ship ;
- (c) Place of payment, *i.e.*, whether made to the agent in the country of delivery or to the principal abroad.

It was formerly held\* that trade was carried on in Australia if, and only if, two of these operations took place in Australia. This rule is not now strictly followed, the facts in each case being considered on their merits.

In regard to the place of delivery, goods sold for delivery to a store or warehouse in London, or any other place outside Australia, or *f.o.b.* port of shipment would be considered as delivered outside Australia, while goods sold *c.i.f.* and *e.* at some Australian port, or for delivery to a store or warehouse in Australia, would in general be deemed to be delivered in Australia. While an invoice *c.i.f.* and *e.* would be regarded as *prima facie* evidence of delivery in Australia, it would be open to the taxpayer to shew that by special arrangement

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\* *Cf. Board of Trade Journal*, 6th December, 1917, page 513, and 30th May, 1918, page 675.

AUSTRALIA—COMMONWEALTH—*continued.*

between vendor and purchaser the former debits the latter with charges which he has paid merely as the agent for the purchaser, and that, in fact, the goods were delivered to the purchaser f.o.b. at the port of export.

As regards the quantum of profits chargeable, goods shipped to Australia are treated as being debited by principals to their agents or branches in Australia at home consumption value in the country of origin for similar quality and quantity. Income tax is then payable on the difference between such home consumption value and the price at which the goods are realised in Australia, less any necessary transport and selling charges and Customs duties if paid by or on behalf of the principal. In cases where the home consumption value cannot readily be ascertained, the whole profit is taken as a basis and the amount taxable in Australia is the proportion of the whole profit which corresponds to the ratio the expenses in Australia bear to the total expenses. (See also sub-paragraph (1) above.)

(3) *Exports from Australia.*—In all cases in which a person in Australia sells goods before their export, it is held that the whole of the profit resulting from the sale is income derived from a source in Australia.

When goods are sold outside Australia *after* export from Australia :—

- (a) under conditions which necessitate acceptance by the seller in Australia of an offer by the purchaser outside Australia (*i.e.*, when the purchaser communicates direct with the seller, or the seller's outside agent sends along the offer for acceptance or rejection), the whole of the profits resulting from the sale are regarded as taxable in Australia ;
- (b) under conditions in which a contract for the sale has been made outside Australia by an agent for the Australian seller *if the agent has found a buyer and arranged prices and terms with him* the profit is treated as having arisen partly inside and partly outside Australia.

In the latter case—case (b)—the profit is apportioned so as to ascertain the part attributable to Australian sources. For this purpose the total cost of getting the goods to the purchaser is ascertained. From this amount sea freight.



AUSTRALIA—COMMONWEALTH—*continued.*

marine insurance and exchange are eliminated, and the residue is divided into two parts representing—

- (i) the cost price at which the goods were (or would be in a c.i.f. and e. case) shipped f.o.b. in Australia; and
- (ii) the costs incurred by the selling agent of the branch house in selling the goods.

The profit is apportioned between (i) and (ii), and the portion applicable to (i) is treated as profit arising from a source in Australia.

When the agent outside Australia merely completes a contract of sale with a purchaser who has been referred to him by the Australian business with instructions to complete the contract, any resulting profit is taxed as profit arising in Australia.

When an agent outside Australia makes a sale of his Australian principal's goods before they are exported from Australia, the profit is treated as having arisen partly inside and partly outside Australia, and is apportioned in the manner already indicated.

In those cases where the whole of the profit is taxable as income derived from a source in Australia, deduction is allowed in respect of any expenses outside Australia.

(4) *Shipowners etc.*—Shipowners or charterers whose principal place of business is out of Australia are taxable through their agents in Australia on 10 per cent. of the sums payable in respect of fares or freight for passengers, goods, mails, etc., shipped in Australia. If there is no agent in Australia, other than the master of the ship, and the master fails to make any return, provision exists for the assessment of the master and for the detention of the ship pending payment.

(5) *Payment of Tax by Agent.*—Any person who has the receipt, control or disposal of money belonging to a person resident out of Australia, who derives income from a source in Australia, or who is a shareholder, stockholder, debenture holder or depositor in a company carrying on business in Australia may be required by the Commissioner to pay the tax due from the non-resident, and is given the right to recoup himself by retention from any moneys belonging to the non-resident which come into his hands. A banker holding money of a person outside Australia may be treated as agent of that person.

AUSTRALIA—COMMONWEALTH—*continued.*

**18. Mining Concerns.**—In the case of income from mining operations (other than coal mining) carried on in Australia, the following provision is made in section 22 of the Income Tax Assessment Act, 1922, for a special deduction in respect of capital expended on plant and development :—

“(b) The capital expended by the person carrying on the mining operations in necessary plant and development of a mining property from which income has been received (less the distributed and undistributed income derived by that person prior to the financial year for which income tax is being levied) shall be divided by the estimated number of years during which payable mining operations may be expected to continue under normal conditions, and the quotient thus obtained shall, in addition to any other deductions allowed by this Act, be deducted from the income ;

“(c) As an alternative to the deduction allowable by the last preceding paragraph, there shall, at the option of the taxpayer, be deducted so much of the income of the accounting period as is expended in that year for development or is appropriated for development (the cost of which is not deductible under section 23\* of this Act) and for new plant : provided that any of the money so appropriated which has not been expended for that purpose at the end of the year in which it was appropriated shall be liable to tax as income of that year : provided further that no deduction under paragraph (e) of sub-section (1) of section 23\* of this Act shall be allowed on any new plant to which this paragraph applies.”

## VIII.—TABLE OF ACTS.

Income Tax Assessment Act, 1922. (No. 37 of 1922.)

Income Tax Act, 1922. (No. 38 of 1922.)

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\* Section 23 is the general section dealing with deductions. Its main provisions are set out in paragraph 4 above. Paragraph (e) of sub-section 1 of section 23 is the paragraph dealing with the allowance for diminished value by wear and tear.

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## AUSTRALIA—NEW SOUTH WALES.

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**Introductory.**—The note summarises the law under which tax is payable on incomes received in the year ended 30th June, 1922. Commonwealth income tax is also in general payable.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—The income tax applies to income derived from any source in the State or earned therein.

The following classes of income are deemed to be derived from a source in the State. viz. :—

- (i) interest upon money secured by the mortgage of any property in the State ;
- (ii) profits accruing to a taxpayer from the sale of—(a) an estate or interest in land within the State (including a lease of land or the goodwill of any business carried on on the land) where the estate or interest was bought, or the land leased, during the year of income or the four preceding years ; (b) shares in any company bought within the year of income or the two preceding years ; (c) any other personal property of any kind of the value of £50 or over bought during the year of income—where such operations were not in the course of the taxpayer's business.

In assessing income under (ii) a set-off of losses incurred in similar transactions during the year of income is allowed.

(The phrase "year of income" means the year during which the income was received, and income is deemed to have been received although it may have been credited re-invested, accumulated, capitalised, or otherwise dealt with.)

There is no provision under which income tax can be charged on the annual value of immovable property owned and occupied by the taxpayer from which no monetary income is derived.

See paragraph 20 as to the apportionment of income from businesses carried on both within and without the State.

**AUSTRALIA—NEW SOUTH WALES—continued.**

**2. Income Exempted.**—Exemption is allowed in respect of:—

- (i) The revenues of municipal corporations or other local authorities.
- (ii) The incomes of mutual life assurance societies and other companies or societies carrying on business otherwise than for purposes of profit or gain, not being interest derived from mortgage of land in the state.
- (iii) The profits of the government savings bank or of the savings bank of New South Wales.
- (iv) The incomes of registered friendly societies or trade unions.
- (v) Income arising from government debentures, government inscribed stock, treasury bills, and debentures or stock issued by the commissioners of the government savings bank.
- (vi) Income derived from sources outside the State.
- (vii) The income of Starr-Bowkett building societies.

**II.—COMPUTATION OF INCOME.**

**3. Year and Basis of Assessment.**—Income tax is payable in each calendar year in respect of the taxable income received during the 12 months ended on the 30th June preceding the year in which the tax is payable. Thus the tax payable in 1923 is charged on the taxable income of the year ended 30th June, 1922. The notice of assessment describes the tax as being for the year which is the year of income. (The financial year of the State is the year ending 30th June.)

As regards the averaging of agricultural income see paragraph 19.

**4. Deductions.**—Deductions allowed—

- (i) Losses, outgoings and expenses *actually incurred* in the State in the production of the income, including:—
  - (a) commission, discount and travelling expenses ;
  - (b) a reasonable sum as representing cost of maintaining employees ;
  - (c) expenditure on the repair of premises occupied for business or producing income, on the repair or alteration of machinery, implements and plant

AUSTRALIA—NEW SOUTH WALES—*continued.*

- used in business; also an allowance for depreciation of machinery, implements and plant by reason of wear and tear, where owned by the taxpayer (replacements, renewals or permanent improvements are not deductible);
- (d) bad debts actually written off (provided the taxpayer has in the year of income or in a previous year returned such debts as income);
- (e) the annual sum necessary to recoup expenditure on improvements made under covenant by a lessee with no tenant rights in the improvements (arrived at by dividing the amount expended by the number of years unexpired);
- (f) an annual allowance in respect of a fine, premium or similar consideration for a lease or for its renewal, or in respect of an amount paid for assignment or transfer of a lease of premises or machinery used for the production of income (arrived at by dividing the sum so paid by the number of years unexpired at the date of payment), if the Commissioner approves;
- (g) sums expended by taxpayer in eradicating seedlings, etc., on lands;
- (h) £100 in respect of the annual allowance of members of the Legislative Assembly.
- (ii) Such expenses incurred *outside* the state exclusively in the production of income as the Commissioner may allow.
- (iii) In the case of income from personal exertion, interest paid on a principal sum invested in stock, plant, etc., or used in the production of the income.
- (iv) In the case of income from property, rates, interest, repairs and maintenance, but not in connection with the taxpayer's private residence, or vacant lands not producing income.

## Deductions not allowed—

- (1) Any loss or expense recoverable under any insurance or contract of indemnity.
- (2) New South Wales income tax and all rates and taxes other than those imposed by or under the authority of Acts of Parliament of New South Wales. Federal land tax and income tax are therefore *not* allowed.

AUSTRALIA—NEW SOUTH WALES—*continued.*

- (3) Any wastage or depreciation of lease, or any loss occasioned by the expiration of any lease (but *see* deduction (i) (f) ).
- (4) Interest on borrowed capital invested in the shares of a company.
- (5) Depreciation of permanent improvements, goodwill, land, buildings, patent rights, furniture, fittings or stock-in-trade.

5. **Set-off of Losses.**—Where a taxpayer, either alone or with other persons, carries on, or has an interest as partner in, more than one business, he may deduct losses from profits.

There appears to be no provision for deduction of business losses from income from property.

Losses made in a previous year cannot be carried forward and deducted from the profits of the year of income, nor can interest thereon be deducted.

## III.—PERSONAL ALLOWANCES, ETC.

6. **Exemption Limit.**—The exemption limit is £250.

7. **Personal Allowances.**—An abatement of £250 is allowed to individual taxpayers and also a deduction of £50 in respect of each child under 18 years of age at the end of the year of income, wholly maintained by the taxpayer.

The abatement and deduction are made as far as possible from income from personal exertion; they are not allowed to the non-resident shipowners and charterers referred to in paragraph 17.

8. **Life Insurance and Similar Allowances.**—Deductions are allowed in respect of—

(i) Premiums paid during the year of income by the taxpayer for insurance on his or her own life, or on that of the wife or husband of the taxpayer, for a deferred annuity or other provision for the husband, wife or children of the taxpayer, or for any fidelity guarantee required for the taxpayer's business. The maximum deduction under this head is £50.

(ii) Payments or deductions during the year of income in respect of Civil Service or Railway Service superannuation or any similar payment.

These deductions are made as far as possible from income from personal exertion; they are not allowed to the non-resident shipowners and charterers referred to in paragraph 17.

AUSTRALIA—NEW SOUTH WALES—*continued.*

## IV.—COMPUTATION OF TAX.

9. Rates of Tax.—Differentiation in rate as regards taxpayers other than companies is made between "income derived from personal exertion" which is defined as "income consisting of the proceeds of any business, earnings, salaries, wages, fees, bonuses, pensions or payments made upon superannuation or retirement from employment," and "income derived from property," which is defined as "income derived from any source in the State other than from personal exertion." Income derived from sources outside the state, as already stated, is not liable.

The scales of taxation are based on the amount of net taxable income, i.e., after the deduction of the abatement and other allowances.

In the case of agricultural etc. income the special provision shown in paragraph 19 must be applied.

The rates of tax on income received in the year ended 30th June, 1922 (tax payable in 1923), are as follows:—

(1) Companies:—2s. 6d. in the £.

(2) Other taxpayers:—

		On income from personal exertion. Rate per £.	On income from property. Rate per £.
		s. d.	
On the first	£250..	1 0	} As in previous column increased by one-third.
„ next	£250..	1 1	
„ „	£250..	1 2	
„ „	£250..	1 3	
„ „	£500..	1 4	
„ „	£500..	1 5	
„ „	£500..	1 6	
„ „	£500..	1 7	
„ „	£500..	1 8	
„ „	£500..	1 10	
„ „	£1,000..	2 0	
„ „	£2,000..	2 2	
„ balance (i.e., above £7,000)		2 3	

AUSTRALIA—NEW SOUTH WALES—*continued.*

In calculating the duty payable the income derived from personal exertion is first taken into account. Thus, in the case of a mixed income the calculation would be as follows:—

Net taxable income £1,000 (after deducting £250 exemption etc. from personal exertion income), viz., £600 from personal exertion and £400 from property.

Grade.	Rate.	Personal exertion income.		Property income.	
		£	£ s. d.	£	£ s. d.
First £250 ...	1 0	250	12 10 0		
Next £250 ...	1 1	250	13 10 10		
„ £250 ...	1 2	100	5 16 8	150	8 15 0
„ £250 ...	1 3	...	...	250	15 12 6
		600	31 17 6	400	24 7 6
				Plus one-third	8 2 6
					32 10 0
<div style="border-top: 1px solid black; width: 100%; margin-top: 5px;"> <p style="text-align: center;">Total tax ... <u>£64 7 6</u></p> </div>					

## V.—PAYMENT.

12. **Due Date, Taxation at the Source etc.**—The time for payment is specified in the notice of assessment. If the tax is not paid within 21 days of the date specified, a fine of 10 per cent. of the tax may be recovered.

Dividends are taxed at the source—*see* paragraph 13.

*See* paragraph 17 as to taxation of the income of non-residents at the source.

Claims for repayment of tax paid in excess must be made within three years of the date when payment of the tax became due.

## VI.—CORPORATE, JOINT ETC. INCOME.

13. **Companies.**—Companies are taxed at a special rate, and are not allowed the exemption, abatement and deductions indicated in paragraphs 6, 7 and 8. Dividends are excluded from the net taxable income of shareholders.

14. **Partnerships.**—Partnership returns are required to be made by the precedent or sole acting partner in New South Wales, or by the agent, manager, or chief representative in New South Wales. Each partner must also make a separate return of the whole of his individual income, including the



**AUSTRALIA—NEW SOUTH WALES—continued.**

share derived from the partnership. It is under special circumstances only that an assessment is made on the partnership as such, the principle being to account with the individual taxpayer.

15. **Married Women.**—A married woman appears to be assessable as if she were unmarried, although no such specific provision appears in the Act.

**VII.—SPECIAL TRADES ETC.**

17. **Non-resident Traders, Shipowners etc.**—Where an agent sells goods in New South Wales on account of a non-resident, or of a foreign company not registered in the state, the principal is deemed to have derived from such sale a net taxable income of 5 per cent. of the sale price of the goods.

Foreign shipping companies, or other shipowners or charterers whose principal place of business is outside New South Wales, may be taxed on an assumed income of 5 per cent. of the amount payable, whether within the state or not, in respect of the carriage of passengers, live stock or goods, shipped in the state, to the port of discharge, if the income cannot be otherwise determined to the satisfaction of the Commissioner. The exemption, abatement and deductions mentioned in paragraphs 6, 7 and 8 cannot be claimed by such non-resident shipowners, etc.

Non-residents in receipt of interest from a mortgage of any land in the state, or from any other source in the state, may be taxed through the mortgagor, or the person paying the interest.

19. **Farming.**—On so much of the net taxable income as is derived from agricultural, dairying, or pastoral pursuits the rate of tax is determined, not by the taxable income, but by the average taxable income from that source for the year of income and the four (or smaller number provided for below) preceding years, with the following limitations :—

- (a) If buying and selling livestock is the sole business the provisions are not applicable.
- (b) No income year prior to that commencing 1st July, 1920, may come into the average.
- (c) The first year which would otherwise be brought into the average is omitted if the taxable income from farming is greater than that in the next year.

**AUSTRALIA—NEW SOUTH WALES—continued.**

- (d) The first year brought into the average must not be one in which farming was not carried on.
- (e) An excess of deductions over income is taken into account.
- (f) If owing to retirement the actual taxable income in any year from farming is less than two-thirds of the average the taxpayer is assessed as if he had never been a taxpayer in a previous year.
- (g) The deductions mentioned in paragraphs 4 (i) (h), 7 and 8 are made as far as possible from income not coming under this provision.

**20. Insurance Companies. Businesses carried on both within and without the State.**—In the case of businesses carried on both within and without the State, except insurance companies, for which special regulations are provided, and except businesses falling within paragraph 17, the net taxable income is deemed to be a sum which bears the same proportion to the net profits of the business as the assets of the business in the State bear to the total assets, or, in the discretion of the Commissioner, as the total amount of sales in connection with business effected in the State bears to the total sales effected. The Commissioner may, however, assess on actual income, and must do so if required by the taxpayer.

The regulations provide that in the case of insurance companies, whether their business extends beyond New South Wales or is confined to that State, the income actually received by such companies in New South Wales (other than that exempted under the Act), shall be deemed to be the income liable to assessment.

The exemption, abatement and deductions mentioned in paragraphs 6, 7 and 8 apply to individual taxpayers falling within this paragraph.

**VIII.—TABLE OF ACTS.**

- Income Tax Act, 1911. (No. 24, 1911.)
- Income Tax (Management) Act, 1912. (No. 11, 1912.)
- Income Tax (Amendment) Act, 1912. (No. 15, 1912.)
- Income Tax (Amendment) Act, 1914. (No. 8, 1914.)

**AUSTRALIA—NEW SOUTH WALES—continued.**

**Income Tax Management (Amendment) Act, 1914. (No. 9, 1914.)**

**Income Tax Management (Further Amendment) Act, 1914. (No. 32, 1914.)**

**Income Tax Management (Amendment) Act, 1918. (No. 27, 1918.)**

**Income Tax (Amendment) Act, 1920. (No. 21, 1920.)**

**Income Tax Act, 1922. (No. 21, 1922.)**

**Income Tax Management (Amendment) Act, 1922. (No. 22, 1922.)**

## AUSTRALIA—NORTHERN TERRITORY.

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**Introductory:**—The Northern Territory has since 1st January, 1911, been separated from South Australia and has been administered by the Commonwealth Government. The income tax is levied under the South Australian Taxation Act, 1884, as amended by South Australian Acts up to 1910 and by Northern Territory Ordinances from 1911. The note shows the law in force from 1920.

Commonwealth income tax is also in general payable.

### I. —SCOPE OF THE TAX.

**1. Income Charged.**—Income tax is imposed on all incomes arising or accruing in or derived from the territory.

Fines and premiums payable on the granting or renewal of leases are taxable as income.

Land with improvements thereon used for the purpose of residence or enjoyment and not for the purpose of profit or gain is deemed to return to the owner an income of 5 per cent. of the capital value. The use of any house or quarters or payment in goods or land, etc., in connection with the employment of any person is taxable as income from personal exertion.

The profits from goods manufactured or treated in the territory, but sold elsewhere, are deemed to be 3 per cent. of the cost of manufacture or treatment.

**2. Income Exempted.**—Exemption is granted in respect of income produced by personal exertion from land if the unimproved value of the land does not exceed £1,000.

### II.—COMPUTATION OF INCOME.

**3. Year and Basis of Assessment.**—The income tax is calculated as on 1st January each year (in the case of farmers as on 1st April). The income of the 12 months preceding the time for calculation is in general the basis of assessment, but in the case of companies the Commissioner may adopt the income of the year ending on the day to which the accounts have usually been made up.

**4. Deductions.**—A deduction is allowed for depreciation of buildings, machinery, implements etc. used by the taxpayer for producing income. No deduction is allowed for the value of such buildings or for the cost of such machinery etc.

**AUSTRALIA—NORTHERN TERRITORY—continued.**

5. **Set-off of Losses.**—If a taxpayer carries on more than one trade, either alone or otherwise, he may deduct losses from profits.

A net loss on the production of income from personal exertion is deductible from the net amount of income from property, and *vice versa*.

**III.—PERSONAL ALLOWANCES ETC.**

6. **Exemption Limit.**—Except in the cases of companies and absentees there is an exemption limit of £200.

7. **Personal Allowances.**—£200 is deducted from every income except incomes of companies and absentees. It is deducted as far as possible from income from property.

