

# **REPORT**

**OF THE**

## **DIRECT TAXES ADMINISTRATION ENQUIRY COMMITTEE**

**1958-59**

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DIRECT TAXES ADMINISTRATION  
ENQUIRY COMMITTEE,  
CENTRAL REVENUES BUILDING,  
Indraprastha Marg,  
New Delhi, the 30th November '59  
9th Agrahayana, 1881 (Saka).

DTAEC-59/Ch./2222

From

Shri Mahavir Tyagi, M.P.  
Chairman, Direct Taxes Administration  
Enquiry Committee, New Delhi.

To

Shri Morarji Desai,  
Finance Minister,  
New Delhi.

Dear Sir,

I have great pleasure in forwarding herewith the Report of the Direct Taxes Administration Enquiry Committee appointed by the Government of India under its resolution No. 4(59)-58. TPL dated 3rd June, 1958.

2. It will be seen that one of the members, Shri G. P. Kapadia, has submitted a note of dissent. On going through it, the Committee noted that in several places, references had been made to evidence, documents or information which were obtained by the Committee after giving an assurance that they would be treated as confidential and would not be published. The Committee considered that the publication of such material would be a breach of faith and it, therefore, decided that such references should be expunged from the note of dissent. The portions so expunged from the note of dissent have been indicated by asterisks.

3. Shri Kapadia has appended to his note of dissent a pamphlet on the taxation of income on joint stock companies published by the Indian Merchants' Chamber, Bombay and also a printed letter from the same Chamber. The Committee was of the view that as these were printed documents, they should not be allowed to form part of the Report.

4. Since the note of dissent was likely to create a wrong impression about the main Report, the other members of the Committee wanted to add a rejoinder on several points, but on my advice they dropped the proposal. I, however, feel that I must draw your attention to the following important point raised by them.

5. Shri Kapadia's interpretation of the terms of reference and consequently his approach to the enquiry, were different from those of all the other members of the Committee. In his note of dissent, he has discussed such topics as the abolition of the Expenditure-tax, the raising of the minimum taxable limit, rates and incidence of taxation and has made recommendations thereon. As explained in para. 5 of the Introduction to the main Report, all the other members of the Committee were of the view that such questions were clearly outside the terms of reference. In this connection, I would invite a reference to your letter No. 1447-FM/58 dated 19th October 1958.

Yours faithfully,  
Sd/- Mahavir Tyagi.

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**OF THE**  
**DIRECT TAXES ADMINISTRATION ENQUIRY**  
**COMMITTEE**

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