

GRADUATED INCOME TAX (COLONIES)

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RETURN to an Address of the Honourable The House of Commons,  
dated 11 August 1904;—for.

“RETURN showing which of the Colonies have established systems of graduated Income Tax, or of Income Tax levied at different rates on earned and on unearned Incomes, or both, with particulars in each case of the rates of Tax and the system of assessment and collection.”

Colonial Office, }  
June 1905. }

M. F. OMMANNEY.

(*Mr. Herbert Samuel.*)

Ordered, by The House of Commons, to be Printed,  
20 June 1905.

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NOTE.—Replies to the circular despatch of 9th November 1904 were also received from—

Australia (Commonwealth).	Labuan.
Bahamas.	Lagos.
Barbados.	Malta.
Bermuda.	Mauritius.
British Central Africa Protectorate.	Natal.
British Guiana.	Newfoundland.
British Honduras.	Northern Nigeria.
British New Guinea.	Orange River Colony.
Ceylon.	St. Helena.
Cyprus.	St. Lucia.
Falkland Islands.	Sierra Leone.
Fiji.	Southern Nigeria.
Gambia.	Straits Settlements.
Gibraltar.	Transvaal.
Gold Coast.	Trinidad.
Grenada.	Weihaiwei.
Hong Kong.	Western Australia.
Jamaica.	

In none of these colonies and protectorates does any such income tax exist at present.

The reply from Tasmania, which has not yet been received, will be printed separately.

GRADUATED INCOME TAX (COLONIES).

**RETURN**

SHOWING which of the COLONIES have established systems of GRADUATED INCOME TAX, or of INCOME TAX levied at different rates on EARNED and on UNEARNED INCOMES, or both, with particulars in each case of the RATES of TAX and the SYSTEM of ASSESSMENT and COLLECTION.

No. 1.

MR. LYTTELTON, to GOVERNORS and HIGH COMMISSIONERS of all COLONIES and PROTECTORATES.

Downing Street,

9th November 1904.

SIR,

I HAVE the honour to transmit to you a copy of an Order of the House of Commons for a return showing the Colonies which have established systems of graduated income tax, or of income tax levied at different rates on earned and on unearned incomes, or both, with particulars in each case of the rates of tax and the system of assessment and collection.

2. I shall be glad if you will [move your Ministers to] furnish me at an early date with the information required for the purposes of the return as regards the Colony under your Government.

3. I also enclose a copy of a memorandum prepared by the Board of Inland Revenue which is interested in the collection for Parliament of as complete information on the subject as can be procured from all countries, including the Colonies. The memorandum indicates the main points on which information is desired, and suggests a form of arrangement with a view to ensuring that the reports from different sources should follow as nearly as possible the same general lines, so as to facilitate the preparation of a general report. If the information is available, I shall be obliged if it can be supplied in this form as far as possible.

I have, &c.,

The Officer Administering  
the Government of

\* ALFRED LYTTELTON.

Enclosure 1 in No. 1.

HOUSE OF COMMONS.

Thursday, 11th August 1904.

*Graduated Income Tax.*

*Resolved,* That an humble address be presented to His Majesty, that he will be graciously pleased to give directions that there be laid before this House, a return showing which of the colonies have established systems of graduated income tax, or of income tax levied at different rates on earned and on unearned incomes, or both, with particulars in each case of the rates of tax and the system of assessment and collection.

Ordered, That the said address be presented to His Majesty by such members of this House as are of His Majesty's most Honourable Privy Council, or of His Majesty's Household.

C. P. ILBERT,  
Clerk of the House of Commons.

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Enclosure 2 in No. 1.

In reply to a question in the House of Commons on August 10th, 1904, Mr. Herbert Samuel, M.P., has been promised a statement "showing which foreign countries, or which of the colonies have established systems of graduated income tax, or of income tax levied at different rates on earned and on unearned incomes, or both, with particulars in each case of the rates of tax and the system of assessment and collection."

In calling for reports from the various foreign countries and British colonies in which income taxes are in force, to enable His Majesty's Government to furnish this statement, it has been thought advisable to indicate the main points on which information is required (if obtainable) with the object both of ensuring that the reports should follow the same general lines and of facilitating the work of those who draw them up.