**IV.—COMPUTATION OF TAX.**

9. **Rates of Tax.**—The rates of tax are—

*Income from personal exertion.*—4½d. in the £ on the first £800 and 7d. in the £ on the balance.

*Income from property.*—9d. in the £ on the first £800 and 1s. 1½d. in the £ on the balance.

In the case of mixed incomes the tax is governed by the amount of the income of that class.

The income of companies is taxed at the "property" rates.

**V.—PAYMENT.**

12. **Due Date, Taxation at the Source etc.**—The tax is payable on the 14th May following the date as on which it is calculated.

If the tax is not paid within a month of the due date, a fine is incurred of 10 per cent. and interest at 10 per cent. per annum from the due date.

Claims for repayment of tax paid in excess must be made within 12 months after the over-payment.

**VI.—CORPORATE, JOINT ETC. INCOME.**

13. **Companies and Income from Companies.**—Companies are assessable on the same basis as individuals, but are not allowed the £200 exemption and abatement. Dividends are excluded from the taxable income of the shareholder.

14. **Partnerships.**—Partnership returns are required from the precedent acting partner, and the law provides for the assessment of the partnership income separately from the

**AUSTRALIA—NORTHERN TERRITORY—continued.**

other income of the partners. The form of return prescribed by the regulations, however, provides for the inclusion of each partner's share of the joint income in his individual return.

15. **Married Women.**—A married woman is apparently chargeable as if unmarried, although no specific provision to this effect appears in the Act.

**VII.—SPECIAL TRADES ETC.**

17. **Non-resident Traders, Shipowners etc.**—Non-residents trading (but not continuously) through an agent in the territory may be charged on an assumed income of 5 per cent. of the sale price of the goods, subject to adjustment if the profit is shown to be less.

20. **Life Assurance Companies.**—In the case of companies carrying on life assurance business in the territory and also elsewhere, the taxable amount is such portion of the company's profits and surplus from life insurance, as is, or if all such profits were distributable among the policy holders would be, actuarially distributable among the territory holders. All rents, interests, and other profits and earnings, including interest chargeable by the company on overdue premiums are included in the actuarial computation of the profits and surplus. Interest from Government securities (*see* exemption (i) in paragraph 2) is, however, excluded in computing profits and surplus.

**VIII.—TABLE OF ACTS AND ORDINANCES.****South Australia Acts.—**

- Taxation Act, 1884. (No. 323.)
- Taxation Act Amendment Act, 1885. (No. 356.)
- Taxation Act Amendment Act, 1887. (No. 423.)
- Taxation Act Amendment Act, 1894. (No. 604.)
- Income Tax Further Continuance Act, 1898. (No. 709.)
- Taxation Act Amendment Act, 1902. (No. 782.)
- Taxation Act Amendment Act, 1904. (No. 861.)
- Taxation Act Amendment Act, 1905. (No. 894.)
- Taxation Act Amendment Act, 1908. (No. 969.)

**Northern Territory Ordinances.—**

- Taxation Ordinance, 1920. (No. 10 of 1920.)
  - Taxation Ordinance, 1922. (No. 16 of 1922.)
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## AUSTRALIA—QUEENSLAND.

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**Introductory.**—The note summarises the law under which tax is payable in 1922-23 (on the basis of the income of 1921-22).

Commonwealth income tax is also payable in general.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—The income tax applies to income earned in or derived in or from Queensland, and to income arising or accruing from any business carried on in Queensland.

The following are specifically made assessable as income from personal exertion :—

- (1) Net gains arising from the sale of real or personal property where the seller acquired such property during the year in which the sale takes place or the six years prior thereto.
- (2) The amount received from the sale outside Queensland of goods produced in Queensland or live stock exported from Queensland, less the cost of selling the goods etc. outside Queensland.
- (3) The annual value of quarters, board, residence etc. received in respect of an employment.
- (4) A retiring allowance or gratuity paid in a lump sum.
- (5) Income from dealing in bêche-de-mer, pearls, pearl-shell and other shells, in Queensland.
- (6) The amount by which business assets are written up in the accounts.

In fixing the rate of tax to be applied to the total taxable income the income specified in (1) and (6) is divided by the number of years, up to 7, for which the taxpayer owned the property and the income specified at (4) is divided by 5. The amounts so obtained are added to the other income and the rate of tax (on the whole taxable income) is determined by that aggregate.

The following are specifically made assessable as income from the produce of property :—

- (a) Consideration received upon the grant of a lease or for cancellation of a lease, or for sale of goodwill of a hotel property, less certain deductions.

AUSTRALIA—QUEENSLAND—*continued.*

- (b) Amounts expended by a tenant of the taxpayer in the repair, alteration, or improvement of the taxpayer's property and not reimbursed.
- (c) Cash prizes in lotteries, drawings or sweeps carried on in Queensland. Income tax at 5 per cent. is also charged on the selling price of every ticket issued in a drawing for a cash prize.
- (d) Five per cent of the capital value of any land and improvements owned and occupied by the taxpayer as a residence or occupied rent free as a residence.
- (e) All royalties.

In fixing the rate of tax to be applied to the total taxable income the income specified in (a), if from payments for a lease or its cancellation, is divided by the number of years, up to 7, for which the taxpayer held the lease prior to the grant or cancellation, and if from sale of hotel goodwill, is divided by 5; the income specified at (b) is divided by the number of years of tenancy, up to 7, after the date of the improvement. The amounts so obtained are added to the other income and the rate of tax (on the whole taxable income) is determined by that aggregate.

**2. Income Exempted.**—Among the exemptions are:—

- (i) The official emoluments of the Governor of Queensland.
- (ii) The revenues of local authorities and local bodies receiving revenue of any kind for the purposes of local self-government.
- (iii) The incomes of societies and institutions not carrying on business for purposes of profit or gain.
- (iv) The funds and incomes of societies registered under any Act relating to friendly societies (other than building societies) or to trade unions.
- (v) Income arising or accruing from debentures, stock, bonds, certificates or treasury bills issued by the Government of Queensland or of the Commonwealth of Australia.
- (vi) Any war pension paid to the taxpayer by the Imperial or the Commonwealth Government, or any war pension or war gratuity granted by the Government of the Commonwealth in respect of active service abroad during war.



AUSTRALIA—QUEENSLAND—*continued.*

- (vii) Interest on deposits in the Commonwealth Government Savings Bank.
- (viii) Profits of any company carrying on business of a co-operative nature whose articles of association provide that profits shall not be distributed among the shareholders and which is declared exempt by the Governor in Council.

## II.—COMPUTATION OF INCOME.

3. Year and Basis of Assessment.—The income received in any year to the 30th June is assessed thereafter. The assessment is apparently regarded as being made for the year succeeding that in which the income was received.

## 4. Deductions.—Deductions allowed :—

- (i) The amount of any donation in cash, not being less than £2, to any Queensland patriotic fund approved by the Commissioner; contributions in money or kind to any charitable institution in Queensland approved by the Commissioner.
- (ii) All losses and outgoings not of a capital nature (but including uninsurable irrecoverable losses by cyclone) actually incurred in Queensland in the production of that part of the income which is not exempted from tax.
- (iii) All rates and taxes paid under any Act of Parliament of Queensland except income tax and such portion of any land tax paid as is allowed as a deduction from income tax under the provision quoted in paragraph 10.
- (iv) Commonwealth land tax paid in respect of lands situated within Queensland.
- (v) Interest on money borrowed and used with intent to the production of that part of the taxpayer's income which is not exempted from tax and any interest actually paid by him on any mortgage of his residence. It is separately provided that if the taxpayer has paid interest during any year and has earned in that year income which is exempt from taxation the interest allowable as a deduction from his non-exempt income is a sum which bears the same proportion to the total interest paid as the value at the end of the year of the

AUSTRALIA—QUEENSLAND—*continued.*

assets which were used in earning his non-exempt income bears to such value of his total assets.

If the recipient resides beyond Queensland, the payer must pay to the Commissioner tax on the interest at  $7\frac{1}{2}$  per cent., together with super-tax, if any, and is entitled to deduct this from the interest.

- (vi) Commission paid for collecting non-exempt income.
- (vii) The annual average sums expended by the owner for repairs to or on that part of any property occupied by him or a tenant for the purpose of producing income (including any residence owned and occupied by the taxpayer or occupied by him rent free) and for the repair of machinery, implements, utensils, rolling stock and articles used by such owner for the purpose of producing income, during the three years immediately preceding the year of assessment.
- (viii) An allowance for depreciation of any building, machinery, implements, rolling stock, utensils and articles used for business purposes, or of an owned or rent-free residence, also of any bore, well, dam or other improvement for the conservation of water, or for any fence (the amount charged by the taxpayer in his accounts being the measure of this allowance, subject to the Commissioner's approval), provided that where an allowance is made for repairs as at (vii) that allowance is to be taken into account in making the depreciation allowance under this provision.
- (ix) Bad debts actually written off, and doubtful debts (at the Commissioner's valuation), provided that recoveries are credited as income in the year of receipt.
- (x) An annual allowance for a sum paid for a lease or for cancellation of a lease, arrived at by dividing the sum paid by the number of years for which the lease has still to run from the date of purchase or cancellation. For the purchase of a lease granted by the Crown, deduction is allowed only if the purchase was made after 30th June, 1918, and the

AUSTRALIA—QUEENSLAND—*continued.*

deduction ceases if the taxpayer sells or cancels the lease.

- (xi) An annual allowance for a sum paid for purchase of goodwill of hotel, arrived at by dividing the sum paid by 5. The deduction ceases to be given if within 5 years the taxpayer grants a lease of the property.
- (xii) Legal expenses incurred in collecting business debts, in the preparation of a lease, in connection with any award relating to the taxpayer's business, or in drawing up agreements for sale or purchase of goods or service agreements with employees.
- (xiii) Travelling expenses of Members of Parliament up to £50 per annum, and election expenses of candidates for the Parliament of Commonwealth or State up to £75 per election.
- (xiv) To a person employing his own children over the age of 16 years if no payments are made to them for wages, such amount as the Commissioner thinks just and reasonable.
- (xv) Amounts expended on the repair, alteration or improvement of property held on a tenancy, if these amounts are included in the landlord's income (*see* paragraph 1 (c)).
- (xvi) An amount representing the repayment of capital in the case of an annuity from a Queensland source which has been purchased by the taxpayer.
- (xvii) Contributions not exceeding £10 10s. each to approved industrial union, trade, professional, or agricultural societies.
- (xviii) Contributions by any employer to an approved fund to benefit or pension employees.

These deductions are made as far as possible from income from personal exertion or income from the produce of property according to the source of the income to which the deductions relate, in case of doubt from the income from personal exertion. The total of the deductions under (i) and (xvii) is limited to 20 per cent. of the net income before allowing any deduction under paragraph 7 (a) and (b).

Among the deductions not allowed are :—

- (a) Commonwealth or Queensland income tax.
- (b) Any loss not connected with business.

AUSTRALIA—QUEENSLAND—*continued.*

- (c) Any average loss beyond the actual amount of loss after adjustment, or any sum recoverable under an insurance or contract of indemnity.
- (d) Any wastage or depreciation of a lease or any loss occasioned by the expiration of any lease. (But *see* deduction (x).)
- (e) Any expenses incurred in earning income exempt from taxation. If these cannot be accurately determined one-half per cent. of the exempt income is disallowed. (*See also* deduction (v).)
- (f) Any sum as a bonus or fee to a director or member of the family of a director in a company in excess of what the Commissioner considers a reasonable amount.
- (g) Any depreciation in the value of stock-in-trade (including live stock) below its cost price, unless with the approval of the Commissioner.
- (h) Any losses except losses of uninsured live stock arising through misappropriation by employees, theft, fire, flood, cyclone or similar cause.

5. **Set-off of Losses.**—If a taxpayer carries on in Queensland more than one business, either alone or otherwise, he may deduct losses from profits.

If, however, from one or more businesses carried on in Queensland, an aggregate loss results, such loss is deductible from the income from property, if any.

Losses of a previous year may not be deducted from the profits of any subsequent year, except that losses incurred in agricultural, dairying or grazing pursuits (less inadmissible expenditure in the year of loss) may be carried forward and set

(ix) profits in any of the next five years. In the case of debts the amount of loss that may be carried forward that to £1,000 in any one year.

of receiving property may be set against gains from

- (x) An annuity, but the total net losses in selling property for cancellation set against other income.

the sum p -PERSONAL ALLOWANCES ETC.

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cancellation nit.—Except in the cases of “absentees by the Crown (graph 17) and companies exemption is purchase was including dividends taxed at the source

AUSTRALIA—QUEENSLAND—*continued.*

(less the expense of earning them) and allowing the deductions shown in paragraph 7 (b), does not exceed £200.

7. Personal Allowances.—(a) Except in the cases of "absentees" (*see* definition in paragraph 17) and companies, if the income, including dividends taxed at the source (less the expense of earning them) and allowing the deductions shown in (b) is less than £1,000, an abatement is allowed of £200 less £1 for every complete £4 by which that income exceeds £200.

(b) Deductions are allowed in the case of any taxpayer ordinarily resident in Queensland whose income (including dividends taxed at the source less the expense of earning them, and allowing all deductions and exemptions except the deductions under sub-paragraph (a) and this sub-paragraph) does not exceed £800 of:—

- (i) £26 in respect of every child of his under the age of 16 years on the first day of the year preceding that for which the assessment is made, if the child is actually dependent on him.
- (ii) £26 in respect of his wife and every relative by blood or marriage if such wife or relative is wholly maintained by him. (If the wife's income does not exceed £26 she is deemed to be wholly maintained by her husband.)
- (iii) £26 in respect of a female relative, whether by blood or marriage or by adoption during childhood, if such relative resides with him for the purpose of caring for any child or adopted child of his and is incapacitated either by age or infirmity and has not an income of her own exceeding £25 per annum and is actually dependent on him.

If the income exceeds £800 the deductions are granted but each is reduced by £1 for every £5 by which the income exceeds £800. If the taxpayer has earned income in Queensland for part only of the year, a proportionate part of these deductions is allowed.

The abatements and deductions under (a) and (b) are made as far as possible from income from personal exertion.

(c) A deduction is allowed (without any limit of income etc.) of expenses of educating children under 16 years of age, where there are no suitable local school facilities.

AUSTRALIA—QUEENSLAND—*continued.*

8. Life Insurance and Similar Allowances.—Deductions are allowed for :—

- (a) Premiums, not exceeding £50, paid in the year of income by any taxpayer ordinarily resident in Queensland, in respect of insurance on the life of any of his children or his own life for his own benefit or for the benefit of his wife and children or some or one of them.
- (b) Payments, not exceeding £50, which are made during the year of income into any superannuation, sustentation, widows' or orphans' fund or registered friendly society, by any taxpayer ordinarily resident in Queensland, or which he may be required to make into any guarantee or provident fund to enable him to exercise his vocation.

These deductions are made as far as possible from income from personal exertion.

## IV.—COMPUTATION OF TAX.

9. Rates of Tax.—The rates in force for the year 1922-23 (imposed on 1921-22 income) are as follows (subject to the addition of super-tax, as indicated below) :—

(1) *Income of person other than companies or "absentees."*—Differentiation in rate is made as between "income derived from personal exertion," which is defined as "all income consisting of earnings, salaries, wages, allowances, fees, commissions, or consideration in the nature of or in lieu of commission, pensions, superannuation or retiring allowances, or stipends, earned in or derived from Queensland, and all income arising or accruing from any business carried on in Queensland other than a business carried on with the assets of or as part of or in connection with a trust estate . . . although the same has not arisen . . . from his own personal exertion or business," and "income derived from the produce of property," defined as "all income derived in or from Queensland and not derived from personal exertion." If, however, a business is carried on by trustees etc. who are beneficially entitled to any part of the income from the business, such part of the income is treated as income derived from personal exertion. *See* also paragraph 1.

AUSTRALIA—QUEENSLAND—*continued.*(a) *Income derived from personal exertion—*

Income up to £4,000—6*d.* in the £, increased by 6/1000*d.* for every £ of the taxable income.

Income over £4,000—30*d.* in the £ on the first £4,000 and 36*d.* in the £ on the remainder.

(b) *Income derived from the produce of property—*

Income up to £3,000—12*d.* in the £, increased by 4/1000*d.* for every £ of the taxable income.

Income over £3,000 up to £4,000—6*d.* in the £, increased by 6/1000*d.* for every £ of the taxable income.

Income over £4,000—30*d.* in the £ on the first £4,000 and 36*d.* in the £ on the remainder.

(c) *Mixed incomes—*

The rates applicable to incomes from personal exertion and from the produce of property equal to the total income are applied to the portions derived from personal exertion and from the produce of property respectively.

N.B.—Dividends from a taxed company, which are excluded from the taxable income for the purpose of charging tax, are included for the purpose of determining the rate of tax. Further, as indicated in paragraph 1, a fraction only of certain kinds of income is included for the purpose of determining the rate of tax.

(2) *Income of "absentees."*—See the definition of "absentee" in paragraph 17—

The scale of rates at (1) (b) above is applied to the whole income.

(3) *Income of Queensland Companies, not being "public utility companies" or "monopoly companies," and*

(4) *Income of "public utility companies" and "monopoly companies."*—

For this purpose "public utility company" means any company carrying on in Queensland the business of a public utility, i.e., street tramways, gas, electricity and any other undertaking declared by legislative resolution to be a public utility, and "monopoly company" is defined as any company declared by legislative resolution to be a company in possession or partial possession of a monopoly

## AUSTRALIA—QUEENSLAND—continued.

within Queensland for the production, distribution, transport or exchange of goods or commodities to the detriment of the public interests, or to be associated with any trust or combine for the purpose of securing such a monopoly or partial monopoly in Queensland.

The rates of tax are :—

				Rate for	
				Class (3)	Class (4)
				d. per £.	d. per £.
If the total profits liable to tax do not exceed					
6% on the capital .. .. .				15	15
If the total profits—					
exceed	6% but do not exceed	7%	..	16½	18
"	7%	"	"	18	21
"	8%	"	"	19½	24
"	9%	"	"	21	27
"	10%	"	"	22½	30
"	11%	"	"	24	33
"	12%	"	"	25½	36
"	13%	"	"	27	39
"	14%	"	"	28½	42
"	15%	"	"	30	45
"	16%	"	"	31½	48
"	17%	"	"	33	48
"	18%	"	"	34½	48
"	19%..	"	"	36	48

(5) *Income of foreign companies assessable under the various provisions described in paragraph 17 except those falling under (2) (a) and (4) (a) and (b) of that paragraph.*—24d. in the £, with the following exceptions :—

- (a) In the case of a mutual life assurance company 18d. in the £.
- (b) In the case of a life assurance company which distributes part of its profits among the policyholders, 18d. in the £ on a portion of the taxable income which bears the same proportion to the total taxable income as the profits divided among the policyholders for the same year bear to the total profits for the same year, and 24d. in the £ on the remainder of the taxable income.



## AUSTRALIA—QUEENSLAND—continued.

(6) *Income of the other foreign companies referred to in paragraph 17, i.e., those falling under (2) (a) and (4) (a) and (b) of that paragraph.* The rates shown in the scales for Classes (3) and (4) above are applied subject to the conditions indicated at paragraph 13 (3).

(7) *Ticket in drawing for a cash prize.*—5 per cent. of the selling price of each ticket issued (minimum tax 3*d.*).

*Super-tax.*—A super-tax is imposed at the rate of 20 per cent. of the amount of the income tax payable. Mutual life insurance companies or societies are excluded from the scope of the super-tax, also other life insurance companies whose business is partly mutual, to the extent to which the profits of these latter companies are distributed to policy-holders as such on a mutual basis.

Except in the case of companies and absentees exemption from super-tax is allowed if the income, after deducting the ordinary income tax abatement of £200 or part thereof, does not exceed £200. Where the income exceeds this amount, a deduction is allowed from the super-tax otherwise payable of the amount of super-tax on the amount abated for the ordinary income tax, computed at the rate at which the taxpayer's income tax is computed. So far as possible this abatement is based on the rate applicable to the taxpayer's income from personal exertion, if any.

10. *Set-off of Land Tax paid in Queensland.*—The following provision is made for a deduction of land tax from income tax:—"From the amount of the tax payable on the income of any taxpayer derived from any agricultural, dairying or grazing pursuits carried on by him, there may be deducted the amount of any land tax actually paid by the taxpayer in respect of the same year under any Act of the Parliament of Queensland on land of which he is the owner for an estate of freehold and on which such agricultural, dairying or grazing pursuits are carried on. For the purposes of this provision, 'grazing pursuits' means the grazing of stock on freehold areas the unimproved value whereof does not in the aggregate exceed £1,280, and where both dairying and grazing pursuits are carried on by the taxpayer on the same lands and the greater part of his income is derived from such dairying pursuits he shall be entitled to the deduction aforesaid as if dairying

AUSTRALIA—QUEENSLAND—*continued.*

pursuits only were so carried on by him. Provided nevertheless that the maximum amount of land tax to be deducted from a taxpayer's income tax for any one year shall not exceed one hundred pounds."

## V.—PAYMENT.

12. **Due Date, Taxation at the Source etc.**—The date of payment is announced by public notice, but may not be earlier than the 31st January succeeding the year of income. If the tax is not paid within 30 days of the due date, 5 per cent. of the amount of unpaid tax is added and if it is not paid within 60 days of the due date, a further 5 per cent., unless the Commissioner is satisfied that there has been no default on the taxpayer's part in which case he may reduce the penalty to interest at not less than  $6\frac{1}{2}$  per cent. per annum.

Applications for refund of overpaid tax must be made within three years after the year in which the tax was payable.

Dividends and debenture interest are taxed at the source—see paragraph 13. See paragraphs 4 (v) and 17 as to taxation at the source of the income of non-residents.

## VI.—CORPORATE, JOINT ETC. INCOME.

13. **Companies and Income from Companies.**—Companies are taxed on a special basis, graduated in most cases according to the percentage of the capital which the profits represent. They are allowed no abatement. Dividends paid out of taxed profits are excluded from the taxable income of the shareholder, except for the purpose of determining the personal allowances and the rate of tax to be applied.

(1) *Computation of capital.*—For the purpose of determining the percentage of profits to capital the capital is (subject to certain adjustments in cases where the capital has been reduced or where goodwill not paid for in cash appears as an asset in the accounts or where shares were issued to pay for any property acquired by the company or where money remains due to the company by a shareholder from advances to him to buy shares of the company), so much of the average amount over a full year (a) paid up in cash or value on all shares actually issued by the company, and (b) of all reserves created out of taxed profits and invested in the business as was, during the year in which the profits were earned, invested in

AUSTRALIA—QUEENSLAND—*continued.*

the assets of the business, and used to produce taxable profits of the company. If a Queensland company has no paid-up capital, tax is payable at the highest rate in the appropriate scale.

(2) *Queensland companies carrying on business outside Queensland.*—If a Queensland company carries on business outside Queensland, tax is charged on the profits made in Queensland, provided that—

- (i) the deduction for head office expenses is reduced by an amount which bears the same proportion to the total head office expenses as the sales made outside Queensland bear to the total sales, or where no sales have taken place by an amount to be fixed by the Commissioner ;
- (ii) the undistributed profits are arrived at by deducting from the taxable income the dividends paid from that income less an amount which bears the same proportion to the total dividends paid from that income as the profits made outside Queensland bear to the total profits made during the year ;
- (iii) the Queensland capital is a sum which bears the same ratio to the paid-up capital as the value of the assets in Queensland bears to the value of the total assets.

(3) *Foreign companies.*—In the case of foreign companies assessed by reference to the percentage of profits to capital, that percentage is arrived at as for Queensland companies carrying on business outside Queensland, but *provisos* (i) and (ii) are not applicable. If, however, the company has no paid-up capital, or is such that the Queensland capital cannot be ascertained, or if information as to paid-up capital and profits or any other necessary information is not supplied, the highest rate of tax in the appropriate scale is charged.

(4) *Assessment on the basis of dividends paid.*—The taxable income of any company whose principal office or principal place of business is in Queensland (“ Queensland company ”) may be assessed for any year at not less than the amount of the dividends\* declared by such company out of profits made during that year.

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\* See note on next page.

AUSTRALIA—QUEENSLAND—continued.

(5) *Profits earned prior to 1st January, 1915.*—If any such profits were undistributed on 30th June, 1921, and are subsequently distributed\* tax is charged thereon at 6d. per £ distributed.

(6) *Profits (a) earned after 31st December, 1914, and undistributed on 30th June, 1921, or (b) earned after 30th June, 1921, and undistributed at the close of the year in which made.*—If any such profits are distributed\* after 30th June, 1921, for (a), or after the close of the year in which made for (b), tax is chargeable thereon at the rate which would have been chargeable if the profits had been distributed in the year in which they were made, less any amount already paid as tax thereon.

(7) *Payment in respect of interim dividends.*—On an interim dividend\* on profits for the current year tax at the rate of 1s. 3d. in the £ is charged, this payment being allowed for when the final computation of tax for the year is made.

(8) *Profits out of which dividends are paid.*—A dividend is taken to have been paid out of the profits of the year preceding that in which it was paid (unless the company declares it to be paid out of the profits of a specified year or years), but if the total amount of dividends paid exceeds the total profits for the preceding year then the excess is taken to have been paid out of profits accumulated prior to the 1st January, 1915, or if these are insufficient out of the profits for the next succeeding years in turn.

(9) *Debentures.*—Any corporation, company, local authority etc. which pays interest on debentures is deemed to be the agent of the debenture holder, and is liable to pay (and em-

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\* "Dividend" means "all sums of money paid, allocated, distributed or credited by a company to or among its shareholders as such, by whatever name called: the term does not include—(a) refundment on reduction of capital where such reduction is only made in respect of call money on shares actually paid by the shareholders, or (b) such portion of liquidation dividends as does not exceed the amount of call money on shares actually paid by the shareholders: the term includes any payment to a shareholder as bonus or a director's fee in excess of the amount allowed under [paragraph 4 (f)]."

A transfer of undistributed profits from profit and loss account or reserves to capital or their application in reduction of assets or their issue to shareholders as debentures is equivalent to a declaration of dividend. Similarly an issue of shares or debentures to the shareholders as such, representing an increase in assets found on revaluation, or the payment of interest on such debentures, is equivalent to a declaration of dividend.

**AUSTRALIA—QUEENSLAND—continued.**

powered to deduct) income tax at the rate of 18*d.* in the £ plus super-tax, if any, on the amount of the interest. Tax so paid may be set off against the tax which would otherwise be payable on the total income of the recipient.

(10) *Miscellaneous.*—Money received by a company in the form of a premium on an issue of its shares is taxable.

In any case where, for the purpose of ensuring regularity of price or for the purpose of distribution amongst its producing shareholders, a co-operative company dealing with butter, cheese, bacon, fruit or wheat, or any other primary products used for food purposes, distributes, within six months after the close of any year for which such company makes a return of income, any profits made during that year, such company is not liable to pay income tax on the amount of such profits so distributed for such purpose.

The company may be treated as agent of an absentee member.

14. *Partnerships.*—Save as is shown below, persons carrying on any business in partnership are liable to make a joint return, but are taxable only in their separate individual capacities.

- (a) If the income of the partnership, after deducting any amounts actually paid to any of the partners for services actually performed by them in the business, exceeds £2,500 the Commissioner may assess the tax on the remainder as if it were the income of an individual instead of assessing the partners individually.
- (b) Any person in partnership with his wife and/or a child of his under 21 years of age is assessed as if he received the whole income of the partnership less only any amounts actually paid to such partners for services actually performed by them in the business.
- (c) Any person in partnership with his wife or a child of his under 21 years of age *and* another person is assessed as though the share of profits of his wife or child were part of his own income.
- (d) Any person in partnership with any member of his family (wife, husband, parent, child or other relative by blood or marriage) if he has provided at least 75 per cent. of the capital, is assessed as

AUSTRALIA—QUEENSLAND—*continued.*

if he received the total income from the partnership less only any amounts actually paid to such partners for services actually performed by them in the business.

- (2) If a husband and wife carry on separate businesses and the original capital for these has been provided by either husband or wife, the income is assessed as if it were the income of the husband or wife, but a deduction may be allowed by the Commissioner of a reasonable amount as salary to the wife or husband.

15. **Married Women.**—There is now no specific provision relating to married women in the Act, but a married woman is apparently assessable as if unmarried.

Payments of wages to the husband or the wife of the taxpayer are allowed as deductions only if the Commissioner is satisfied that the payments are *bona fide*.

As regards a wife in partnership with her husband *see* paragraph 14.

16. **Trusts.**—Trustees are assessable separately for each estate and for their own private income. The income from each trust is generally to be treated as accruing to one person, but if the net income of the trust does not exceed £2,500, any portion of the trust income which a beneficiary is entitled to receive and which he actually receives may be assessed on the beneficiary together with the remainder of his income.

## VII.—SPECIAL TRADES ETC.

17. **Non-resident Traders, Shipowners etc.**—As has already been indicated “absentees” are not entitled to the reliefs mentioned in paragraphs 6, 7 and 8, and are taxed at special rates—*see* paragraph 9.

The term “absentee” is applied to persons not ordinarily resident in Australia, or in a territory under the authority of the Commonwealth, including persons who are absent from Australia and such territories when the tax is assessed, or have been absent therefrom during more than half of the period of twelve months immediately preceding that date, unless the Commissioner is satisfied that the ordinary residence is in Australia or a territory as above: the term does not include a public officer of the Commonwealth or of a State who is absent in the performance of his duty.

**AUSTRALIA—QUEENSLAND—continued.**

The following special methods are prescribed for ascertaining the assessable profits of companies whose head office or principal place of business is outside Queensland :—

(1) *Banking Companies.*—Profits are apportioned in the ratio of assets and liabilities in Queensland to total assets and liabilities (not including liabilities to capital or reserves).

(2) *Insurance Companies other than Life.*—

(a) These companies are assessed if possible on the amount of the Queensland profits ; in computing the profits premiums on re-insurances effected with companies not carrying on business in Queensland are allowed as deductions only if the paying company deducts therefrom income tax and super-tax at  $2\frac{1}{4}$  per cent. on the premiums.

(b) If the profits cannot be satisfactorily determined, they are taken to be 25 per cent. of the premiums on account of Queensland business, less premiums on re-insurances effected in Queensland, plus profits on sale of assets in Queensland.

(3) *Life Insurance Companies.*—These are assessed on 25 per cent. of the premiums on ordinary Queensland business and 15 per cent. of those on industrial Queensland business, plus any profits from sale of assets in Queensland or from writing up Queensland assets, less interest from the Queensland Government loan of 1920 reduced by expenses of earning that interest.

(4) *Other Companies.*—

(a) The profits made on the Queensland business are assessed if directly ascertainable ;  
otherwise these profits are estimated—

(b) at a sum which bears the same ratio to the total profits made in Australia as the sales in Queensland bear to the total sales in Australia or as the total revenue from Queensland bears to the total revenue from Australia, plus any deductions which are not allowable ; or

(c) at  $7\frac{1}{4}$  per cent. of the gross sales in or of the gross revenue from Queensland.

Foreign companies or other non-resident traders selling any property through a Queensland registered company or

AUSTRALIA—QUEENSLAND—*continued.*

other agent in Queensland (whether the property is in Queensland, or is by the contract to be brought into Queensland, and whether the contract is made by the agent in Queensland or by or on behalf of the principal out of Queensland) or otherwise earning income through an agent (whether the moneys arising are paid to or received by the principal directly or otherwise) are assessable through the agent, the taxable income being taken to be  $7\frac{1}{2}$  per cent. of the proceeds of the sale or of the income so earned if it cannot be otherwise satisfactorily determined.

Foreign companies or persons whose principal place of business is out of Queensland, who carry on business as owners or charterers of ships, are assessable on the basis of 5 per cent. of the fares or freight in respect of passengers, goods, etc., shipped in Queensland, if the taxable income cannot be satisfactorily determined otherwise. When such company or person has no recognised agent or representative in Queensland other than the master of the vessel, or in default of a return, the Commissioner may assess the master and detain the vessel until payment of tax is made.

A company is treated as the agent of its absentee shareholders, and a tenant of land as the agent of the absentee owner.

**18. Mining Concerns.**—In the case of companies carrying on mining business in Queensland, the profits are taken to be applied in the first place to repayment of costs incurred by the company in labour or material employed in developing the mine and in the second place in repayment of three-fourths of the cost of machinery for raising ores. So much of the profits as is shown to the satisfaction of the Commissioner to have been applied during any year for the purposes above specified is deducted from the income of the company for that year, and is exempt from tax. In the case of companies carrying on other business as well, separate accounts for the mining and for the other business may be required.

Where a mining company is reconstructed and it is shown to the Commissioner's satisfaction that after reconstruction the company is to all intents and purposes the same, it is entitled to the same exemption as before reconstruction.

The Commissioner's decision in these matters is final.

**19. Farming.**—Persons who before 1st July, 1920, became owners of livestock were permitted, on giving notice, to elect



AUSTRALIA—QUEENSLAND—*continued.*

not to take into account the value of livestock and produce on hand, but no such notice may be given after 30th June, 1920. Persons owning no more than 150 head of livestock may also omit from their accounts the value of such livestock but must return as income the proceeds of any sales.

## VIII.—TABLE OF ACTS.

- The Income Tax Act of 1902. (No. 10, 1902.)  
 The Income Tax Act Amendment Act of 1902. (No. 23, 1902.)  
 The Income Tax Act Amendment Act of 1904. (No. 9, 1904.)  
 The Income Tax Act Amendment Act of 1906. (No. 11, 1906.)  
 The Income Tax Act Amendment Act of 1907. (No. 5, 1907.)  
 The Income Tax Declaratory Act of 1912. (No. 24, 1912.)  
 The Income Tax Act Amendment Act of 1915. (No. 33, 1915.)  
 The Income Tax Act Amendment Act of 1918. (No. 2, 1918.)  
 The Income Tax Act Amendment Act of 1920. (No. 35, 1920.)  
 The Income Tax Act Amendment Act of 1920, No. 2. (No. 12, 1921.)  
 The Income Tax Act Amendment Act of 1921. (No. 19, 1921.)  
 The Income Tax Act Amendment Act of 1922. (No. 32, 1922.)
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## AUSTRALIA—SOUTH AUSTRALIA.

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**Introductory.**—The note summarises the law in force for the income year 1921-22 (tax payable in May, 1923).

Commonwealth income tax is also in general payable.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—Income tax is imposed on all incomes arising or accruing in or derived from the state.

The following are regarded as arising or accruing in or derived from the state :—

- (a) Income resulting from the buying, selling, or dealing in the state of or in shares, stock, or debentures of any company, wherever the company or its property may be situate.
- (b) Rent, interest, and other profits issuing out of money invested in the state, or lent anywhere to any person in the state, or charged or secured on any lands, tenements or hereditaments in the state, or any estate or interest therein, wherever the person entitled to receive or liable to pay resides, or wherever the instrument creating the charge was executed.
- (c) Income arising or accruing through any contract made in the state of or for the sale of goods for delivery in the state, or of goods in the state for delivery in or out of the state.

Fines and premiums payable on the granting or renewal of leases are taxable as income.

Any amount payable, or the value of any property or shares taken, by way of goodwill on the sale or transfer of any business, is taxable as income from personal exertion. A loss on the sale of a business is allowable against any income from personal exertion for the year of sale.

Land with improvements thereon used for the purpose of residence or enjoyment and not for the purpose of profit or

**AUSTRALIA—SOUTH AUSTRALIA—continued.**

gain is deemed to return to the owner an income of 5 per cent. on the value. The use of any house or quarters or payment in goods or land, etc., in connection with the employment of any person is taxable as income from personal exertion.

When any goods are, in the state, manufactured or altered or made more marketable or saleable, or otherwise treated, with a view to profit to the owner of the goods, and are taken out of the state without a sale or contract for sale having been previously made in the state, any profit made on the sale of the goods (wherever the sale or the contract is made) is deemed to be profit made by the person who was the owner of the goods when they were taken out of the state, and to be income accruing to him in the state.

If, however, the goods were, before being manufactured, or altered or made more marketable or saleable or otherwise treated, imported into the state, the owner is deemed to have made by such manufacture, alteration or other treatment a profit accruing in the state equal to 5 per cent. of the actual cost of manufacture, etc., including in the cost a reasonable charge for land, buildings and machinery used in connection with such manufacture, etc.

See also second sub-paragraph of paragraph 13 in regard to the apportionment of income of companies.

**2. Income Exempted.**—Among the exemptions are:—

- (i) The incomes of local authorities and friendly societies.
- (ii) The incomes of companies and public bodies not carrying on business for the purpose of gain to be divided among the members.
- (iii) Interest on bonds, stocks, treasury bills or other securities of the state.

**II.—COMPUTATION OF INCOME.**

**3. Year and Basis of Assessment.**—The financial year of the State is the year to the 30th June. The income tax is calculated as on 1st July in each year, and is payable on the next succeeding 14th May. The assessment appears to be regarded as being made for the year of income.

**AUSTRALIA—SOUTH AUSTRALIA—continued.**

The amount accruing to the taxpayer during the 12 months immediately preceding the time for calculation is the basis of assessment. In the case of a company the basis is the year ending on the date, immediately preceding the time for calculation, to which the accounts have usually been made up, or ending at the time for calculation, whichever the Commissioner prescribes.

**4. Deductions.—Deduction is allowed of :—**

- (i) All losses, outgoings and expenses actually incurred in the production of assessable income.
- (ii) Income tax and war-time profits tax paid to the Commonwealth of Australia, during the period for which the income is calculated, upon income or war-time profits arising or accruing in or derived from South Australia.
- (iii) Renewal of implements, etc., and repairs to business premises.
- (iv) Interest on borrowed money used in business.
- (v) Interest, rates and repairs on property let or (up to the annual value) on own house used as residence.
- (vi) A reasonable amount for the services of the taxpayer's sons and daughters over 16 employed in his business.

**No deduction is allowed in respect of :—**

- (a) Any loss or expense recoverable by insurance.
- (b) State land tax and income tax.
- (c) Rent of own premises, even if used for business, or of own land used for farming.
- (d) Depreciation of any kind.
- (e) Interest on capital invested out of South Australia, or paid on money borrowed to pay losses realised in previous years.

**5. Set-off of Losses.—**If a taxpayer carries on more than one trade, either alone or otherwise, he may deduct losses from profits.

A net loss on the production of income from personal exertion is deductible from the net amount of income from property, and *vice versa*.

AUSTRALIA—SOUTH AUSTRALIA—*continued.*

## III.—PERSONAL ALLOWANCES ETC.

6. **Exemption Limit.**—Except in the cases of companies and of persons (other than state employees) absent from the state for the 12 months covered by the period under assessment, there is an exemption limit of £150.

7. **Personal Allowances.**—Except in the cases of companies and of persons (other than state employees) absent from the state for the 12 months covered by the period under assessment, £150 is deductible from every income in arriving at the taxable amount. The deduction is made as far as possible from income from property.

The abatement in the case of any taxpayer who was on active service (as defined in (3) of paragraph 9) at the commencement of the period for which the income is calculated is increased to £300.

If the net income of a resident individual, before deducting the abatement, does not exceed £550, deduction of £15 is allowed from the income for every child (including a step-child but excluding an illegitimate child, unless since legitimated) of the taxpayer wholly maintained by him, who was living and under the age of 15 years at the commencement of the period of twelve months immediately prior to the date as on which the assessment is made. If such income does not exceed £500, an allowance of £100 is made for every son who has enlisted for service outside the Commonwealth and is on active service at the beginning of the twelve months immediately preceding the date as on which the assessment is made, and who, at the time of enlistment, was employed by the taxpayer in connection with his business or occupation.

## IV.—COMPUTATION OF TAX.

## 9. Rates of Tax.—

(1) *General Scale of Rates.*—Differentiation in rate is made as between "income derived from personal exertion" and "income consisting of the produce of property." The former term is defined as including every kind of profit and gain, whether arising in the course of business or otherwise, except gifts, legacies and bequests, and all salaries, wages, allowances, pensions or stipends, not being "income consisting of the

AUSTRALIA—SOUTH AUSTRALIA—*continued.*

produce of property.” “Income consisting of the produce of property” is defined as all rents, fines and premiums payable on the granting or the renewal of leases, interest and annuities.

The income of a company is deemed to be income from property.

The scales of taxation are based on the amount of net taxable income, i.e., after the deduction of the abatement and children allowances, etc., the tax payable in May, 1923, in respect of income for the twelve months ended 30th June, 1922, being computed by adding 25 per cent. to the tax under the following scales\* :—

For every pound of the taxable income—	Income from	
	personal exertion.	Income from property.
	s. d.	s. d.
up to £400 .. .. .	0 5	0 10
over £400 up to £700 ..	0 7	1 0
„ £700 „ £1,000 ..	0 9	1 3
„ £1,000 „ £5,000 ..	1 2	1 7
„ £5,000 „ £10,000 ..	1 7	1 10
„ £10,000 .. .. .	1 10	2 3

In the case of mixed incomes, the rate for each class of income (from personal exertion or from property) is governed by the amount of the income of the class and not by the amount of the total income.

(2) *Income of Life Insurance Companies.*—One-half the ordinary rates.

(3) *Special Taxation of Unmarried Men in certain Cases.*—Any male resident (a) who on the last day of the period for which the income is calculated, was unmarried, or was a widower without children, and up to such day had not enlisted for active service (defined as service outside Australia in the recent war as a member of the Australian Imperial Force, or the Royal Australian Navy, of His Majesty's Army or Navy, or of any naval or military force raised in any country forming part of His Majesty's Dominions for service in such war outside the country wherein such force is raised) and (b) the net

\* The Taxation Act Further Amendment Act, 1922, imposes income tax at the same rates for the two following years also, but does not continue for these years the 25 per cent. supertax.

**AUSTRALIA—SOUTH AUSTRALIA—continued.**

amount of whose income (before deducting the abatement) is not less than £100, is liable to a tax of £1, in addition to any other income tax which may be payable by such person apart from this special provision.