It will be convenient, therefore, if the subject could be dealt with, as far as possible, under the following headings:—

1. A general account should be given of any income tax forming part of the fiscal system of a nation. A *property tax* (such as that of the State of New York) need not be described unless it is an adjunct of an income tax as in the Netherlands, the Swiss Cantons and Prussia (*see* section 3) when a full description should be given of its operation. The description of an income tax should include\* :—

- (a) The rate or rates in force.
- (b) The total yield of the tax.
- (c) The total amount of the income of the country (gross, or net, or both) which is assessed to the tax.
- (d) The number of income taxpayers. (If available, the number of the income tax paying class, *i.e.*, taxpayers and their families, might also be stated, and the proportion of both to the total population.)

2. The principle of graduation adopted; whether by the exemption or partial exemption of the smaller incomes or of certain classes of income tax payers (details to be given), or by any more regular system of progressive taxation, or by both methods. Any classification of incomes adopted for this purpose should be given in each case, with the information for each class asked for under the preceding section 1 (b), (c), (d), and (e).

3. Any system of differentiation in force, by which so called "unearned" income, *i.e.*, income from property or investments, is taxed at a higher rate than income from personal labour. This may be effected in various ways; for instance, either by taxing different kinds of income at different rates, or by a combination of a tax on realised property with a tax on income proper. A clear explanation should be given how the profits of a manufacturer or trader working with his own capital are divided into two parts representing (i) income from personal exertion, and (ii) income from property respectively. Details should be given (as in the preceding sections) of the rates, produce, &c., of such taxation.

(It would be convenient in this connection if it could be shortly stated whether—in a country possessing an income tax—any form of death duty, or any tax on realised property not forming part of, or combined with the income tax, is also in force, which might be considered as an equivalent to the higher taxation by an income tax of incomes from property or investment; and, if so, what is the total yield of such tax or taxes.)

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\* An account will be found in a recently published Parliamentary Paper (Cd. 2098 of 1904) of income taxes in force for *Local Taxation purposes* in certain foreign countries and British possessions, and this information need not be repeated.

#### 4. System of Assessment.

(a) Is the tax in any case levied at the source (*e.g.*, on companies which thereafter deduct the tax in paying dividends, or on salaries before payment to the recipient), or is it assessed on a direct return by the individual taxpayer of his income from all sources?

(b) Are the returns and assessments generally made on the estimated income of the current year, or on the actual income of the preceding year, or on an average of years?

(c) Are the assessments made (as in England) by bodies of local commissioners unconnected with Government or by Government officials? What provision is there for appeals? Some account should be given of the process of assessment.

(d) What powers does the Government possess of checking the returns made by the individual taxpayer and for penalising either the neglect to make such returns, or the making of incorrect and fraudulent returns?

#### 5. System of Collection.

Is this by Government officials paid by fixed salaries? And can the percentage cost of collection be given?

No. 2.

#### LEEWARD ISLANDS.

GOVERNOR SIR C. C. KNOLLYS to MR. LYTTELTON.

(Received February 9th, 1905.)

Government House, Antigua,  
23rd January 1905.

SIR,

I HAVE the honour to acknowledge the receipt of your circular despatch of the 9th November requesting to be furnished with information as regards the system of graduated income tax in this Colony, and in reply to inform you that Antigua and Dominica are the only presidencies which have established systems of income tax, the former under Ordinance No. 9 of 1900, and the latter under Ordinance No. 7 of 1899, copies of which I enclose.

2. Mr. W. D. Auchinleck (Treasurer of Antigua) and Mr. W. H. Porter (Treasurer of Dominica) give, in the accompanying minutes, the information you desire.

I have, &c.,  
C. C. KNOLLYS,  
Governor.

Enclosure 1 in No. 2.

Government House, Dominica,  
20th December 1904.

SIR,

IN reply to your Excellency's despatch of 14th instant, I have the honour to transmit herewith, in duplicate, a memo. by the Treasurer of this presidency giving a very clear and complete account of the scope and system of income tax which prevails in this island.

I have, &c.,  
H. HESKETH BELL,  
Administrator.

His Excellency Sir Courtenay Knollys, K.C.M.G.,  
&c., &c., &c.

HIS HONOUR THE ADMINISTRATOR,

IN compliance with the desire expressed in the second paragraph of the Secretary of State's despatch (circular) of the 9th November, I have the honour to supply the following information regarding the income tax levied in this presidency.

(2) The tax is a graduated one, but makes no distinction between earned and unearned incomes. Owners of property who pay either a property tax (in the towns) or an export duty upon the produce of such property (if situate without the towns) are exempted from income tax in respect of the income derived from such property to the extent of such property tax or duty. Merchants and traders who pay a licence fee to exercise their calling are exempt from income tax upon the profits of their business to the extent of such licence fee.