**V.—PAYMENT.**

12. **Due Date, Taxation at the Source etc.**—The tax is payable on the 14th May following the date as on which it is calculated (*see* paragraph 3).

If the tax is not paid within a month of the due date, a fine is incurred of 10 per cent. and interest at 10 per cent. per annum from the due date.

Dividends are taxed at the source—*see* paragraph 13.

*See also* paragraph 17 as to the deduction of tax from the income of non-residents.

Claims for repayment of tax paid in excess must be made within twelve months after the overpayment.

**VI.—CORPORATE, JOINT ETC. INCOME.**

13. **Companies and Income from Companies.**—Companies in general are assessable on the same basis as individuals, but are not allowed the £150 exemption or abatement. Dividends from a taxed company are excluded from the taxable income of the shareholder.

Where a company carries on business, other than life insurance, in the state and also elsewhere, if separate accounts are available, the assessment is based on the profits arising or accruing in or derived from the state. Otherwise the company is required to furnish an estimate. The Commissioner may either accept this or make an assessment according to his own judgment.

14. **Partnerships.**—Partnership returns are required to be made by the precedent or acting partner, and the law provides for the assessment of the partnership income separately from the other income of the partners. The form of return prescribed by the regulations, however, provides for the inclusion of each partner's share of the joint income in his individual return.

15. **Married Women.**—A married woman is apparently chargeable as if unmarried, although no specific provision to this effect appears in the Act.

AUSTRALIA—SOUTH AUSTRALIA—*continued.*

## VII.—SPECIAL TRADES ETC.

17. **Non-resident Traders, Shipowners etc.**—Non-resident traders who do not carry on business continuously in the state in their own names are assessable through their agents on the basis of an assumed income of 5 per cent. of the sales of any goods not being wool or livestock, the tax being payable forthwith after the making of the contract for sale. If, however, on an application made within twelve months after payment, it is found that the actual income in respect of the goods sold was less than the amount assessed as above, reduction may be made to the amount of such actual income, with appropriate repayment.

Non-resident shipowners are chargeable on 5 per cent. of the gross receipts for passengers, goods, etc., conveyed from any port in the State.

In regard to casual shipping, the Commissioner is empowered to call on the master of a ship for a return and at any time to assess the owner or hirer or the master of the ship, the tax being payable forthwith.

In the case of non-residents entitled to rent, interest and other profits issuing out of any money invested in the state, etc., as described in paragraph 1 (b), the Commissioner may establish a charge against the estate in respect of income tax, by notice to the Registrar-General and to the person liable to pay the rent, etc., the latter being required to pay the tax with the power of recouping himself by deduction.

Where any person in the state temporarily for business purposes will apparently leave the state before the income tax would be recoverable from him in the ordinary course, income tax is calculable and payable daily whilst he is in the state.

20. **Life Insurance Companies.**—Life insurance companies are charged *half* the ordinary rates of tax.

In the case of life insurance companies carrying on business in the state, and also elsewhere, the taxable amount is such portion of the company's profits and surplus from life assurance, as is, or if all such profits were distributable among the policy holders would be, actuarially distributable among the South Australian holders. All rents, interests, and other profits and earnings, including interest chargeable by the company on overdue premiums are to be included in the actuarial computation of the profits and surplus. Interest



**AUSTRALIA—SOUTH AUSTRALIA—*continued.***

from South Australian Government securities is, however, excluded in computing profits and surplus.

**VIII.—TABLE OF ACTS.**

Taxation Act, 1915.	(No. 1200.)
Taxation Act Amendment (Miscellaneous Provisions) Act, 1917.	(No. 1310.)
Taxation Act Amendment Act, 1918.	(No. 1337.)
Taxation Act Further Amendment Act, 1919.	(No. 1411.)
Taxation Act Further Amendment Act, 1920.	(No. 1434.)
Taxation Act Further Amendment Act, 1921.	(No. 1478.)
Taxation Act Further Amendment Act, 1922.	(No. 1540.)

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## AUSTRALIA—TASMANIA.

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**Introductory.**—This note summarises the law in force for the year 1922, but amendments made by the 1921 Act, which will come into force in 1923, are also shown. Further amendments which will take effect for 1923 are understood to be under consideration by the Tasmanian Parliament.

Commonwealth income tax is also payable in general.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—The income tax applies to all incomes arising, accruing, received in or derived from the state. (From 1923 onwards the tax will apply to incomes arising, accruing, earned or derived in or from the state.)

The annual value of immovable property used by the owner as a residence is not taxable as income. On the other hand, the annual value of a house or quarters, or allowances in kind received in respect of employment or services, is taxable.

The tax applies to income represented by prizes in any lottery authorized by law in Tasmania, and all such income is liable to taxation without any exemption whatever.

Income does not include appreciation in the value of property, nor any profit made by the sale or transfer of any property which is not sold or transferred in the course of business.

**2. Income Exempted.**—Among the exemptions are :—

- (i) The income of the Governor.
- (ii) The salaries of the Agent-General and of his officers so far as such salaries are derived from the state.
- (iii) The revenues of Marine Boards and Municipal Corporations, Water Trusts and statutory local bodies receiving revenue of any kind for the purposes of or in relation to local self-government.
- (iv) The incomes of certain companies, societies, public bodies or public trusts not carrying on business and not engaged in any trade for the purpose of profit to be divided amongst the members.
- (v) The funds and incomes of any registered friendly society or trade union.

**AUSTRALIA—TASMANIA—continued.**

- (vi) The dividends and profits of the State Savings Bank and the Agricultural Bank of Tasmania.
- (vii) The Police Provident Fund, the Closer Settlements Fund and any fund exempted from taxation by the statute creating it.
- (viii) The income from debentures, inscribed stock, or treasury bills issued or guaranteed by the Government of Tasmania and redeemable elsewhere than in Tasmania.
- (ix) The income of every person arriving in Tasmania for a period of six months after his arrival. (This does not apply to companies nor to any person carrying on a business in the State.)
- (x) Pensions under the War Pensions Act, 1914, of the Commonwealth.

**II.—COMPUTATION OF INCOME.**

**3. Year and Basis of Assessment.**—The tax is charged for the year ending 31st December on the basis of the income of the year ending 30th June immediately preceding the year of assessment. (The financial year of the state runs from the 1st July to the 30th June.) Returns may, however, be made for the twelve months ending on the balancing day nearest to the 30th June in the case of any taxpayer whose books are not made up to the 30th June.

**4. Deductions.**—The following deductions are allowable:—

- (i) Losses, outgoings and expenses actually incurred in the production of income.
- (ii) Sums paid by way of interest on money borrowed and used for business purposes, or of rent-charge or other charge on land, but if payable to a person outside Tasmania the payer is liable to pay tax as the agent of the recipient.
- (iii) Repairs of business premises or of premises let to tenants.
- (iv) Repair or alteration of machinery, implements, &c., used for business purposes on a three preceding years' average, or, if a three years' average cannot be struck, on the preceding year's expenditure.
- (v) An allowance for depreciation through wear and tear of any machinery, implements, &c., used for

AUSTRALIA—TASMANIA—*continued.*

business purposes, such depreciation not being of a kind that could be made good by repairs. The taxpayer's own depreciation fund, if any, is to be the measure of the allowance, subject to the Commissioner's approval.

- (vi) Fire insurance on stock-in-trade.
- (vii) Debts proved bad and actually written off in the year of income, which have not previously been allowed as a deduction, provided that all recoveries are credited as income in the year in which received, and are subject to tax.
- (viii) In the case of income from rent of land liable to land tax, 5 per cent. of the unimproved value.
- (ix) Where land liable to land tax is occupied by the owner for business purposes, 5 per cent. of the unimproved value. (The deduction is not allowed in the case of income from agricultural, horticultural or pastoral pursuits, unless carried on as the taxpayer's chief means of gaining a living.)

Deduction is prohibited in respect of :—

- (a) Depreciation of buildings.
- (b) Income tax or land tax.
- (c) Any loss or expense recoverable under any insurance or contract of indemnity.
- (d) Sums paid by way of interest on mortgage or rent-charge on land liable to land tax except in so far as such sums exceed 5 per cent. of the unimproved value.

5. **Set-off of Losses.**—Where a taxpayer, either alone or with other persons, carries on, or has an interest as partner in, more than one business, he may deduct losses from profits; and if a taxpayer carrying on one or more businesses, either alone or otherwise, makes a loss therein, the loss is deductible from his income from the produce of property.

Losses of a previous year cannot be deducted from the profits of any subsequent year.

### III.—PERSONAL ALLOWANCES ETC.

6. **Exemption Limit.**—The exemption limit is £156 in the case of an individual who is married or is a widower or widow with a dependent child under 16 years of age, and £125 in the case of an unmarried individual. A "returned soldier"

**AUSTRALIA—TASMANIA—continued.**

in similar circumstances is exempt if the income is £200 or £156 respectively.

“Returned soldier” is defined to mean “a person resident in the State who has been a member of the naval or military forces of the British Empire and has served outside the Commonwealth in the war in which His Majesty has been recently engaged, and includes a person resident in the State who has served in the said war outside the Commonwealth in the Army Medical Corps Nursing Service.”

**7. Personal Allowances.**—If the income of the individual is not less than £125, but is less than £400, an abatement is allowed as follows:—

Where the taxable amount is not less than—	but is less than—	Abatement allowed.
£	£	£
125	150	50
150	250	40
250	350	30
350	400	20

A “returned soldier” (see definition in paragraph 6) is allowed an abatement of £200 if he is married or is a widower or widow with a dependent child under 16 years of age, or £156 if he is unmarried, whatever the amount of his income.

These abatements are allowed as far as possible from income from business.

An allowance of 6s. in respect of each child under 16 years of age residing with and dependent upon the taxpayer is granted by way of deduction from the tax in the case of taxpayers with taxable income under £350.

**IV.—COMPUTATION OF TAX.**

**9. Rates of Tax.**—Differentiation in rate as regards taxpayers other than companies is made between (a) “income from business,” defined as “all income arising or accruing from any trade, manufacture, profession, employment, occupation or business of any kind, whether carried on in [Tasmania] or elsewhere; and all income consisting of salaries, wages, allowances, fees, commissions, emoluments, pensions or stipends,” and (b) “income from property,” defined as any income “not being income from business.”

AUSTRALIA—TASMANIA—*continued.*

The scales of taxation are based on the taxable amount of income (before the deduction of abatement), the rates of tax for the year 1922 being as follows:—

*Companies.*—1s. 3d. in the £, with the addition of one-fifth of the tax at that rate (except as regards income represented by lottery prizes). Incomes under £200 are not subject to this addition.

*Other Taxpayers.*—

(a) Income from business.	(b) Income from property (excluding lottery prizes).
Under £150 ... .. 3d. in £.	On the first £250 ... 8d. in £.
£150 and under £250 ... .. 4d. "	" next £150 ... 10d. "
£250 " " £350 ... .. 4½d. "	" " £200 ... 1s. "
£350 " " £400 ... .. 5½d. "	" balance ... 1s. 3d. "
<b>£400 and under £700—</b>	
On the first £400 ... .. 5½d. "	
" balance ... .. 6½d. "	
<b>£700 and under £900—</b>	
On the first £400 ... .. 5½d. in £.	
" next £200 ... .. 6½d. "	
" balance ... .. 7½d. "	
<b>As regards incomes of £900 and over—</b>	
On the first £400 ... .. 5½d. in £.	
" next £200 ... .. 6½d. "	
" " £200 ... .. 7½d. "	
" " £200 ... .. 9½d. "	
" " £500 ... .. 11½d. "	
" " £500 ... .. 1s. 1d. "	
" balance ... .. 1s. 3d. "	

The tax on the above scales is subject to an addition of one-tenth, except in the case of incomes under £200.

*Income represented by Prizes in a Tasmanian Lottery.*—2s. in the £.

10. Set-off of other Taxes paid in Tasmania.—Reference should be made to paragraph 4 (viii) and (ix).

11. Provisions regarding Double Taxation.—Where a taxpayer residing in Tasmania derives any income from a source outside Tasmania, he may deduct from the Tasmanian

**AUSTRALIA—TASMANIA—continued.**

tax such sum as he shows to have been paid by him by way of income tax elsewhere on the same income. Where income is derived from mortgages of land assessed to land tax elsewhere, the land tax on the mortgages may similarly be deducted.

The foregoing provisions are repealed and replaced from 1923 inclusive by the following:—A person resident in Tasmania and carrying on a manufacturing business in Tasmania who sells outside the state a portion, not less in value than 60 per cent. of the total value, of the products manufactured by him in the state, is entitled to a deduction from the Tasmanian tax on his income of income tax (other than Australian Commonwealth income tax) payable elsewhere in respect of the profits from such sales. The Tasmanian income tax payable in any case may not, however, be reduced by the relief below one-third of the amount of tax that would have been payable if the total profits had been derived from sales of such products in Tasmania.

**V.—PAYMENT.**

12. **Due Date, Taxation at the Source etc.**—The notice of assessment specifies the date for payment. If unpaid within 30 days of demand, the tax may be levied by distress or recovered, with costs, in the Supreme Court. There is no provision for a fine for late payment.

Provision is made for payment of tax on interest on debentures at the source, but this provision is not operative as regards any year in which income from property is not charged at a flat rate. (The rate has been a graduated one since 1912.)

Dividends are taxed at the source (*see* paragraph 13).

Claims for repayment of tax paid in excess must be made within twelve months after the overpayment.

**VI.—CORPORATE, JOINT ETC. INCOME.**

13. **Companies and Income from Companies.**—Companies having their head office or chief place of business in Tasmania must, within seven days after declaring a dividend, forward to the Commissioner a declaration showing the amount of the dividend, and pay income tax thereon.

Companies incorporated outside Tasmania, which carry on mining operations in Tasmania in connection with other business and also carry on business outside Tasmania, are required to furnish a statement apportioning the profits, and

AUSTRALIA—TASMANIA—*continued.*

to pay tax on so much of the dividend as represents profits derived from the business of the company carried on in Tasmania.

Companies with their head office or chief place of business in Tasmania (except building societies, and mining companies whose head office is in Tasmania, but the whole of whose mining operations are carried on elsewhere than in Tasmania), are assessed on the full amount of the income of the year ending the 30th June immediately preceding the year of assessment, allowance being made for tax already paid in respect of dividends. The taxable amount in any year must not be less than the amount of the dividends. The mining companies incorporated outside Tasmania already referred to are similarly taxed, but allowance is made for the tax on only so much of the dividends as represents profits derived from the business carried on in Tasmania. In the case of such companies, the amount of the income represented by profits in respect of products derived from Tasmania for use outside Tasmania in the processes of any business of the company other than mining may be assessed at £15 per 100 tons of such product.

In the case of a mining company having its head office in Tasmania, but carrying on the whole of its mining operations elsewhere, the taxable amount is taken to be one-half of all dividends.

Tax must be paid on dividends before they are distributed and may be deducted from the dividends. The dividends are deducted from the taxable amount of the income of the shareholder after the abatement (*see* paragraph 7) is deducted.

14. **Partnerships.**—Partnerships, firms and associations of more than six persons carrying on business in the state are treated as companies.

15. **Married Women.**—Section 29 of the principal Act provides that the income of a married woman shall be liable to taxation in like manner as if she were unmarried, while Section 108 provides that “where judgment has been signed against any person for income tax payable solely in respect of the income of his wife, such judgment may be enforced against the separate estate of the wife of such person in the same manner as if the judgment had been signed against the wife of such person.”



AUSTRALIA—TASMANIA—*continued.*

## VII.—SPECIAL TRADES ETC.

17. **Non-resident Traders, Shipowners etc.**—Where a non-resident sells or disposes of any goods by means of a company or other agent in Tasmania, whether the goods are in Tasmania or are by the contract to be brought into Tasmania, and whether the contract is made by the agent in Tasmania, or by or on behalf of the principal out of Tasmania, and, further, whether the moneys arising therefrom are paid to or received by the principal directly or otherwise, the income accruing to the principal is assessable on the agent, the taxable amount, failing other satisfactory determination, being taken to be 5 per cent. upon the net proceeds of sale. The agent in such cases is personally liable for all purposes of the Act, without, however, exonerating the principal.

Non-resident shipowners or charterers are assessable through their agents on 5 per cent. of the receipts in respect of goods, passengers, &c., shipped in the state and carried to a final destination. Where there is no agent other than the master of the ship, or in default of a return, such master may be assessed, the tax being payable prior to the clearance of the ship.

In the case of persons in Tasmania temporarily for business purposes security for the due assessment and payment of income tax may be required.

The following special bases of liability are prescribed for companies which have not their head office or chief place of business in the state but carry on business in the state. In no case must the taxable amount be assessed at less than £1,000.

- (1) *Banking Companies.*—A sum bearing the same proportion to the total profits as the assets and liabilities in the state bear to the total assets and liabilities, not including liabilities to capital or reserves.
- (2) *Insurance Companies, other than Life.*—50 per cent. of the net premiums received in the state (excluding premiums paid away on re-insurances effected in the state).
- (3) *Life Insurance Companies.*—20 per cent. of the premiums received in the state.

## AUSTRALIA—TASMANIA—continued.

- (4) *Shipping Companies*.—5 per cent. of the receipts for goods, passengers, &c., shipped in the state.
- (5) *Mercantile Companies*.—The profits made on the Tasmanian business; such profits may be assessed on the basis of 5 per cent. of the turnover.
- (6) *Savings Banks* (established under Act of Council, 12 Victoria, No. 1).—5 per cent. of the reserve fund on the 30th June immediately preceding the year of assessment.
- (7) *Other Companies*.—The profits made on the Tasmanian business; such profits may be assessed on the basis of 5 per cent. of the capital employed in the state.

## VIII.—TABLE OF ACTS.

The Land and Income Taxation Act, 1910.	(No. 47, 1910.)
The Land and Income Taxation Act, 1911.	(No. 35, 1911.)
The Land Tax and Income Tax Act, 1912.	(No. 32, 1912.)
The Land and Income Taxation Act, 1912.	(No. 35, 1912.)
The Land and Income Taxation Act, 1914.	(No. 23, 1914.)
The Land Tax and Income Tax Amendment Act, 1914.	(No. 24, 1914.)
The Land Tax and Income Tax Amendment Act, 1915.	(No. 34, 1915.)
The Land and Income Taxation Act, 1915.	(No. 40, 1915.)
The Land Tax and Income Tax Amendment Act, 1916.	(No. 33, 1916.)
The Land Tax and Income Tax Amendment Act, 1917.	(No. 32, 1917.)
The Land and Income Taxation Act, 1918.	(No. 663, 1918.)
The Land Tax and Income Tax Amendment Act, 1919.	(No. 57, 1919.)
The Land and Income Taxation Act, 1921.	(No. 46, 1921.)

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## AUSTRALIA—VICTORIA.

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**Introductory.**—The note summarises the law in force for 1922-23.

Commonwealth income tax is also payable in general.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—The income tax applies to income earned in or derived in or from Victoria, and income arising or accruing from any trade carried on in Victoria.

Immovable property used by the owner for residence or enjoyment and not for the production of a money income is deemed to return an income of 4 per cent. on its capital value. A bonus paid for a lease is required to be returned by the landlord as part of his income.

The annual value of any residence, quarters, board or other allowance in kind received in respect of services is taxable as income.

Interest received or receivable in Victoria in respect of a mortgage of land situated outside Victoria is not subject to the tax, and no outgoings in connection with such interest are deductible in arriving at taxable income.

**2. Income Exempted.**—The following are among the exemptions :—

- (i) The emoluments of the office of the Governor of the State.
- (ii) Income of various public and local authorities.
- (iii) Income (other than from trade) of registered friendly societies, provident societies, building societies, trade unions, and of all trusts, societies, associations, etc., not carrying on any trade or engaged in any trade for the purposes of gain to be divided among the shareholders or members.
- (iv) Income from any stock, debentures, or treasury bonds of the Government of Victoria.
- (v) Income earned, derived, or received by any person while absent from Victoria on naval or military service during the war.
- (vi) Income accruing to a person not resident in Victoria from stock, debentures, or bonds issued by any

AUSTRALIA—VICTORIA—*continued.*

- public or municipal trust body or corporation pursuant to any Act of Parliament of Victoria.
- (vii) Interest accruing to any person from stock sold by the Commissioners of the State Savings Bank, or from any debentures or mortgage bonds sold by those Commissioners after the 24th September, 1912, and from certain other securities of a similar character.
  - (viii) Companies, firms, and persons taking out an annual licence\* under the Stamp Acts are exempt from income tax so far as concerns any fire, fidelity guarantee, or marine insurance business.
  - (ix) Pensions paid under any Commonwealth Act relating to war pensions.

## II.—COMPUTATION OF INCOME.

3. Year and Basis of Assessment.—The year of assessment is the year to 30th June, and the basis of assessment is the income of the year immediately preceding. The Commissioner may accept returns made up to another date.

4. Deductions.—Among the deductions allowed are:—

- (i) Gifts over £20 paid during the year of income to or for any free public library or museum, any public institution for the promotion of science and art (including working men's colleges and schools of mines), any public university, hospital, benevolent asylum or dispensary, any women's refuge, ladies' benevolent society or miners' benevolent fund, provided that such public library, museum or other public institution is situate within Victoria.
- (ii) Calls paid to any mining company under Part II of the Companies Act, 1915, carrying on mining operations in Victoria.
- (iii) Calls or contributions paid during the year of income to any reconstructed company the shares of which are, in the Commissioner's opinion, of no marketable value; (the expression "reconstructed company" means a company scheduled

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\* This licence is required to be taken out by all companies, persons, or firms, carrying on in Victoria any fire, fidelity, guarantee, or marine insurance business. The cost is £3 for every £100 of premiums received during the preceding 12 months.

**AUSTRALIA—VICTORIA—continued.**

in the Reconstructed Companies Act, 1893, and the New Zealand Loan and Mercantile Agency Company, Limited), also all calls or contributions on the taxpayer's shares in a company in liquidation, where the company has an office or place of business or has carried on business in Victoria. These deductions are made as far as possible against income from property.

- (iv) All losses and outgoings (including legal expenses) actually incurred in Victoria by any taxpayer in the production of income.
- (v) All taxes payable by him under any Act of the Parliament of Victoria except the Income Tax Act.
- (vi) Commonwealth land tax on land in Victoria.
- (vii) All interest actually paid in the year of income upon money borrowed and actually used or invested in Victoria.
- (viii) Rates and interest on property owned and occupied by the taxpayer, whether for residential or business purposes.
- (ix) A bonus for a lease is deductible in the same way as rent, the landlord being obliged to return it as income.
- (x) Sums paid by way of commission for collecting income.
- (xi) Repairs of business premises, and the supply, repair or alteration of any implements, utensils, or machinery used for business purposes, up to the sum usually expended in any year for such purpose, or to such sum as the Commissioner thinks reasonable for repairs for the three years immediately preceding the year of assessment except such of those years for which a deduction has previously been allowed for repairs.
- (xii) Depreciation by reason of wear and tear, during the year of income, of any machinery, implements, utensils, or articles used for business purposes (such depreciation not being of a kind that could be made good by repairs) or by the machinery, etc., being rendered obsolete or useless. Where

AUSTRALIA—VICTORIA—*continued.*

in any business income is set apart by way of a fund to cover the depreciation of such machinery etc. the amount so set apart for the year of income is, subject to the Commissioner's approval, the sum to be deducted for depreciation.

- (xiii) The cost of sustenance of persons employed exclusively for business purposes, if borne by the taxpayer, including the living expenses of the taxpayer's children actually working in the business, if over 15 years of age.\*
- (xiv) Bad debts becoming bad and actually written off in the year of income, provided any recoveries are credited as income of the year in which they are recovered and are subject to tax.

The following three deductions are allowed (as far as possible from income from personal exertion) to a taxpayer ordinarily resident in Victoria whose income apart from these deductions does not exceed £800.

- (xv) Payments in respect of the illness (including surgical treatment) of the taxpayer, his wife, or any of his children under the age of 21, to—
  - (a) any legally qualified medical practitioner or any public or private hospital ;
  - (b) any nurse ; or
  - (c) any chemist.

No deduction is allowed for payments totalling less than £2 under any one of the heads (a), (b) and (c).

- (xvi) Payments not exceeding £20 to any undertaker for funeral etc. expenses of the taxpayer's wife or child under 21.
- (xvii) Contributions to registered friendly societies.

Where no special provision is made the foregoing deductions are made as far as possible against income of the class (i.e., income from personal exertion or property) to which they relate, but if such income is insufficient the balance is allowed against the other class.

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\* The amount allowed in 1918 was limited to 15s. a week for each employee or child.

**AUSTRALIA—VICTORIA—continued.**

No deduction is allowed for :—

- (a) Income tax, State or Commonwealth.
- (b) Losses by fire, accident, robbery or embezzlement, and losses not connected with or arising out of business; any average loss beyond the actual amount of loss after adjustment or any sum recoverable under any insurance or contract of indemnity.
- (c) Any disbursements or expenses whatever not being money wholly and exclusively laid out or expended for business purposes.
- (d) The cost of travelling between residence and place of business. (The expenses incurred by a taxpayer in periodically travelling backwards and forwards between one place where he both resides and carries on business and other places where he carries on business, solely for the purpose of earning profit derived from the business carried on at the latter places, has been held to be deductible from the taxable income earned at such places.)
- (e) The rent or annual value of the whole or part of any dwelling-house or domestic offices except such part as may be used for business purposes not exceeding such proportion of the rent or annual value as is allowed by the Commissioner. (The residential proportion is generally (i) for store-keepers, grocers and similar traders, one half; (ii) hotel and lodging-house keepers, one-fourth; (iii) doctors, chemists, &c., two-thirds.)
- (f) Depreciation of goodwill, land, buildings, leaseholds, furniture, fittings, live stock, rolling stock, or stock-in-trade.

**5. Set-off of Losses.**—If a taxpayer carries on more than one business either alone or otherwise and makes a profit in one or more of such businesses and a loss in others, the loss is deductible from the profit.

If in carrying on one or more trades, either alone or otherwise, he makes a loss, the net loss is deductible from his income from property.

Losses incurred in any year may not be deducted from the profits of a subsequent year.

AUSTRALIA—VICTORIA—*continued.*

## III.—PERSONAL ALLOWANCES ETC.

6. **Exemption Limit.**—Exemption is allowed if the total income (after allowing the deductions mentioned in paragraph 8) from personal exertion and from property does not exceed £200.

7. **Personal Allowances.**—An abatement of £150 is allowed to individuals if the income exceeds £200 but does not exceed £500. The abatement is allowed as far as possible against income from property.

A deduction of £30 is allowed in respect of each child of the taxpayer, under the age of 16 years at the beginning of the year preceding the year of assessment, and wholly maintained by him, provided his income does not exceed £800. The deduction is made as far as possible from income from personal exertion.

*Cf.* also paragraph 4 (xv) and (xvi).

8. **Life Insurance and Similar Allowances.**—Deductions are allowed for—

(a) Premiums in respect of insurance on the taxpayer's own life for the benefit of himself, his wife and children, or some or one of them, with any company or association carrying on life insurance business in Victoria. The maximum deduction is £50. This deduction is made as far as possible against income from property.

(b) In the case of a salaried or wage-earning taxpayer, payments to guarantee or provident funds necessary for the purpose of his vocation, or payments to superannuation, widows' and orphans' funds, subject to a maximum of £50 in the aggregate.

*Cf.* also paragraph 4 (xvii).

## IV.—COMPUTATION OF TAX.

9. **Rates of Tax.**—Except for companies, there is differentiation in rate between "income derived from personal exertion" (defined as meaning all earnings, salaries, wages, allowances, pensions, superannuation or retiring allowances or stipends earned in or derived from Victoria, and all income arising or accruing from any trade carried on in Victoria although not by the taxpayer's own personal exertion or



AUSTRALIA VICTORIA *continued.*

trade) and "income the produce of property" (defined a meaning all income derived in or from Victoria and not derived from personal exertion). Income accruing to a trustee in his representative capacity, or received from a trustee by a taxpayer as a beneficiary is deemed the produce of property.

The rates for the year ending 30th June, 1923, are as follows:—

*Companies*—1s. in the £.

*Other Taxpayers*—

Income from Personal Exertion.	Income from Property.
For incomes not exceeding £500 .. .. 3d. for every £ of the taxable amount.	} Double the rates in the preceding column.
For incomes exceeding £500:—	
On first £500 .. 4d. for every £ of the taxable amount.	
„ next £500 .. 5d. „ „	
„ „ £500 .. 6d. „ „	
„ balance .. 7d. „ „	

The lower rates allowed for incomes not exceeding £500 only apply if the *total* income, both from personal exertion and from property, does not exceed £500.

Apart from this instance, it would appear that in the case of mixed incomes the rate for each class of income (from personal exertion or from property) is governed by the amount of the income of each class, and not by the amount of the total income.

10. **Set-off of Other Taxes paid in Victoria.**—Reference should be made to paragraph 2 (viii).

From the income tax payable with respect to the taxpayer's total income from livestock, wool, meat, milk, dairy produce, fruit, grain, fodder and other crops arising or accruing to him from land of which on the 30th June in the year preceding the year of assessment he was assessed to land tax as owner, if the unimproved value of the land does not exceed £3,500, a rebate is made of  $\frac{1}{4}$ d. for every £ of the unimproved value, up to the amount of the income tax.

11. **Provisions regarding Double Taxation.**—In the case of a manufacturing business with its headquarters in

**AUSTRALIA—VICTORIA—continued.**

Victoria but extending to other Australian States, a proportionate allowance to avoid double taxation may be made, the basis being the respective gross receipts of the business in the different States.

**V.—PAYMENT.**

**12. Due Date, Taxation at the Source etc.**—The date of payment is announced by public notice at least 14 days beforehand, and the notice of assessment also specifies the date, which must not be before the 1st February in the year of assessment.

If the tax is not paid within 21 days of the due date, 8 per cent. per annum on the unpaid sum is added.

Dividends are taxed at the source (*see* paragraph 13).

*See* paragraph 17 as to taxation at the source of the income of non-residents.

Claims for repayment of tax paid in excess must be made within 12 months of the date of payment.

**VI.—CORPORATE, JOINT ETC. INCOME.**

**13. Companies and Income from Companies.**—Companies are liable in respect of profits earned in or derived in or from Victoria during the year immediately preceding the year of assessment.

Power is given to deduct from dividends paid to preference shareholders an amount bearing the same proportion to the total tax paid by the company as the total amount of the dividend bears to the total amount of profits liable to tax. Companies are deemed to be the agents of their debenture holders and absentee shareholders for income tax purposes.

Dividends from a company are excluded from the taxable income of the members. (*But see* paragraph 18.)

**14. Partnerships.**—Persons carrying on business in partnership are liable to make a joint return in respect of such business, but assessments are made on the partners in their separate individual capacities only.

**15. Married Women.**—The Act provides that every married woman entitled to any income is liable to tax as if she were sole and unmarried.

**16. Trust.**—Where a beneficiary has only a contingent interest in the income of an estate, the trustee is the taxpayer

AUSTRALIA—VICTORIA—*continued.*

and must make a separate return of the income which is not immediately payable to the beneficiary.

## VII.—SPECIAL TRADES ETC.

17. Non-resident Traders, Shipowners etc.—Section 15 (1) of the Income Tax Act, 1915, provides as follows:—

“Where a company the head or principal office or the principal place of business of which is out of Victoria, or a person permanently or temporarily out of Victoria (herein termed ‘the principal’) which or who by means of a company registered in Victoria or carrying on business therein or by means of any person in Victoria (herein termed the agent’) sells or disposes of in Victoria any property for the principal (whether the moneys arising therefrom are paid to or received by the principal directly or otherwise) then the taxable amount of the income derived therefrom by the principal shall be assessed at an amount equal to five pounds per centum upon the total amount for which such property has been sold or disposed of, and in each of such cases the amount so assessed shall be deemed to be income derived by the agent and be subject to be taxed accordingly.”

Non-resident shipowners or charterers are assessable directly or through their agent or representative in Victoria on the basis of 5 per cent. of the amount payable (whether in or outside Victoria), in respect of the carriage of passengers, livestock, mails and goods shipped in Victoria to a final destination. Failing any recognised agent or representative the master of the ship may be assessed, payment of tax being required prior to the clearance of the ship, and the Collector of Customs having power to detain the ship until payment is made.

Any person in Victoria having the receipt, management, disposal or control of income on behalf of a non-resident, or remitting income to such non-resident, is deemed his agent and is answerable for all acts necessary to assessment of such income, being empowered to deduct tax. Such an agent is personally liable for the tax only if while it is unpaid he alienates, charges or disposes of the income, or disposes of or parts with any fund or money which comes to him after the tax is payable from which such tax could legally have been paid. Banks, however, cannot be deemed agents for this purpose as regards sums paid by others to the tax-payer's credit unless holding his power of attorney, except with regard to sums specified by the Commissioner.

**AUSTRALIA—VICTORIA—continued.**

If an owner of land is out of Victoria, and has no known agent in Victoria, the tenant is deemed to be the agent.

**18. Mining Concerns.**—Companies carrying on mining operations in Victoria are taxable on the total amount of dividends declared and debenture interest paid during the year preceding the year of assessment. All profits or parts of capital credited to a member of a mining company registered under Part II. of the Companies Act, 1915, and carrying on mining in Victoria, are deemed to be part of the income of the member.

**20. Insurance Companies.**—The taxable amount of the income of a company carrying on life assurance in Victoria is taken (with respect to life assurance business only) at 30 per cent., or, in the case of industrial business, 15 per cent., of the premiums received by the company during the preceding year on life assurances effected in Victoria.

It has been held that the consideration moneys received by a life assurance company for annuities granted in Victoria are "premiums" for this purpose.

**VIII.—TABLE OF ACTS.**

Income Tax Act, 1914.	(No. 2576.)
Income Tax Act, 1915.	(No. 2668.)
Income Tax Act, 1915 (No. 2).	(No. 2799.)
Income Tax (Amendment and Rates) Act, 1919.	(No. 3035.)
Income Tax Act, 1920.	(No. 3090.)
Income Tax Act, 1921.	(No. 3153.)
Income Tax Act, 1922.	(No. 3215.)

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## AUSTRALIA—WESTERN AUSTRALIA.

### INCOME TAX.

**Introductory.**—In Western Australia companies (with certain exceptions) fall under the Dividend Duties Acts (*see* pages 330-334), and not under the Income Tax Acts.

The note summarises the law in force for 1922-23.

Commonwealth income tax is also in general payable.

#### I.—SCOPE OF THE TAX.

**1. Income Charged.**—Income tax is chargeable “in respect of the annual amount of all incomes :—

“(a) arising or accruing to any person wheresoever residing from any profession, trade, employment or vocation carried on in Western Australia, whether the same is carried on by such person or on his behalf wholly or in part by any other person ; or

“(b) arising or accruing to any person wheresoever residing from any salary or allowance attached to or derived from any office or employment of profit in the Public Service of Western Australia, and upon every pension and allowance payable from the Consolidated Revenue Fund or any other public account ; or

“(c) arising or accruing to any person wheresoever residing from any kind of property, or from any other source whatsoever in Western Australia not included in the preceding paragraphs of this sub-section.

“The profits arising or accruing . . . . from the sale after the 31st August, 1921, of any business as a going concern shall be deemed income within the meaning of paragraph (a) . . . . so far as such profits are derived from the sale of stock-in-trade, livestock, or other goods, chattels and effects the proceeds of which, if disposed of in the ordinary course of trade, would have been taxable income. . . . .

AUSTRALIA—WESTERN AUSTRALIA—*continued.*

“The profits arising or accruing . . . . from the sale of any mining tenement . . . . or of any interest therein . . . . shall be income within the meaning of paragraph (a) . . . . except in the case of a mining tenement acquired by the registered owner as a prospector or person by whom, or on whose behalf, the ground was *bona fide* prospected, or by a vendor as registered owner by whom the mining tenement has been *bona fide* and efficiently worked.”

“Income earned outside the State of Western Australia” is expressly exempted.

There is no provision for charging the annual value of immovable property used by the owner as a residence or otherwise than for producing a monetary income, but a deduction for the repairs of a residence is nevertheless allowed (*see* paragraph 4 (iii)).

Goods, sustenance or land given in respect of services rendered are taxable, but not the free use of a house.

Income tax is chargeable on stakes won at horse races, the duty being paid by the Turf Club or racecourse proprietor at a flat rate of 4*d.* in the £, and deducted from the stakes when paid over. The exemptions and deductions (paragraphs 4, 5, 6, 7 and 8) do not apply to stakes.

Where a person carries on a business in Western Australia and sells any product of the business for delivery outside the State, whether the contract is made within or without the State, the profit arising from the sale is deemed to be income accruing to the person from his business and to have been earned within the State. If it is shown that the profit on the sale has been increased through treatment of the product outside the State, such increase of profit is not deemed to be income arising or accruing from the business in Western Australia.

Where a person carries on business in Western Australia and elsewhere, and transfers goods from or to his business in Western Australia to or from his business elsewhere, all goods so transferred are, for the purpose of assessment, to be returned by him at actual cost.

A bonus on a lease, while not being a deduction from the income of the lessee, is held to be income in the hands of the lessor. (Judgment of Court of Review in *re* Gulfoyle, 18th June, 1915.)

AUSTRALIA—WESTERN AUSTRALIA—*continued.*

2. **Income Exempted.**—Among the exemptions are—
- (i) The official emoluments of the Governor.
  - (ii) Income of municipal corporations and other statutory public bodies.
  - (iii) Income of friendly societies and trade unions.
  - (iv) The profits of companies subject to duty under the Dividend Duties Act. (*See* paragraph 13 as to the treatment of dividends in the hands of the shareholder.)
  - (v) Incomes of companies or societies not carrying on business for purposes of profit or gain, except as regards interest on investments.
  - (vi) The income of any society or association, not carried on for the purpose of profit or gain to the individual members, established for the purpose of promoting the development of the agricultural, pastoral, horticultural, viticultural, stock raising, manufacturing or industrial resources of Western Australia, and of any society or association of a public character established for the promotion of scientific research.
  - (vii) Income of life assurance companies. (*See* under Dividend Duty (paragraph 28) as to taxation of interest on investments of life assurance companies.)
  - (viii) A pension derived from the Crown in Great Britain or from the Government of any British possession by a taxpayer resident in Western Australia, if it has borne income tax or a like tax in the country where it arises.
  - (ix) Earned income received subsequently to the 31st December, 1915, by persons absent from the State on naval or military service during the recent war.
  - (x) Disability pensions and pensions to the dependants etc. of deceased soldiers etc. in connection with the recent war.
  - (xi) Pensions under the Invalid and Old Age Pensions Act, 1908.
  - (xii) Income from Western Australia government debentures, inscribed stock and treasury bills.

AUSTRALIA—WESTERN AUSTRALIA—*continued.*

## II.—COMPUTATION OF INCOME.

3. **Year and Basis of Assessment.**—The year of assessment is the State financial year ending the 30th June, and the assessment is made on the basis of the income of the preceding 12 months.

4. **Deductions.**—Deduction is allowed of—

- (i) Losses, outgoings, interest on mortgage and loans, and expenses incurred in Western Australia in the production or protection (where that cannot be insured) of the taxable income, and, where the Commissioner thinks it just, similar expenses incurred beyond the state.
- (ii) Repairs of premises let or intended to be let to tenants.
- (iii) Repairs to the residence of the taxpayer, if owned by him.
- (iv) Repairs of business premises.
- (v) Expenditure on repair or alteration of machinery, implements, utensils and articles used for business purposes.
- (vi) An allowance for depreciation by wear and tear of such machinery etc. The amount carried in the year of income to depreciation fund is, subject to the Commissioner's approval, the measure of the allowance for depreciation.
- (vii) A reasonable sum for services of a taxpayer's sons and daughters over 16 years of age employed in his business.
- (viii) The cost actually incurred during the year by a taxpayer for labour and materials employed in development work, as prescribed, in a mine, when the business of the taxpayer is that of mining.
- (ix) All rates and taxes, including State and Commonwealth land taxes and Commonwealth (but not the State) income tax, actually paid in Western Australia in respect of land situate in, or income derived in Western Australia by the taxpayer during the income year.
- (x) Any payment to the board or trustees of any charitable institution, public park or reserve, university, public school, library, art gallery, museum or other institution for public education,



**AUSTRALIA—WESTERN AUSTRALIA—continued.**

recreation or enjoyment subsidised by the Government, if the payment is applied solely to such charitable or public purpose.

- (xi) The annual sum necessary to recoup the expenditure on improvements on land made, under covenant with the lessor, by a lessee who has no tenant rights in the improvements, ascertained by dividing the amount expended on the improvements by the number of years of the lease unexpired when the improvements were made.
- (xii) Debts proved to be bad, and doubtful debts to the extent the Commissioner estimates them to be bad.
- (xiii) Reasonable travelling expenses incurred in earning, producing or protecting the assessable income; the cost of travelling from the place of living of the taxpayer to the place where his income is earned or produced, not exceeding £15 in any year, is included. Special provision is made for members of parliament. No travelling expenses are allowed to absentees as defined in paragraph 6.
- (xiv) Calls on shares in a mining company or syndicate prospecting in Western Australia for gold, silver, base metals, oil or minerals.
- (xv) In assessing income from dividends in the manner indicated in paragraph 13, interest incurred in the production of that income.

No deduction is allowed for—

- (a) Depreciation of buildings, goodwill or stock-in-trade.
- (b) Losses by fire, storm, accident or embezzlement.
- (c) Payments of any kind by husband to wife and vice versa.

**5. Set-off of Losses.**—Where a taxpayer, either alone or with other persons, carries on or is interested as a partner in more than one business, and makes a profit in one or more of the businesses and a loss on another or others, he is entitled to deduct the sum of the losses from the sum of the profits.