(3) The rates of tax are as follows :—

On incomes exceeding 50 <i>l.</i> and not exceeding 100 <i>l.</i>	-	2½	per cent.
"                  "          100 <i>l.</i>	-	3½	"

Incomes of and under 50*l.* are exempt from tax, but no deduction is permitted where the income exceeds that sum.

(4) The average yield of the tax for the last five years has been 467*l.*

(5) The net amount of the income of the island which is assessed to the tax for the current year is 14,290*l.*

The number of persons paying the tax in the present year is 100, their proportion to the total population being .003.

(6) The principle of graduation is explained above (3).

(7) There is no form of death duty in force.

(8) The tax is assessed on a direct return by the taxpayer of his income from all sources.

(9) The returns and assessments are made on the actual income of the preceding year.

(10) The assessments are made by a Board of Commissioners composed of officials and non-officials, all appointed by the Government. The returns are examined and inquired into at meetings specially arranged for the purpose. If considered satisfactory they are accepted, otherwise the taxpayer is cited to attend an adjourned meeting, when he is afforded an opportunity of swearing to the correctness of the return, or producing evidence of the fact. The decision of the Commissioners is generally accepted as final; but an appeal lies to the courts of law should a taxpayer be dissatisfied with such decision.

(11) The Commissioners have ample powers to require the production of business books, or other documentary evidence in support of the returns put in. In cases where returns are found to be inaccurate, or where no return has been put in, a surcharge of 5 per cent. is imposed in addition to the tax upon the income assessed by the Commissioners. The making of fraudulent returns is not specifically a punishable offence.

(12) The tax is collected by Government officials paid fixed salaries, as in the case of all other items of revenue. The percentage cost of collection cannot be given.

19th December 1904.

W. H. PORTER,  
Treasurer.

## Enclosure 2 in No. 2.

Treasury, Antigua,  
18th January 1905.

SIR,

I HAVE the honour to forward the returns relating to the income and other taxes of the presidency called for by the Secretary of State in circular of the 9th November last.

The taxes are levied under Ordinance No. 9 of 1900, and the licences shown in Returns B. and C. are imposed by that Ordinance in lieu of an income tax on the class of persons shown in the returns referred to. Excepting on Government officials, there is no income tax proper collectable in this presidency.

The taxes are on the salaries of the current year, and the licences are renewable yearly on the 1st of January.

The revenue collected in 1904 was as follows:—

Return A., 285*l.* 2*s.*, on official salaries.  
 „ B., 323*l.* 18*s.* 4*d.*, professional and other occupations.  
 „ C., 485*l.* 6*s.* 4*d.*, mercantile establishments and shops.

These taxes are assessed by a board of three Government officials, who each receive annually 8*l.*

Persons assessed have the right of demanding a reconsideration of their assessments by the board, and also an appeal to a judge of the Supreme Court in case of being dissatisfied with the decision of the board.

Mercantile establishments and shops are classed according to the amounts of the importations or business carried on, and the licences are payable by the assessed into the public treasury of the presidency.

I have, &amp;c.,

W. D. AUCHINLECK,  
Treasurer.

The Honourable the Colonial Secretary,  
&c. &c. &c.

## A.

## LEEWARD ISLANDS.

*Antigua.*

Statement showing the amount of income tax levied in the presidency on salaries of Government officials under the Income and Trade Tax Ordinance No. 9 of 1900.

No. of Persons paying.	Occupation.	Amount of Income on which Tax is assessed.	Rate of Tax.	Amount of Tax collected.
23	Government officials	£ 2,409 s. 8 d.	1½ per cent. on salaries from 100 <i>l.</i> to 150 <i>l.</i>	£ 36 s. 2 d.
28	Government officials	8,292 12 2	3 per cent. on salaries over 150 <i>l.</i>	248 19 2
		10,702 1 0		285 2 0

Income tax is not levied on salaries of less than 100*l.* per annum.

## B.

## LEEWARD ISLANDS.

*Antigua.*

Statement showing the amount of professional and other taxes levied in the Presidency of Antigua, under the Income and Trade Tax Ordinance No. 9 of 1900.