Deductions are allowed in respect of net trading, prospecting or business losses in any one or more of the three years preceding the year of assessment and in respect of net losses in the same period arising from the loss of stock-in-trade, crops and livestock due to droughts or other circumstances or conditions over which the taxpayer had no control or which he was unable

**AUSTRALIA—WESTERN AUSTRALIA—continued.**

to protect or insure against. No loss in respect of fixed capital assets is allowed as a deduction.

“Business” for this purpose is defined as including “any profession, trade, employment or vocation, and the earning of income from other sources including investments.”

**III.—PERSONAL ALLOWANCES ETC.**

**6. Exemption Limit.**—The exemption limit is £200 if the taxpayer is married or has a dependant, and £100 in other cases, but any male person over 65 years of age or female person over 60 whose only income is earned by personal exertion and does not exceed £250 is also exempt. (The term “dependant” is defined as meaning a relative of a taxpayer by blood, marriage or adoption towards whose maintenance the taxpayer has contributed £26 during the year in which his taxable income was derived.) For this purpose the income is the net income after allowance of all deductions except the abatement (*see* paragraph 7).

These exemptions are not allowed to an “absentee” (defined as meaning “a person who has not been resident in the Commonwealth of Australia during any part of the year next preceding the year of assessment but who is not absent on the public service”).

**7. Personal Allowances.**—A deduction is allowed of £40 for each child, under the age of 16 years at the commencement of the income year, resident with and dependent on the taxpayer.

A deduction is allowed, up to £40 yearly for each dependant, of actual expenditure by the taxpayer in or towards the support of dependants (*see* definition in paragraph 6).

Abatements are allowed to unmarried persons without dependants of £100 less £2 for every £ by which the income (after allowing all other deductions) exceeds £100, and to persons who are married or have a dependant of £200 less £2 for every £ by which the income exceeds £200.

These abatements and deductions are not granted to absentees (*see* definition in paragraph 6).

**8. Life Insurance and Similar Allowances.**—Deductions are allowed of—

- (a) Premiums, not exceeding £50, of insurance on the life of the taxpayer, his wife or children, or for a

**AUSTRALIA—WESTERN AUSTRALIA—continued.**

deferred annuity or other like provision for his wife or children.

- (b) Premiums, not exceeding £50, in respect of any fidelity guarantee or bond required for the exercise of profession, trade, employment or vocation.
- (c) Medical expenses incurred by the taxpayer on behalf of himself or his dependants, provided that the taxable income does not exceed £250.

These allowances are not granted to absentees as defined in paragraph 6.

**IV.—COMPUTATION OF TAX.**

9. Rates of Tax.—For the year ending 30th June, 1923, the rate of income tax is 2*d.* in the £, increased by '007 of a penny for every £ by which the net income (after allowing all deductions) exceeds £100, up to the maximum of 4*s.* in the £. (This maximum is reached when the income is £6,672.)

In addition, a super-tax is imposed of 15 per cent. of the amount of the income tax payable, if the income, before allowing the deductions specified in paragraphs 4 (ix) (except rates and taxes on business premises occupied), 7 and 8, exceeds £264.

The minimum amount payable by any taxpayer for income tax is 2*s.* 6*d.* plus the 15 per cent. super-tax.

The rate chargeable on stakes won at horse races is 4*d.* in the £, as indicated in paragraph 1.

10. Set-off of Land Tax paid in Western Australia.—If a person is assessed for income tax on profits derived directly from the ownership of any parcel of land, or derived directly from the use or cultivation of any parcel of land, he may claim a deduction from the income tax of the amount of the land tax. The case of profits from quarrying or timber does not come within this provision.

**V.—PAYMENT.**

12. Due Date, Taxation at the Source etc.—The tax is payable 30 days after service of the notice of assessment. In default of payment at the due date a fine of 10 per cent. on the amount of the tax is payable.

There is a provision under which if the amount of tax exceeds £1 it is payable in two equal half-yearly instalments, but this provision is suspended as regards tax for the year 1922-23.

**AUSTRALIA—WESTERN AUSTRALIA—continued.**

Claims for repayment of tax paid in excess must be made within three years from the date when the payment was due.

See also paragraph 1, regarding income tax on stakes, and paragraph 13, regarding the taxation of dividends.

**VI.—CORPORATE, JOINT ETC. INCOME.**

**13. Companies and Income from Companies.**—Income tax is not payable on the profits of companies which are subject to duty under the Dividend Duties Acts.

Dividends from such companies are taken into account as follows. If the net income (after allowing all deductions) of any person, together with dividends received by him from a company liable to dividend duty, amounts during the year next preceding the year of assessment to such a sum as if it were all income chargeable would be liable to income tax at a rate exceeding 1s. 3d. in the £ (apart from the super-tax), income tax is payable by him on the aggregate amount, credit being given for the duty payable as dividend duty. Similarly, if a person has no income chargeable under the ordinary provisions of the Income Tax Acts, but during the year next preceding the year of assessment was in receipt of dividends the amount of which (after allowing all deductions) if it were all income chargeable would be liable to income tax at a rate exceeding 1s. 3d. in the £ (apart from super-tax), he is liable to pay income tax on his dividends, credit being given for the dividend duty.

Co-operative Societies which usually carry on a business of the nature of a trading undertaking are required to make returns. Should they be liable for dividend duty on their profits they will be entitled to an exemption from income tax in the same manner as ordinary companies.

A company which has borrowed money on debentures is deemed to be the agent of each debenture holder.

**14. Partnerships.**—Returns of the income of a partnership are required from one of the partners. Where no partner is resident in Western Australia, the agent, manager, or chief representative resident in Western Australia is liable to make a return. Separate returns, however, are required from each partner, to include his share of the partnership income.

**AUSTRALIA—WESTERN AUSTRALIA—continued.**

15. **Married Women.**—Married women are taxable as if they were unmarried. Payments of any kind from husband to wife or from wife to husband are inadmissible as deductions.

**VII.—SPECIAL TRADES ETC.**

17. **Non-resident Traders, Shipowners etc.**—Any person or company outside Western Australia who sells or disposes of goods in Western Australia by means of a person or company in Western Australia is assessable (through the person or company in Western Australia) on the basis of 5 per cent. of the amount received for the goods.

A person who has no fixed and permanent place of business or abode in Western Australia may not act as an agent, and a person who has no fixed and permanent place of business in Western Australia may not carry on business in Western Australia, unless in each case he is the holder of a warrant under the hand of the Commissioner. The Commissioner is empowered to assess any such agent or trader in respect of any specific transaction, or of all transactions during a specified period, on the basis of 5 per cent. of the gross proceeds.

Any person in business in Western Australia, who apparently intends to carry on such business for a short term only, may be required at any time and from time to time to give security by way of bond or deposit for payment of tax. If it appears he will leave the state before tax is recoverable from him in the ordinary course, income tax is calculated and payable daily while he is in the state. Such cases would include visiting theatrical companies and book-makers, the latter being taxed from time to time immediately after the close of the race meeting at which they have done business. The Commissioner's powers in this connection apply equally to a taxpayer who, though resident in the State for a considerable time, is about to cease business therein.

Any person carrying on shipping business is assessable in respect of such business, so far as it extends to traffic between ports in the State and ports beyond the State, on the basis of an assumed net income of 5 per cent. of the gross proceeds of all inward and outward traffic, including passenger fares. (The deductions mentioned in paragraphs 7 and 8 are not allowed.)

AUSTRALIA—WESTERN AUSTRALIA—*continued.*

## VIII.—TABLE OF ACTS.

- Land and Income Tax Assessment Act, 1907. (No. 15 of 1907.)  
 Land and Income Tax Assessment Act Amendment Act, 1917. (No. 14 of 1917.)  
 Land and Income Tax Assessment Act Amendment Act, 1918. (No. 24 of 1918.)  
 Land and Income Tax Assessment Amendment Act, 1921. (No. 17 of 1922.)  
 Land and Income Tax Assessment Amendment Act, 1922. (No. 40 of 1922.)  
 Land Tax and Income Tax Act, 1922.  
 Land Tax and Income Tax Act Amendment Act, 1923.

## DIVIDEND DUTY.

**Introductory.**—The note summarises the law in force from 1st July, 1919.

Commonwealth income tax is also payable in general.

## IX.—SCOPE OF THE DUTY.

**21. Profits Charged.**—Since 1st January, 1914, the duty has been charged, in spite of its name, not on dividends but on profits, but (except as regards profits earned before 11th July, 1899, and except in the case of insurance companies) any undistributed profits, reserves or appropriations at 1st January, 1914, are treated as profits of the year in which any distribution, application or conversion of such undistributed profits etc. is made.

The duty extends to every company carrying on business in Western Australia, the word "company" covering every incorporated company or association wherever incorporated. A company which solicits or obtains orders in Western Australia is deemed to be carrying on business in that State.

Any money or its equivalent distributed on the occasion of the winding-up of a company among the shareholders in excess of the amount paid up or deemed to be paid up on their

**AUSTRALIA—WESTERN AUSTRALIA—continued.**

shares is deemed profits liable to duty, except such portion as may consist of undistributed profits made before the 11th July, 1899, i.e., the date of the first imposition of the duty.

22. Profits Exempted.—The following are exempted—

- (a) Registered friendly societies.
- (b) Life assurance companies, in relation to life assurance business, except in respect of interest on investments. (See paragraph 28.)
- (c) Interest on Western Australian Government debentures, inscribed stock and treasury bills or bonds.

**X.—COMPUTATION OF PROFITS.**

23. Year and Basis of Assessment.—Companies, other than insurance companies (as to which see paragraph 28), which carry on business in Western Australia, are required to make a return on or before the 1st April in each year of all profits made by them in Western Australia during the year ending on the 31st December immediately preceding. If the balancing day is not the 31st December the return must be made within three months of the balancing day and must show the profits made since the previous balancing day.

The duty appears to be regarded as payable for the period in which the profits were earned.

24. Deductions.—Except in the case of life assurance companies a deduction is allowed for any payment to the board or trustees of any charitable institution, public park or reserve, university, public school, library, art-gallery, museum or other institution for public education, recreation or enjoyment subsidised by the Government, provided that the payment is applied solely to such charitable or public purpose.

The Commissioner of Taxation may disallow as expenditure any money paid by a company as salary, fees or otherwise to any director, officer or employee of the company in so far as, in the opinion of the Commissioner, such payment was not made *bona fide* as remuneration for services rendered, but as a means of avoiding taxation.

Deductions are not allowed in respect of dividend duty or federal income tax or war-time profits tax.

See also paragraph 29.

AUSTRALIA—WESTERN AUSTRALIA—*continued.*

## XI.—COMPUTATION OF DUTY.

25. **Rate of Duty.**—As from 1st July, 1919, the general rate of duty has been 1s. 3d. in the £ increased by 15 per cent. (See paragraph 28 as to special rates of duty in the case of insurance companies.)

## XII.—PAYMENT.

26. **Due Date etc.**—The duty becomes due and payable on the same date that returns are due to be made, *i.e.*, in general, on 1st April.

Companies are empowered to deduct duty from dividends, and they are prohibited from distributing dividends before payment of the duty. Unpaid duty is recoverable from the recipients of dividends.

## XIII.—SPECIAL CASES.

27. **Subsidiary Companies.**—The following provision is made as to the taxation of subsidiary companies :—

“Where any company purchases or otherwise acquires its trading stock, or the main portion thereof, from or through some other company carrying on business either within or without Western Australia, and the share capital of the first-mentioned company or the greater part of such share capital is held by such other company or its nominees, or the greater part of the share capital of the first-mentioned company is held by shareholders of such other company, the Commissioner may, in his discretion, assess the profits of the first-mentioned company either on a profit and loss basis, or at a sum equal to a percentage on the amount of its total sales actually made in Western Australia, the rate of such percentage being determined by the Commissioner according to the nature of the company's business.

“For this purpose any share capital held by a shareholder or nominee of or trustee for a company shall be deemed to be held by the company.”

28. **Insurance Companies.**—Life assurance companies are liable to dividend duty in respect of interest on investments less outgoings and expenses actually incurred in Western Australia in the production of the interest. They are required to make a return on or before the 1st September each year, or within three months after the annual balancing day, stating



**AUSTRALIA—WESTERN AUSTRALIA—continued.**

the amount of the interest received during the year ending the 30th June immediately preceding, or other balancing day, and to pay a duty of 1s. 3d. for every £ of such interest, less deductions. (The additional 15 per cent. is not payable in these cases.)

Companies, other than life assurance companies, which carry on within Western Australia any insurance business exclusively are required on or before the 1st March in every year to make a return of the gross premiums received or charged on account of Western Australia during the year ending on the preceding 31st December (excluding any portion of such premiums actually paid away by way of re-insurance effected in Western Australia with any other companies), and to pay a duty of £2 for every £100 thereof, plus an addition of 15 per cent.

A similar return and payment of duty are required from any company, not engaged in insurance business exclusively, which carries on within Western Australia insurance business, other than life assurance, either as principal or as agent for another company carrying on business outside Western Australia, and from any such company which under the authority of a general cover or floating policy issued by any company or person carrying on insurance business outside Western Australia, issues declarations of insurance or other documents in the nature thereof in Western Australia.

29. Mining Companies.—In assessing the profits made by a mining company a deduction is allowable for the cost actually incurred during the year for labour and materials employed in development work, as prescribed, including the cost incurred in testing and working mines held under an option of purchase.

30. Shipping Companies.—Subject to any such agreement as is referred to in paragraph 31, shipping companies are taxable as follows :—

- |   |   |   |
|---|---|---|
| <p>(a) 6½ per cent. of 5 per cent. on all inward and outward traffic, including passenger fares ;</p> <p>(b) 6½ per cent. of the profits on sales of coal or other goods ;</p> <p>(c) 6½ per cent. of the profits of vessels trading exclusively within the State ;</p> | } | <p>increased<br/>in each<br/>case by<br/>15 per cent.</p> |
|---|---|---|

**AUSTRALIA—WESTERN AUSTRALIA—continued.**

The duty under the heads (a), (b) and (c) is payable separately without regard to any loss incurred under either of the other heads.

**31. Special Arrangements.**—Special provision is made empowering the Governor to enter into agreements with companies carrying on any business to which the ordinary provisions cannot conveniently be applied for the assessment of the profits made in Western Australia.

**XIV.—TABLE OF ACTS.**

- Dividend Duties Act, 1902. (No. 32 of 1902.)
  - Dividend Duties Amendment Act, 1906. (No. 30 of 1906.)
  - Dividend Duties Act Amendment Act, 1914. (No. 24 of 1915.)
  - Dividend Duties Act Amendment Act, 1918. (No. 22 of 1918.)
  - Dividend Duties Act Amendment Act, 1918 (No. 2). (No. 40 of 1918.)
  - Dividend Duties Act Amendment Act, 1920. (No. 32 of 1920.)
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## FIJI.

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**Introductory.**—The note summarises the law in force for 1921 and 1922.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—In general terms, residents are liable in respect of income from sources in or out of Fiji; non-residents are liable in respect of net profits from business carried on by them, directly or indirectly, in Fiji, and of remuneration for services rendered in Fiji to any person resident or carrying on business in Fiji. (The language closely follows that of the Canadian law.)

In cases in which personal and living expenses form part of the profit, gain or remuneration of the taxpayer they are taxed as income.

Land with improvements thereon used for residence or enjoyment by the owner or a person who would be liable to pay tax in respect of the income, if the property produced an income, is deemed to yield an annual income of 5 per cent. on the capital value.

**2. Income Exempted.**—Among the exemptions are:—

- (i) The official emoluments of the Governor of Fiji and the High Commissioner of the Western Pacific.
- (ii) The incomes of consuls and consuls-general who are citizens of the country they represent and are not engaged in any other business or profession.
- (iii) Disability pensions in connection with the war of 1914-1918, and pensions to dependent relatives of killed or disabled men.
- (iv) The incomes of life insurance companies, in so far as they are derived from life insurance premiums.
- (v) The income from any bonds or securities of the colony, issued exempt from any income tax imposed by the Government of Fiji.
- (vi) Any civil pension payable out of the general revenue of Fiji.

See also paragraph 11.

*Fiji—continued.*

## II.—COMPUTATION OF INCOME.

3. **Year and Basis of Assessment.**—The tax is expressed to be payable “upon the income of the preceding (calendar) year.” The income of a company or corporation, and income from a business, must be returned on the basis of the business year ending in the calendar year.

4. **Deductions.**—A reasonable deduction for depreciation and/or improvements is allowed.

5. **Set-off of Losses.**—Losses in transactions entered into for profit but not connected with the business of the taxpayer may not be deducted from income from the business.

## III.—PERSONAL ALLOWANCES ETC.

6. **Exemption Limit.**—The exemption limit is £250 in the case of persons without dependants and £500 in the case of persons with dependants. (*See* more exact details in paragraph 9.) No exemption is allowed to absentees.

7. **Personal Allowances.**—The abatements of £250 (to persons without dependants) and £500 (to persons with dependants) are incorporated in the scales of tax (*see* paragraph 9).

A deduction is allowed “for the purpose of normal tax only” of £50 for each dependent child of the taxpayer. “Dependent child” is defined as meaning a child, stepchild or adopted child under 21 years of age and dependent on his parents for support, or over 21 years of age and dependent on his parents for support on account of physical or mental incapacity.

These abatements and deductions are not allowed to absentees.

8. **Life Insurance and Similar Allowances.**—A deduction is allowed for premiums not exceeding £50 in all paid for an insurance with a British company on the life of the taxpayer, his wife or children, or for a deferred annuity or other like provision for his wife or children, or in respect of any fidelity guarantee required for the purposes of his employment. This deduction is not allowed to absentees.

*Fiji—continued.*

IV.—COMPUTATION OF TAX.

9. Rates of Tax.—

A.—INDIVIDUALS.

(1) *Normal Tax.*

(i) In the case of unmarried persons and widows or widowers without dependent children (see definition in paragraph 7) and persons who are not supporting dependent brothers or sisters under the age of 18 years or a dependent parent or grandparent, provided they are not absentees :—

Upon all income exceeding £250 but not exceeding £5,000 :  
1s. in the £.

(ii) In the case of all other persons not being absentees :—

Upon all income exceeding £500 but not exceeding £5,000 :  
1s. in the £.

(iii) In the case of absentees :—

Upon all income up to £1,000 : 1s. in the £.

(2) *Surtax.*

On the amount by which the income—

exceeds	and does not exceed	Individuals not absentees in the £.	Absentees in the £.
£ 1,000	£ 5,000	—	2s.
5,000	10,000	2s.	3s.
10,000	15,000	3s.	4s.
15,000	20,000	4s.	5s.
20,000	25,000	5s.	6s.
25,000	—	6s.	7s.

B.—COMPANIES.

(a) Companies other than non-Fijian insurance and shipping companies :— 5 per cent. on the total income.

(b) Non-Fijian insurance companies :—6d. in the £ on the excess of the "income" over £1,000. (See paragraph 17.)

(c) Non-Fijian shipping companies :—3d. in the £ on all "income." (See paragraph 17.)

*Fiji—continued.*

11. Provisions regarding Double Taxation.—For the purposes of Fiji income tax, income is assessable without any deduction for United Kingdom income tax (including super-tax).

Any person who has paid or is liable to pay Fiji income tax and has paid United Kingdom income tax for the same year in respect of the same part of his income is entitled to relief at a rate equal to the excess of the appropriate rate of Fiji tax over half the appropriate rate of United Kingdom tax, or, if the Fiji rate exceeds the United Kingdom rate, at half the United Kingdom rate.

A certificate issued by or on behalf of the Commissioners of Inland Revenue in the United Kingdom is receivable in evidence to show what is the "appropriate rate of United Kingdom tax" in any particular case.

The appropriate rate of Fiji tax is determined by dividing the tax payable for the year (before deduction of the double income tax relief) by the amount of the income in respect of which the Fiji tax has been charged, except that where Fiji tax is charged on an amount other than the ascertained amount of the actual profits the rate of tax is determined by the (Fiji) Commissioner.

Income derived by a resident in Fiji from some other country within the British Empire (except the United Kingdom) is exempt from Fiji income tax if it is chargeable with income tax in that other country.

## V.—PAYMENT.

12. Due Date, Taxation at the Source etc.—Returns are due on or before the 31st March in each year, without any notice or demand. Not less than one-quarter of the normal tax and surtax shown to be payable by the return must be remitted with the return, and the remaining amount may be paid in not more than three equal bi-monthly instalments with interest at the rate of 6 per cent. per annum as from the 31st March. Any additional tax found to be due must be paid within the time specified in the notice of assessment. The penalty for late payment of this additional tax is £1 or one-quarter of the amount of the tax unpaid, whichever is the greater.

Claims for repayment of tax paid in excess must, if the revision of an assessment is involved, be made within 12 months of the date of payment.

*FIJI—continued.*

VI.—CORPORATE, JOINT ETC. INCOME.

13. **Companies and Income from Companies.**—Corporations and joint stock companies are required to pay a flat rate of tax (*see* paragraph 9) on all income earned in or derived in or from the colony.

If an incorporated company, for the benefit of its shareholders, or other persons directly or indirectly interested in the company, sells its product or commodities at a price less than the fair price which might be obtained therefor, the Commissioner may determine the amount of the taxable income having regard to the fair price which might have been obtained.

Dividends from taxed companies are not again charged to the normal tax in the hands of the shareholders, but for purposes of surtax these dividends are considered as income of the year in which they are received or credited—unless paid exclusively out of profits accumulated before 1st July, 1920. The surtax payable in respect of such dividends is the difference between the appropriate rate of surtax and the normal tax.

“Dividend” includes “stock dividend” (bonus share).

The definition of income would include in the income of the shareholder his share of the undistributed income of a corporation, but such share is not deemed to be taxable income of a taxpayer unless the Commissioner is of opinion that the accumulation of such undistributed income is made for the purpose of evading the tax and is in excess of what is reasonably required for the purposes of the business.

A company is deemed to be the agent of its absentee shareholders and is required to pay and deduct the tax on dividends payable to them.

14. **Partnerships.**—Persons carrying on business in partnership are liable for income tax only in their individual capacities.

A resident member or manager of a partnership is deemed to be the agent of the absentee partners and is required to pay and deduct the tax on the absentee partners' shares of the profits.

15. **Married Women.**—The income of a married woman not separated from her husband is deemed to be income of her husband. If, however, a married woman carries on or is

*Fiji—continued.*

engaged in a business apart from her husband, and derives therefrom an income which exceeds £250 in any year, the Commissioner may assess husband and wife separately for the purposes of the normal tax.

## VII.—SPECIAL TRADES ETC.

17. Non-resident Traders, Shipowners etc.—The income of a non-Fijian insurance company is deemed to be the amount of the premiums received in respect of business other than life insurance business transacted in the colony. The "income" is charged at a special rate (*see* paragraph 9).

In the case of non-Fijian shipping companies doing business in Fiji, the total amount payable to the company in respect of outgoing business is treated as the income of the company. The "income" is charged at a special rate (*see* paragraph 9). No ship is allowed to leave port unless the tax has been paid or a guarantee of payment given.

"Non-Fijian company" is defined as meaning "an incorporated company having its place of incorporation outside Fiji, but having assets in or carrying on business in Fiji either directly or through or in the name of any other person."

*See* also paragraphs 13 and 14 in regard to the taxation of absentee shareholders or partners.

## VIII.—TABLE OF ORDINANCES.

The Income Tax Ordinance, 1921. (No. 1 of 1921.)

The Income Tax Amendment Ordinance, 1921. (No. 22 of 1921.)

The Income Tax Amendment Ordinance (No. 2), 1921. (No. 34 of 1921.)

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## NEW ZEALAND.

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**Introductory.**—The note summarises the law in force for 1922-23.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—In general the tax applies to:—

(1) All income derived by any person resident in New Zealand at the time when he derives that income, whether it is derived from New Zealand or elsewhere; and

(2) All income derived from New Zealand, whether the person deriving that income is resident in New Zealand or elsewhere.

Head (1) is, however, subject to the following limitations:—

(a) Exemption is allowed in respect of the income arising in, and subject to income tax in, another part of the British Dominions (see paragraph 11); and

(b) Companies resident in New Zealand, and carrying on business exclusively in any of the islands of the Pacific Ocean, not being British Possessions, are assessable only in respect of income received in New Zealand.

An individual is "resident" in New Zealand if his home is there, and a company is "resident" if it is incorporated in New Zealand, or has the centre of its administrative management there.

Subject to a provision (referred to below) for apportionment where income is derived partly from sources in New Zealand and partly from sources elsewhere, a number of classes of income are expressly defined in the Act as being deemed to be derived from New Zealand. Without quoting the more obvious cases, the following may be cited:—

Income derived from any contract made with the Government of New Zealand.

Income derived from the sale or other disposition of any property, corporeal or incorporeal, situated in New Zealand.

Income derived from the carriage by sea of merchandise, mails or passengers shipped or embarked in New Zealand.

Income derived from contracts made or wholly or partly performed in New Zealand.

**NEW ZEALAND—continued.**

Whenever by reason of the manufacture, production or purchase of goods in one country and their sale in another or by reason of successive steps of production or manufacture in different countries, or by reason of the making of contracts in one country and their performance in another, or for any other reason whatever, the source of income is not exclusively in New Zealand, the income is apportioned with due regard to the nature and relative importance of the sources.

There is no provision for including in the income tax assessment the annual value of immovable property, occupied by the owner for residential or other purposes, from which no money income is derived. Fines and premiums or payments for the goodwill of any business or for the benefit of any statutory licence or privilege, derived by the owner of land from the grant of a lease, are assessable as income, but where income is derived in this manner or in any other similar manner by way of anticipation, the Commissioner may on application apportion the amount between the year in which it is received and any number of subsequent years not exceeding five.

The income made in the performance of a "commission agency contract" (defined as being a contract by which a person is authorized to sell out of New Zealand any goods on commission or otherwise on behalf of any person resident or carrying on business in New Zealand) out of New Zealand by any person who carries on in New Zealand by himself or by any person on his behalf the business of making such contracts in New Zealand, or of procuring such contracts to be made with him elsewhere, is deemed to be derived from the business so carried on by him in New Zealand and to be taxable accordingly, subject to any apportionment which may be made in respect of the source outside New Zealand.

Allowances in kind in respect of employment or service are chargeable.

**2. Income Exempted.—Among the exemptions are:—**

- (i) The official emoluments of the Governor-General.
- (ii) Income derived from sinking funds in respect of the public debt or of the debt of any local authority.
- (iii) The income, other than income received in trust, of a local authority or of any public authority other than the Public Trustee and the State Advances Superintendent, of building societies and savings

NEW ZEALAND—*continued.*

banks, of registered friendly societies, industrial and provident societies, industrial unions or associations, or trade unions, except so far as derived from business carried on beyond the circle of their own membership.

- (iv) The income of the trustees of a superannuation fund.
- (v) The income derived by a person who is not a resident in New Zealand, from stock or debentures which have been issued by the Government of New Zealand or by any local or public authority, including debentures executed by the Public Trustee acting as the agent of a land settlement association incorporated under the Land Settlement Finance Act, 1909, if the interest on such stock or debentures is payable out of New Zealand.
- (vi) The income arising from any debenture, scrip, stock or other security issued or created in respect of moneys raised under the War Purposes Loan Act, 1917, or the War Purposes Loan parts of the Finance Act, 1918, and the Finance Act, 1918 (No. 2), except the interest on Post Office War Bonds issued under the Finance Act, 1917, for the purposes of the War Purposes Loan Act, 1917, and except Post Office War Loan Inscribed Stock issued under the Finance Act, 1918, and the Finance Act, 1918 (No. 2). (Securities etc. issued before 31st October, 1922, for the purpose of paying off at maturity exempt loans are exempt, but no securities etc. issued after that date are exempt.)
- (vii) Pensions under the War Pensions Act, 1915.

## II.—COMPUTATION OF INCOME.

3. Year and Basis of Assessment.—The year of assessment runs from the 1st April to the 31st March, the basis of charge being the income of the preceding twelve months.

4. Deductions.—Deduction is allowed in respect of:—

- (i) Repairs of premises, and the repair, alteration or supply of implements, utensils or machinery used in the production of income up to the sum usually expended in any year.
- (ii) An allowance for depreciation of such premises, implements etc. whether caused by fair wear and

NEW ZEALAND—*continued.*

tear or obsolescence, provided such depreciation cannot be made good by repair; power is given to the Commissioner to revise the depreciation allowances made in past years and recover the additional tax, if premises, implements, utensils or machinery are sold at a price in excess of the written-down value.

- (iii) Bad debts proved bad and actually written off in the year of income; provided that all recoveries are credited as income in the year in which received, but no allowance is made for doubtful debts.
- (iv) Interest to the extent the Commissioner is satisfied it is payable on capital employed in the production of the assessable income.
- (v) Five per cent. per annum on the unimproved value of the taxpayer's interest in land in New Zealand used for the purposes of his business or for the purpose of deriving rent, royalties or other profits therefrom (to be deducted from the income derived from the land).
- (vi) In calculating the assessable income of any co-operative company incorporated in New Zealand and having for one of its objects the manufacture of cheese, dried milk or butter (in so far as the income is derived from the treatment, manufacture and sale of products of milk), the amount paid or payable by the company during the income year to suppliers of milk to the company, so far as paid or payable in respect of, and apportioned among the suppliers in proportion to the quantity of, milk or butter-fat supplied.
- (vii) Contributions by employers to superannuation, pension or benefit funds for employees.
- (viii) In arriving at the profits from the removal or sale of timber or coal, the cost of the timber or coal removed or sold.

Deduction is prohibited in respect of:—

- (a) Except as indicated in paragraph 5, any expenditure or loss which is not exclusively incurred in the production of the assessable income.
- (b) Any expenditure or loss recoverable under an insurance or contract of indemnity.

## NEW ZEALAND—continued.

- (c) Payments of any kind made by husband to wife, or wife to husband.
- (d) Land tax or income tax.
- (e) Repairs, interest and other expenditure on property used for residence or pleasure, or not used in the production of assessable income.
- (f) Loss of any property by fire, storm or accident.
- (g) Rent charged in respect of premises owned by the taxpayer.
- (h) Depreciation of leases.

5. **Set-off of Losses.**—Any expenditure or loss incurred in the production of assessable income is allowed to be deducted from the total gross income from all sources, so that a net loss in one source is in effect set against other income of the same year.

(Losses incurred up to 1922-23 may not be carried forward, but business losses incurred in 1923-24 and subsequent years may be carried forward and set against assessable income for the three following years, the relief being given as far as possible from the earliest assessments within that period.)

## III.—PERSONAL ALLOWANCES ETC.

6. **Exemption Limit.**—Except in the case of absentees and companies, the exemption limit is £300. (See definition of "absentee" in paragraph 7.)

7. **Personal Allowances.**—The following deductions are allowed—as far as possible from earned income—to persons other than absentees and companies:—

- (i) £300, less £1 for every £ by which the income exceeds £600.
- (ii) £50 in respect of each child, stepchild or grandchild under 18 years of age at the end of the year of income and dependent on the taxpayer. Where the father of any child is entitled to the deduction the deduction is not also made from the income of the mother, and the deduction is not allowed to a grandparent if it has been allowed to either parent of the child for the year in question. In cases where income is held by a trustee in trust for the maintenance and education of children the trust income may be treated as income of the

NEW ZEALAND—*continued.*

trustee and abatement and children deductions made as if the children were his.

- (iii) The amount (not exceeding £50) contributed by the taxpayer towards the support of his widowed mother; if two or more persons make claims under this provision, aggregating more than £50, the maximum of £50 is apportioned among them by the Commissioner. (This allowance may be made only against earned income.)

“ Absentee ” means a person whose home has not been in New Zealand during any part of the year of income, but if the assessable income is less than £300 and the taxpayer's absence from New Zealand has been for the sake of his or her health or the health of his or her wife, husband or child, the taxpayer is not deemed an absentee.

**8. Life Insurance and Similar Allowances.**—The following deductions are allowed to taxpayers who are not absentees (*see* paragraph 7), subject to the limit that the total of the two deductions may not exceed 15 per cent. of the taxpayer's earned income, or, if his total income does not exceed £2,000, 15 per cent. of his total income:—

- (i) Premiums of insurance paid in the year of income by the taxpayer on his own life, for his own benefit or for the benefit of his wife or children.
- (ii) Contributions during the year of income to the National Provident Fund, any superannuation fund or the insurance fund of a friendly society.

These deductions are made as far as possible from earned income.

#### IV.—COMPUTATION OF TAX.

**9. Rates of Tax.**—For the year 1922-23 the rates of charge (which are based on the *net* taxable income after all deductions and allowances have been made) are as follows:—

- (1) Interest on debentures of companies, 3s. in the £.
- (2) Interest on debentures of local authorities, 2s. 6d. in the £.
- (3) In all other cases—if the income
  - (a) does not exceed £400, 1s. in the £;
  - (b) exceeds £400, but does not exceed £6,000, 1s. in the £, increased by one-hundredth of 1d. for every £1 of such excess;

NEW ZEALAND—*continued.*

- (c) exceeds £6,000, 5s. 8d. in the £, increased by one-two-hundredth of 1d. for every £1 of such excess, up to a maximum of 7s. 4d. in the £.

A deduction is made of 10 per cent. of so much of the tax as is levied on earned income, up to a maximum of £2,000 of earned income.

“Earned income” is defined to mean all salaries, wages, or allowances (whether in cash or otherwise), including all sums received or receivable by way of bonus, gratuity, extra salary or emolument of any kind in respect of or in relation to the employment or service of the taxpayer, and all other income derived from any source by a taxpayer (not being a company or a public or local authority) by reason of his personal exertions.

Life insurance companies are charged half rates except in respect of income from debentures issued by a company or by a local or public authority.

11. Provisions regarding Double Taxation.—Income derived by a person resident in New Zealand but not derived from New Zealand is exempt from income tax if it is derived from some other country within the British dominions and is chargeable with income tax in that country.

## V.—PAYMENT.

12. Due Date, Taxation at the Source etc.—It is understood that the tax is payable about the 31st January in each year, except where expressly payable on demand, public notice being given of the date for payment. If tax is not paid within 21 days of the due date, 5 per cent. of the amount unpaid is added by way of additional tax; if it is not paid within three months of the due date the rate of additional tax is 7½ per cent., and if not paid within six months of the due date, 10 per cent. This additional tax is payable whether the tax is already assessed or not, unless the Commissioner is satisfied that the taxpayer has not been guilty of wilful neglect in making returns.

If the tax is paid within 21 days of the due date a rebate of 5 per cent. of the amount payable is given. If an advance payment of £10 or a multiple of £10 on account of income tax is made not less than three months before the due date, interest is allowed up to the due date at the maximum rate for the

**NEW ZEALAND—continued.**

time being allowed on deposits in the Post Office Savings Bank.

Repayment of tax paid in excess of the proper amount may be made if claimed within three years of the end of the year of assessment.

A company is deemed to be the agent of all the debenture holders, whether absentees or not, and is liable to assessment accordingly at a flat rate in respect of all income derived by them from the debentures, such assessment being distinct from its own assessment, and distinct from any assessments in respect of income of the debenture holders from other sources.

This provision does not, however, apply in the case of debentures the rate of interest on which is not fixed but varies according to the dividends of the company. In that case the interest payable by the company is treated as part of the assessable income of the company and not of the debenture holder.

Similarly, a local or public authority is deemed to be the agent of the holders of debentures issued by it, and the income derived from these debentures is separately assessable at a special rate. The authority may, however, be relieved of its duty to act as such agent if before it has been assessed in any year in respect of the debentures it supplies to the Commissioner of Taxes a list of the debentures, the names and addresses of the persons to whom they have been issued etc. The debenture holders then become personally responsible for the returns and the tax.

If the Commissioner is satisfied with respect to the holder of any debenture or debentures issued by a local authority or company that the aggregate amount of income tax paid or payable by or on behalf of the debenture holder (including the tax paid in respect of interest on debentures) exceeds the tax that would have been payable by him if the interest received by him on those debentures had formed part of his taxable income, the Commissioner must pay to the taxpayer on application the amount of the excess. No allowance however may be made in respect of the debentures issued by a company free of tax.

**VI.—CORPORATE, JOINT ETC. INCOME.**

**13. Companies and Income from Companies.—**Companies are charged with income tax under the general scale in respect of their total profits, and the dividends are



## NEW ZEALAND—continued.

excluded from the income of the members. But if the Commissioner is satisfied, in the case of a shareholder of a company liable to income tax, that the total income of the shareholder from all sources, whether in New Zealand or elsewhere, during the year of income did not exceed £400, the Commissioner may pay to the shareholder a sum equal to the difference between the amount of tax paid or payable by the company in respect of an amount of its income equal to the dividends paid by it to the shareholder and the amount which would have been payable by the shareholder in respect of the dividends if they had formed part of his taxable income. No payment may be made by the Commissioner of such an amount that the total sum received by way of dividend, together with the payment under this provision, shall exceed 6 per cent. of the total amount paid upon the shares.

If the Commissioner is satisfied with respect to two or more companies consisting substantially of the same shareholders or under the control of the same persons that the separate constitution of the companies is not *bona fide* for the purpose of more effectively carrying out their objects, but is for the purpose of reducing their taxation, he may for the purposes of income tax treat those companies as if they were a single company. Two companies are deemed to consist substantially of the same shareholders if not less than one-half of the paid-up capital of each of them is held by or on behalf of the other company or its shareholders.

Companies resident in New Zealand, and carrying on business exclusively in any of the islands of the Pacific Ocean not being British possessions, are assessable only in respect of income received in New Zealand.

As to the taxation of debenture interest at the source see paragraph 12.

14. Partnerships.—Partners are required to make a joint return, and a separate return of the non-partnership income, but each is assessable as an individual, to include his share of the partnership income.

A husband and wife carrying on business together are not deemed to be partners unless they are carrying on business under a deed of partnership.

A resident carrying on business in partnership with an absentee is deemed to be the latter's agent as regards his share of the business income.

*NEW ZEALAND—continued.*

15. **Married Women.**—The income of a married woman is assessable as if she were unmarried.

As indicated in paragraph 4, payments made by husband to wife and by wife to husband are ignored in assessment.

VII.—SPECIAL TRADES ETC.

17. **Non-resident Traders, Shipowners etc.**—If a landlord, mortgagee or other creditor is an absentee, the tenant, mortgagor or other person who transmits rent, interest or other money to him may be assessed as his agent. The *rate* of the tax in this and the following cases is governed by the total taxable income of the taxpayer, but any agent is liable only as regards the proportion of the tax applicable to the income in respect of which the agency exists.

Any New Zealand company which is exempt from income tax is assessable as the agent of absentee shareholders in respect of dividends and other profits paid to them.

Every banking company and every other company, local or public authority or person who in the course of business receives money on deposit at interest is required to make returns of all interest allowed and is assessable as the agent of each absentee depositor if the interest exceeds £50 in any year.

Non-resident traders may be assessed as the agents of all persons in their employment in New Zealand, so far as relates to the salaries, wages etc. paid to them.

Absentee shipowners or charterers may be assessed through the masters of their ships as their agents. The clearance of any such ship may be withheld pending payment of tax.

Where any person in New Zealand, on behalf of a principal outside New Zealand, is instrumental in procuring the purchase from that principal of goods or merchandise which are in New Zealand or are to be imported into New Zealand in pursuance or in consequence of that purchase, wherever the contract is made, the principal is deemed to be carrying on business in New Zealand through the agency of that person, and the income derived from such business is deemed to be derived from New Zealand in the same manner, and to the same extent, as if the contract had been made in New Zealand, and the agent is required to make returns and to pay tax.

**NEW ZEALAND—continued.**

Where the Commissioner is satisfied that any person (the "agent") carrying on business in New Zealand is so far under the control of any person (the "principal") carrying on business in New Zealand or elsewhere that the relation between them is in effect that of agent and principal, he may treat the first-mentioned business as that of the principal, and require returns and make assessments on this basis.

In the case of agents, non-resident traders, persons believed to be about to leave New Zealand or to cease business etc. the Commissioner is empowered to require a return and to make assessments at any time during the year of income or subsequently, the tax being payable on demand.

Non-resident agents and non-resident traders must not, in respect of the sale or purchase of goods, carry on business without a warrant from the Commissioner, and may be required at any time to give security for payment of tax. It is understood that under this provision a deposit is collected from visiting theatrical companies, commercial travellers etc. on their arrival in the dominion.

A taxpayer in New Zealand who enters into a contract of insurance (other than life insurance) with any person or foreign company not carrying on business in New Zealand is treated as the agent of such person or company and is required to pay tax on his or its behalf at the rate of 5 per cent. on the premiums.

See also paragraph 1 in regard to "commission agency contracts."

18. **Mining Concerns.**—In the case of a company whose sole or principal source of income is the business of gold mining or scheelite mining in New Zealand, the company's taxable income is deemed to be a sum equal to one-half of the dividends paid to the shareholders in the year, "dividends" including all sums distributed in any manner and under any name among shareholders on account of profits made.

19. **Farming.**—Reference should be made to paragraph 4 (v) and (vi).

20. **Banks and Insurance Companies.**—(i) *Banks.*—In the case of banking companies the taxable income is taken to be a sum equal to 30c. in every £100 of the average of its total assets and liabilities for the four quarters of the year as published in the Gazette, less an amount equal to the

**NEW ZEALAND—continued.**

income derived by the banking company on its own account during that year as interest on any debentures or other Government securities, if and so far as such income is expressly exempted from income tax by any Act. In computing the assets and liabilities no account is taken of any debentures held by the banking company and issued by any company or by any local or public authority, the income from these debentures being assessable in the same manner as the income derived from such debentures by any other taxpayer. (*See* paragraph 12.)

This special provision does not apply to a banking company for any year during the first ten years after it has commenced banking business in New Zealand if the Commissioner is satisfied that the banking business in that year has resulted in a loss or has produced a profit less than the amount of its taxable income for that year computed on the basis of assets and liabilities. For any such year the company is assessable as if it were a company carrying on a business other than banking.