No. of Persons paying.	Occupation, Profession or Calling.	Rate of Tax.	Amount of Tax collected.
			£ s. d.
9	Medical practitioners - - -	5 <i>l.</i> per annum -	36 6 8
6	Practising barristers and solicitors - -	5 <i>l.</i> " -	27 18 4
1	Practising mechanical and consulting engineer (with shop).	7 <i>l.</i> 10 <i>s.</i> " -	7 10 0
2	Practising mechanical and consulting engineers (without shops).	3 <i>l.</i> " -	4 5 0
33	Attorneyships and receiverships of estates -	2 <i>l.</i> per annum for each estate.	66 0 0
2	Lessees of stock farms or estates other than sugar estates of 20 acres and upwards.	3 <i>l.</i> per annum -	4 10 0
35	Managers of estates with salaries and allowances of 100 <i>l.</i> and upwards.	3 <i>l.</i> " -	96 0 0
2	Auctioneers - - -	2 <i>l.</i> " -	3 0 0
2	Proprietors of printing establishments -	1 <i>l.</i> " -	2 0 0
3	Veterinary surgeons - - -	5 <i>l.</i> " -	12 10 0
1	Manager of bank - - -	10 <i>l.</i> " -	10 0 0
13	Business managers and clerks with salaries and advantages from 100 <i>l.</i> to 150 <i>l.</i>	1 <i>l.</i> 10 <i>s.</i> " -	19 10 0
6	Business managers and clerks with salaries and advantages over 150 <i>l.</i>	3 <i>l.</i> " -	16 10 0
	Bakers of bread in St. John's—		
2	First class - - -	3 <i>l.</i> " -	6 0 0
1	Second class - - -	2 <i>l.</i> " -	2 0 0
5	Third class - - -	1 <i>l.</i> " -	4 10 0
8	Bakers of bread outside St. John's - -	10 <i>s.</i> " -	3 8 4
			323 18 4

## C.

## LEEWARD ISLANDS.

*Antigua.*

Statement of licences payable on mercantile establishments in the presidency under the Income and Trade Tax Ordinance No. 9 of 1900.

No. of Shops paying.	Class.	Rate of Tax.	Amount of Tax collected.
			£ s. d.
4	First class - - -	20 <i>l.</i> per annum - -	80 0 0
4	Second class - - -	15 <i>l.</i> " - -	60 0 0
7	Third class - - -	10 <i>l.</i> " - -	70 0 0
14	Fourth class - - -	5 <i>l.</i> " - -	70 0 0
28	Fifth class - - -	2 <i>l.</i> 10 <i>s.</i> " - -	67 8 0
122	Sixth class - - -	1 <i>l.</i> 5 <i>s.</i> " - -	131 9 2
38	Huckster or Pedlars - -	5 <i>s.</i> " - -	6 9 2
			485 6 4



No. 3.

ST. VINCENT.

GOVERNOR SIR R. B. LLEWELYN to MR. LYTTELTON.

(Received March 9th, 1905.)

Grenada, 20th February 1905.

Forwarded. No income tax is imposed in Grenada or St. Lucia. The Ordinance which the Chief Justice reports upon has not yet been allowed.\*

R. B. LLEWELYN,  
Governor.

Government House,

SIR,

St. Vincent, 10th February 1905.

I HAVE the honour to acknowledge the receipt of the Secretary of State's circular despatch of 9th November last asking for certain information in connection with an income tax return required for the House of Commons, and I now enclose a report from the Chief Justice embodying such information as he has been able to obtain on the subject.

I have, &c.

EDWARD J. CAMERON,  
Administrator.

His Excellency Sir R. B. Llewelyn, K.C.M.G.,

&c. &c. &c.

Grenada.

Enclosure in No. 3.

*Report as to Income Tax Conditions in St. Vincent under existing law.*

SIR,

I HAVE the honour to annex hereto a copy of Ordinance No. 13 of 1904. This Ordinance, drawn by me, was passed as recently as in December last; it consolidates the law as to income tax in this Colony, and I venture to think that much time and labour will be saved if, in this report, I refer to different sections thereof instead of setting out herein in detail the substance of the same, when endeavouring to supply, so far as the law is concerned (and so far as other points as I have been able to obtain information from the Treasury), the information sought for.

2. *General Account.*

(a) The rates in force under the new Ordinance are the same as existed under the previous law since 1897.

I refer you to section 6 of Ordinance 13 of 1904, which fixes such rates.