(ii) *Insurance Companies.*—In the case of insurance companies (other than life assurance) the taxable income does not include income derived from insurance business carried on out of New Zealand. Except in the case of the State Fire Insurance Office no deduction is allowed for premiums paid for reinsurance with companies not carrying on business in New Zealand, and, on the other hand, receipts from such reinsurances in respect of losses are not treated as income.

In the case of a life insurance company not incorporated in New Zealand the taxable income is deemed to be a sum equal to its total income from investments of any kind out of New Zealand held by or on behalf of its New Zealand branch, and from investments of any kind in New Zealand, diminished by an amount equal to 2 per cent. of its investments in New Zealand, the income from which is not exempt from taxation.

The amount of income tax payable by an insurance company is *half* the amount which would be computed by applying the general scale to its statutory income, except that no reduction of rate is allowed in respect of income from debentures issued by a company or by a local or public authority.

The State Fire Insurance Office and the Government Life Insurance Department are assessable as New Zealand companies.

**NEW ZEALAND—continued.****VIII.—TABLE OF ACTS.**

- Land and Income Tax Act, 1916.** (1916, No. 5.)  
**War Purposes Loan Act, 1917.** (1917, No. 4.)  
**Finance Act, 1917.** (1917, No. 9.)  
**Finance Act, 1918.** (1918, No. 2.)  
**Finance Act, 1918 (No. 2).** (1918, No. 4.)  
**Finance Act, 1919.** (1919, No. 52.)  
**Land and Income Tax Amendment Act, 1920.** (1920,  
 No. 35.)  
**Finance Act, 1921.** (1921, No. 5.)  
**Finance Act, 1921 (No. 2).** (1921, No. 25.)  
**Land and Income Tax Amendment Act, 1922.** (1922,  
 No. 12.)  
**Finance Act, 1922.** (1922, No. 51.)
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## GUERNSEY.

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**Introductory.**—The note summarises the law in force for 1923.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—In general terms, persons resident or ordinarily resident in Guernsey are liable in respect of income from any source in or out of Guernsey; non-residents are liable in respect of income from any source in or connected with Guernsey.

The term “resident” applies only when there has been an aggregate stay in Guernsey exceeding five (calendar) months either in the year 1st September to 31st August ending in the year of assessment or in the year of assessment. The term “ordinary resident” applies for the whole of a year of assessment in which a consecutive stay in Guernsey exceeding 18 (calendar) months is completed, or for the whole of the year of assessment when there has been an inconsecutive stay aggregating more than 18 months in the three years to the end of the year of assessment. A military or naval officer residing in Guernsey for purposes wholly and solely in connection with his service to the Crown is deemed to be a non-resident.

Income from outside Guernsey is in general taxed on the full amount arising etc. but a “resident” (who is *not* an “ordinary resident”) in Guernsey is liable in respect of remittances only. (*See* paragraph 3 as to the basis in this case.)

Income from the ownership of immovable property (including property used by the owner for residence or enjoyment but not including property used for trade) is charged on the basis of the annual rental value.

Casual profits and losses are left out of account.

### II.—COMPUTATION OF INCOME.

**3. Year and Basis of Assessment.**—The year of assessment is the calendar year. The basis is in general the income or profits of the previous calendar year, or of the trading year ending in that previous year, but those “residents” (not being “ordinary residents”—*see* paragraph 1) who are charged

*GUERNSEY—continued.*

on remittances only of income from outside Guernsey are charged on the remittances during the year of assessment and in addition on the remittances during the previous year unless these latter have already been taxed in that previous year.

When a source of profit commences to be possessed in a year of assessment the assessment for that year is made on the actual profit up to the end of the year of assessment. The assessment for the next year is on the profits of the first full year, but is reducible to the actual profits of such second year of assessment.

If a source of profit ceases to be possessed in a particular year of assessment the assessment for such year is reduced to the actual profit in that year.

**4. Deductions.**—Depreciation of machinery, plant and buildings owned by the taxpayer is allowed at rates to be agreed between the Administrator and the taxpayer or to be decided by the income tax appeal authority set up by the law.

Transfers to reserve are disallowed, but expenditure or loss in respect of which the reserve is formed is allowed in the year when actually made or borne.

Interest, royalties, etc., in general are deductible in arriving at the taxable profit, but not when payable to a non-resident; in this case deduction of tax from the interest etc. is allowed.

No deduction is allowed for the annual value of business or trade premises occupied by the owner.

From the annual value of immovable property may be deducted mortgage interest, ground rent and (in respect of repairs)—

in the case of—

- lands, 5 per cent. of the annual rental value ;
- dwelling houses and glasshouses, 20 per cent. of the annual rental value ;
- farm and other buildings, 10 per cent. of the annual rental value.

**5. Set-off of Losses.**—Losses are deductible from profits of the same year, and aggregate losses in the year of assessment may be set against the aggregate profits of the previous year.

GUERNSEY—*continued.*

## III.—PERSONAL ALLOWANCES ETC.

6. Exemption Limit.—The exemption limit is £100.

7. Personal Allowances.—If the total income—

exceeds		but does not exceed		an abate- ment is allowed of
£100	..	£200	..	£100
£200	..	£300	..	£60
£300	..	£400	..	£40

Where the total income does not exceed £700 a deduction of £25 is allowed for each child of the taxpayer (including illegitimate and adopted children maintained solely by him) under 16 years old at the commencement of the year of assessment, and for each relative maintained by the taxpayer and incapable of maintaining himself.

These allowances and abatements are not allowed to non-residents or companies.

## IV.—COMPUTATION OF TAX.

9. Rates of Tax.—The rate of tax for the year 1923 is 6*d.* in the £.

If owing to the fact that the total income exceeds a certain limit an individual ceases to be entitled to an exemption or abatement or becomes entitled to a reduced exemption or abatement, the tax is limited to the aggregate of

- (a) the amount which would have been payable if the total income had just reached the limit, and
- (b) the amount by which the total income exceeds the limit.

11. Provisions regarding Double Taxation.—Profits or income other than profits or income arising from sources in or connected with the Island of Guernsey upon which English (*sic*) income tax has been paid or deducted is exempt from the Guernsey tax in so far as the Guernsey tax, if paid, could not be recovered from the English (*sic*) Inland Revenue.

## V.—PAYMENT.

12. Due Date, Taxation at the Source etc.—The tax is in general payable half-yearly, on 30th June and 31st December in the year of assessment. Manual wage earners pay quarterly.



GUERNSEY—continued.

#### VI.—CORPORATE, JOINT ETC. INCOME.

13. Companies and Income from Companies.—Dividends declared by a Guernsey company in the year ending on the 30th April in the year of assessment out of profits made prior to the commencement of the trading year ending in the year of assessment are deducted from the "statutory profit" (i.e., the previous year's profit) before arriving at the profit in respect of which the company is to be assessed. The assessment is treated as part of a taxed fund, and if the dividends declared within a year ending on the 30th April within the year of assessment exceed the statutory profits of such year of assessment arrived at before making the above-mentioned deduction for dividends, the company is repaid, out of the income tax already paid on the balance of the taxed fund, income tax on that excess at the average rate borne by the balance remaining in the taxed fund immediately before the commencement of the year (ending 30th April) in question. The dividends are chargeable in the hands of the shareholders.

The company is required to pay and deduct income tax on dividends and interest payable to non-residents.

15. Married Women.—A married woman is assessable separately if she has separate income or profits, but the total tax payable by husband and wife is determined by their aggregate income and is divided in proportion to the separate incomes.

#### VII.—SPECIAL TRADES ETC.

17. Non-resident Traders, Shipowners etc.—Non-resident manufacturers trading in Guernsey through an agent or branch are charged on the basis of the prices which would have been paid and received by an independent resident trader for the goods disposed of, with a deduction for the expenses incurred in Guernsey.

Other non-resident traders and professional men may, if the profits cannot be otherwise ascertained, be charged on the same proportion of their total profits as the Guernsey receipts bear to the total receipts, or on a sum computed by any other agreed method. The full profits properly attributable to the business done in connection with Guernsey must be charged, irrespective of any artificial reduction owing to the substantial control of the non-resident over the agents in Guernsey.

**GUERNSEY—continued.**

19. **Farming.**—Profits from the occupation of lands and farm buildings occupied for the purpose of husbandry are estimated as equal to the annual rental value, but adjustment to the actual profits may be claimed.

**VIII.—TABLE OF LAWS.**

Loi ayant rapport à la Taxe sur le Revenu, approved by  
Order in Council of 20th December, 1919.

Resolutions of the States of Guernsey fixing the rates of tax.

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## ISLE OF MAN.

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**Introductory.**—The note summarises the law in force for 1923-24.

### I.—SCOPE OF THE TAX.

**1. Income Charged.**—In general terms, residents are liable in respect of income from any source in or out of the island; non-residents are liable in respect of income from any source in the island.

Profit derived from anything produced in or imported into the island which is sold or exported out of the island, whether such profit is received in the island or not, is deemed to be income from a source in the island.

There is no provision for charging as income the annual value of immovable property occupied by the owner as his residence or for enjoyment.

See also the second sub-paragraph of paragraph 11.

**2. Income Exempted.**—Among the exemptions are:—

- (i) The income of a friendly society which is restricted from assuring to any person any sum exceeding £300 by way of gross sum or £52 per year by way of annuity.
- (ii) Income from wounds and disability pensions, and war gratuities.

### II.—COMPUTATION OF INCOME.

**3. Year and Basis of Assessment.**—The year of assessment commences on the 6th April, the basis of assessment being the income received or accrued in the previous 12 months.

**4. Deductions.**—Any assessment on income from rent of land (including farmhouses and buildings) is reduced by one-seventh, and any assessment on income from rent of other houses and buildings is reduced by one-fifth, "for the purpose of collection." This allowance is to cover repairs, depreciation, fire insurance, agents' charges and management expenses.

ISLE OF MAN—*continued.*

## III.—PERSONAL ALLOWANCES ETC.

6. **Exemption Limit.**—The exemption limit is £135 in the case of a single man and £225 in the case of a married man (or, in the case of income wholly earned, £150 and £250 respectively)—*see* next paragraph.

7. **Personal Allowances.**—The United Kingdom system of allowances to individuals has been adopted, the wording of the United Kingdom Acts being followed as closely as possible.

- (a) *Allowance in respect of earned income*:—One-tenth of the earned income, up to a maximum of £200.
- (b) *Personal Allowance*:—To a man whose wife is living with him or wholly maintained by him, £225; to other individuals, £135.
- (c) *Deduction in respect of female relative* (or other woman) taking charge of widowed taxpayer's children:—£45.
- (d) *Deduction in respect of widowed mother* or other female relative having charge of taxpayer's brother or sister:—£45.
- (e) *Deductions in respect of children* of the taxpayer living and under the age of 16 years at the commencement of the year of assessment, or receiving full-time instruction:—£36 for the first child and £27 for each of the others. The deductions are granted also in the cases of a stepchild, an illegitimate child whose parents have married each other, and an adopted child. No deduction is allowed if the child has an income (apart from scholarships, etc.) exceeding £40 a year.
- (f) *Deduction in respect of a dependent relative*, widowed mother or mother-in-law (if in each case the dependant's income does not exceed £50 a year) or daughter resident with and maintained by an aged or infirm taxpayer dependent on her services:—£25.

8. **Life Insurance and Similar Allowances.**—Premiums paid to any insurance company in the year immediately preceding the year of assessment for an insurance on the life of the taxpayer or that of his wife may be deducted, subject to

**ISLE OF MAN—continued.**

a limit of one-sixth of the total income. (For the definition of total income see paragraph 9.)

**IV.—COMPUTATION OF TAX.**

9. Rates of Tax.—For the year 1923-24 the rates are as follows:—

	Rate of tax in the £.
If the total income does not exceed £500..	8d.
"    "    "    "    "    "    £1,000..	10d.
"    "    "    "    "    "    £1,500..	1s. 0d.
"    "    "    "    exceeds £1,500..	1s. 2d.

The amount of tax is limited to the aggregate of—

- (a) the amount which would have been payable if the total income had just reached the limit of the scale next below, and
- (b) the amount by which the total income exceeds that limit.

“Total income” means the income from all sources, whether within or without the Isle of Man, and whether taxable under the Manx Income Tax Acts or not, less the deductions specified in paragraph 7.

11. Provisions regarding Double Taxation.—It is provided that, “whether derived from sources out of or within this Island, with regard to income in respect of which Income Tax is payable by law in any place other than this Island being part of the dominions of the Crown (the same being hereafter in this Act referred to as ‘elsewhere’) the Income Tax payable under this Act shall be only at such rate and for such amount (if any) as the Income Tax payable under this Act shall be in excess of the Income Tax payable elsewhere.”

In this connection the following provision is important—  
“when any allowance, abatement, exemption, or relief has been made elsewhere, either by deduction from assessment, or by way of repayment to any person residing in the Isle of Man and liable to pay Income Tax in this Isle, in respect of income assessed or liable to be taxed by deduction elsewhere, for the year immediately preceding the year of assessment in the Isle of Man, the amount of such income allowed, abated,

**ISLE OF MAN—continued.**

exempted or relieved shall be regarded as income assessable in the Isle of Man."

**V.—PAYMENT.**

12. **Due Date, Taxation at the Source etc.**—The tax is payable on the 1st January in the year of assessment.

Claims for repayment of tax paid in excess must be made within 12 months from the end of the year of assessment.

**VI.—CORPORATE, JOINT ETC. INCOME.**

13. **Companies and Income from Companies.**—Companies pay income tax on the undistributed income only, but the rate of tax is determined by the total of distributed and undistributed income.

14. **Partnerships.**—Partners are required to make a joint return, but are liable to tax in their individual capacities only.

15. **Married Women.**—Where a married woman has a separate estate, the income therefrom is deemed to be income of the husband for the purpose of assessment of the tax. The income tax payable by the husband in respect of the separate estate of the wife is, however, a preferential debt to the husband chargeable on the separate estate.

**VIII.—TABLE OF ACTS.**

The Income Tax Act, 1918.

The Income Tax Amendment Act, 1921.

Resolutions of Tynwald Court fixing rates of tax.



## 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.

## SOUTH AFRICA—UNION.

## Income tax, 1918-19 and 1919-20.

(i) *Normal Tax: Companies.*—1s. in the £. (Abatement allowed of £300 if taxable income did not exceed £24,300.)

*Persons other than Companies.*—1s. in the £ increased by 1/2000th of 1d. for every £ in the taxable amount up to the maximum of 2s. in the £. (The abatements were, for persons with wife or child, if the taxable income did not exceed £24,300, £500 (in 1918-19, £300), and for others, £300 less £1 for every £ by which the taxable income exceeded £300. The child allowance was £30, and the aggregate of that allowance, the dependant allowance, and the allowances shown in paragraph 8 (a) and (b) of the text was reduced by £1 for every £ by which the taxable income exceeded £600.)

(ii) *Supertax.*—1s. in the £ increased by 1/2000th of 1d. for every £ of the amount subject to supertax, with the maximum of 3s. in the £. (The abatement was £2,500 less 10s. for every £ of the income subject to supertax.)

## Income tax, 1920-21.—As for 1921-22.

*Dividend tax.*—The existing rates have been in force since 1st July, 1916, except that there was a special war levy on gold mining companies of 6d. in the £ charged on dividends distributed out of profits of accounting periods ending on or before 31st March, 1921.

## SOUTH AFRICA—ORANGE FREE STATE.

The rates of tax have not been changed since 1920-21, the first year of assessment.

## SUDAN.

From 1919 to 1922 the minimum tax was £E1. The set-off of traders licence fee and paragraph 6 of the text apply from 1923 only.

## SWAZILAND.

The rate of tax for 1920-21, the first year of assessment, was 1s. in the £. A fixed abatement of £1000 was allowed to all taxpayers, including companies.

## ANTIGUA.

Up to 1921 there was in force a partial income tax on public salaries and pensions at the following rates—

Salaries and pensions of £100 to £150	...	1½%
" " " over £150	...	3%

Certain licence taxes imposed by the same Ordinance (the Income, Trade and Professions Tax Ordinance, 1900) were also graduated by reference to emoluments.

## BARBADOS.

The rates for 1922, the first year of assessment, are given in the text. The abatement for that year was £150 to all individuals.



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.

		Income-tax.			
		Rate per rupee on taxable income			
		1919-20 & 1920-21		1921-22	
Taxable income—		annas	pies	annas	pies
less than Rs. 2,000	...	Nil		Nil	
<b>Taxable income not less than Rs. 2,000, and total income—</b>					
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 1922

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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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## ALLOWANCES FOR CHILDREN—continued.

"Dominion."	Limit of Amount for each child.	Limit of age for child.	Limit of Total Income.	Observations.
British Honduras	\$150 ...	16 (at beginning of income year)	\$3,000 ...	Child must be dependent. Stepchild included. The allowance is tax on \$150 at the highest rate suffered.
Canada— Dominion ...	\$300 ...	18 ...	None ...	Child must be dependent. See also Abatements (page 17). Allowed for normal tax only.
British Columbia	\$200 ...	18 ...	None ...	Child over 18 admitted if dependent because of incapacity.
Nova Scotia ...	\$200 ...	18 ...	None ...	Child must be dependent. See also Abatements (page 19).
Prince Edward Island	No allowance.			
Dominica ...	No allowance.			
Grenada ...	£15 ...	16 (at beginning of year preceding the year of assessment)	£800 ...	Stepchild is included, also illegitimate child if parents have married. The allowance is of tax on £15.
Jamaica ...	£10 ...	16 (at beginning of year of assessment)	£500 ...	Stepchild is included. The allowance is tax on £10.
Newfoundland ...	\$200 ...	18 ...	None ...	Allowed for normal tax only. See also Abatements (p. 23).
St. Christopher and Nevis	No allowance.			
St. Lucia ...	No allowance.			
St. Vincent ...	£25 ...	16 (at beginning of year of assessment)	£500 ...	Stepchild and adopted child are included, also illegitimate child if parents have married. The allowance is tax on £25.

## TANGANYIKA TERRITORY.

### PROFITS TAX.

**Introductory.**—The note summarises the law in force for the year of assessment 1923-24.

#### I.—SCOPE OF THE TAX.

**1. Profits charged.**—The tax is charged on the annual profits of every business (including trade, industry and profession) carried on in the territory. The profits of all businesses belonging to the same owner are aggregated.

The whole profits of a business controlled in the territory are liable. Profits from a business controlled outside the territory are liable only if they are received in the territory.

**2. Profits Exempted.**—Among the exemptions are:—

- (i) Profits from the sale or export of stock bred by the taxpayer or of produce of his own plantation or farm.
- (ii) Profits from the practice of the profession of licensed medical practitioner or dentist, and from the sale of drugs or surgical, medical or dental appliances to the practitioner's patients.
- (iii) Salary or wages of an employee.

#### II.—COMPUTATION OF PROFITS.

**3. Year and Basis of Assessment.**—The year of assessment is the year ended 31st March, the first year of assessment being that ending 31st March, 1924. The assessment is made on the basis of the profits of the year ending on that day of the year next preceding the year of assessment to which the accounts are usually made up, or the profits of the calendar year ending in that preceding year.

**4. Deductions.**—Deductions are allowed for wear and tear and for obsolescence of plant and machinery. The deductions for repairs of premises occupied and for the supply, repair or alteration of implements, &c., used in the business is limited to the sum expended on the average of the three years preceding the year of assessment. If a dwelling-house is used partly for the business, not more than two-thirds of the rent or annual value may be deducted.

**BARBADOS—continued.**

Kingdom tax, or, if the Barbados rate exceeds the United Kingdom rate, at half the United Kingdom rate.

A certificate issued by or on behalf of the Commissioners of Inland Revenue in the United Kingdom is receivable in evidence to show what is the "appropriate rate of United Kingdom tax" in any particular case.

The appropriate rate of Barbados tax is determined by dividing the tax payable for the year (before deduction of the double income tax relief) by the amount of the income in respect of which the Barbados tax has been charged, except that where Barbados tax is charged on an amount other than the ascertained amount of the actual profits, the rate of tax is determined by the (Barbados) Commissioners.

Deduction from the tax is allowed of the amount paid to any other British possession for income tax on income derived from that possession, up to the amount of the Barbados tax on the same income.

**V.—PAYMENT.**

**12. Due Date, Taxation at the Source etc.**—Tax for the year 1922 was payable (under the Regulations) on the 31st July, but if it exceeded £5 payment of one-half might be deferred until 30th November. A surcharge of 5 per cent. is made on late payments.

Dividends are taxed at the source (*see* paragraph 13).

Claims for repayment of tax paid in excess must be made within three years from the end of the year of assessment.

**VI.—CORPORATE, JOINT ETC. INCOME.**

**13. Companies and Income from Companies.**—Companies are chargeable in the same way as individuals, but are not entitled to an abatement.

Double taxation of dividends in the hands of the company and of the individual shareholder is obviated by a provision that if any profits or gains are assessed as income of an individual and also as income of a corporate body of persons, the individual is allowed a relief equal to the income tax chargeable upon the body of persons in respect of the profits or gains. Further, a shareholder exempt owing to his total income falling below the limit is entitled to repayment of tax on the dividends.