(b) The total yield of the tax in—

	£	s.	d.
1897 was - - - -	520	1	2
1898 " - - - -	546	12	2
1899 " - - - -	425	9	0
1900 " - - - -	804	4	11
1901 " - - - -	705	3	9
1902 " - - - -	388	16	6
1903 " - - - -	575	2	1
1904 " - - - -	438	11	3

(c) Section 7 of the Ordinance enacts in respect of what incomes the tax is payable. The total amount of the income of the colony, which was assessed to the tax in 1904, was 27,796*l.* 5*s.* 1*d.*

(d) The number of income tax payers in 1904 was 217.

\* C.O. NOTE.—The Ordinance has since been sanctioned.

### 3. Principle of Graduation adopted.

Section 6 of the Ordinance (already referred to) shows that incomes under 50*l.* are exempted from taxation, and that on incomes of 50*l.* and upwards there is a gradual increase in the rate as the income increases; the limit reached being incomes over 300*l.*, which pay 60*s.* upon every 100*l.*

### 4. System of Differentiation in Force.

Different kinds of income are not taxed at different rates.

There is a tax upon land and a tax upon houses; the house tax in country districts was only imposed by an Ordinance which commenced to operate on 1st January of this year.

There is a stamp duty imposed by Ordinance 11 of 1886 (as amended by Ordinance 13 of 1887), and on probates of wills and letters of administration, but no "death duty" properly so called is imposed in this Colony.

### 5. System of Assessment.

(a) In the case of public officers the tax is levied at the source in respect of the salary or annual sum payable to him from the Treasury of this Colony, *vide* section 10 of the Ordinance. In other cases it is assessed on a direct return by the taxpayer of his taxable income from all sources.

(b) The returns and assessments generally are made on the actual income of the preceding year; the only exception is in the case of salaries paid to public officers; *vide* section 9.

(c) The Administrator yearly appoints for each district certain gentlemen (who may or may not be Government officials) to join the chief assessor of the district (the Registrar of the Supreme Court is *ex officio* chief assessor of the First district, and the magistrate of the Second district is *ex officio* chief assessor of that district) in assessing the tax for the year; *vide* section 14.

Section 33 of the Ordinance provides for appeals.

Sections 15 to 28 (both inclusive) provide for the process of assessment.

(d) The 46th section declares the penalty for making fraudulent returns.

The Government has no means of checking the returns made other than that provided by section 28 of the Ordinance (13 of 1904), which gives power to the assessors to summon any person or the attorney or agent of any person liable to pay income tax to appear before them and to answer questions concerning his liability to pay such tax.

To His Honour E. J. Cameron, Esq.,  
Administrator of St. Vincent.

I have, &c.

P. M. C. SHERIFF,  
Chief Justice.

## THE INCOME TAX ORDINANCE, 1904.

### SAINT VINCENT.

I assent,

R. B. LLEWELYN, Governor,  
21st December 1904.

An Ordinance to consolidate the Law as to the Income Tax and to repeal  
— "The Income and Land Tax Ordinances 1887 to 1897" and "The Income  
Tax Ordinance 1902" and "The Income Tax Ordinance 1903."

[29th December 1904.]

Be it enacted by the Governor with the advice and consent of the Legislative Council of Saint Vincent as follows:—

Short title.

1. This Ordinance may be cited as "The Income Tax Ordinance 1904."

Commence-  
ment.

2. This Ordinance shall commence to operate on the first day of January one thousand nine hundred and five,

Repeal.

3.—(1) The Ordinances mentioned in Schedule A. hereto are hereby repealed to the extent mentioned in the said Schedule.

Saving.

Provided that any regulations relating to any subject now dealt with and made under the authority of "The Income and Land Tax Ordinances 1887 to 1897," and

any notice published by the Governor-in-Council under the authority aforesaid shall so far as such regulations and notice are consistent with the provisions of this Ordinance remain in full force and effect, until rescinded or until the publication of any contrary notice.

(2) Such repeal shall not affect anything duly done or remaining to be completed or any liability incurred or right acquired or any proceeding pending under the the said repealed Ordinances, when this Ordinance commences to operate.

4. In this Ordinance (unless repugnant to the context)—

Interpreta-  
tion.

- "Property" means all real and personal property whatsoever including rents money and investments of money.  
 "Salary" includes emoluments.  
 "Income tax" means tax imposed on income.  
 "Taxes" means all taxes payable under this Ordinance.  
 "Land" includes all tenements hereditaments and easements upon or held with any land.  
 "Registrar" means the Registrar of the Supreme Court.  
 "Schedule" means Schedule to this Ordinance.  
 "Magistrate" means police magistrate.  
 "Person" includes corporation, company, partners, joint owners, trustees, executors, and tenants in common.

5. There shall be raised collected and paid to His Majesty His Heirs and Successors on and from the first day of January one thousand nine hundred and five during the said year and thenceforth annually the taxes hereinafter specified which shall be received by the treasurer for the public use.

Taxes pay-  
able to His  
Majesty and  
received by  
the Treasurer.

6. In the year one thousand nine hundred and five and in every year thereafter there shall be paid annually by all persons receiving income or to whom income shall accrue and in respect of such income as is hereinafter mentioned the taxes following (that is to say):—

Taxes pay-  
able in 1905  
and there-  
after.

- (a) Where the income shall amount to fifty pounds but not to one hundred pounds a tax at the rate of twenty shillings upon every one hundred pounds.  
 (b) Where the income shall amount to one hundred pounds and not to two hundred pounds a tax at the rate of thirty shillings upon every one hundred pounds.  
 (c) Where the income shall amount to two hundred pounds and not exceed three hundred pounds a tax at the rate of forty shillings upon every one hundred pounds.  
 (d) Where the income shall exceed three hundred pounds a tax at the rate of sixty shillings upon every one hundred pounds.

7. Income tax shall be payable in respect of the incomes following (that is to say):—

Taxable in-  
comes defined.

- (a) Incomes arising or accruing to any person residing in this Colony and derived from the annual profits or gains of or in respect of or from any kind of property whatever whether situate or being in this Colony or elsewhere or derived from the annual profits or gains of or in respect of or from any profession trade employment or vocation whether the same shall be respectively carried on in this Colony or elsewhere.  
 (b) Incomes arising or accruing to any person not residing in this Colony (whether a subject of His Majesty or not) and derived from the annual profits or gains of or in respect of or from any kind of property whatever in this Colony or derived from the annual profits or gains of or in respect of or from any profession trade employment or vocation carried on within this Colony.  
 (c) Incomes arising or accruing to any person whether residing in or out of this Colony and derived from any public office or employment of profit or from any pension (save as hereinafter excepted) payable out of the public revenue of this Colony.

8. The incomes following shall be exempt from payment of income tax (that is to say):—

Incomes ex-  
empted from  
tax.

- Incomes derived from the produce of land in this Colony liable to export tax, and on which an export tax has been paid.  
 The allowance made to any public officer for the keep of a horse when such horse is employed in the public service.  
 Pensions granted before the first day of January one thousand eight hundred and eighty-eight.

9. Income tax (save where a yable on taxable incomes drawn from the Public Treasury) shall be assessed in the year one thousand nine hundred and five on and in respect of incomes received or accrued in the year one thousand nine hundred

Income tax  
how annually  
assessable.

and four or in any part of such year, and in every year after the year one thousand nine hundred and five income tax save as aforesaid shall be assessed on and in respect of income received or accrued in the year or in any part of the year ending on the thirty-first day of December next before the assessment.

Treasurer to deduct amount of income tax from salaries of public officers.

10.—(1) Where income tax is payable on or in respect of the salary or annual sum of a public officer or person entitled thereto from the treasury of this Colony the treasurer on paying to such public officer or person so much as may at any time be due to him in respect of such salary or sum shall from time to time deduct a sum for income tax in proportion to the salary or sum or part thereof so paid as aforesaid.

(2) Where salary is payable to a public officer appointed to hold or to act in a public office the treasurer shall deduct the income tax as mentioned in subsection (1) as soon as and whenever the salary is payable notwithstanding that the public officer may not then have received income by way of salary equal to an income taxable under this Ordinance.

(3) Where salary is payable to a person employed to act temporarily in the discharge of any public duty the treasurer shall not deduct income tax therefrom but such person shall make return of his salary as income as in other cases.

Income tax payable to public officer how computed and return to be made of income not being salary &c.

11.—(1) A public officer or person entitled to a salary or annual sum from the treasury shall pay income tax to be computed on his whole taxable income inclusive of such salary or sum and shall in respect of any taxable income other than such salary or sum make a return in accordance with and otherwise be subject to the provisions of this Ordinance.

Treasurer's duties as to income tax recovery &c. from a public officer.

(2) After the income tax rolls are transmitted to the treasurer he shall compute the income tax payable by a public officer or such a person as aforesaid on such salary or sum as aforesaid and on the assessment (if any) of the income of such officer or person appearing in the said rolls and from the income tax so computed as aforesaid shall deduct such sum (if any) as may have been deducted by him from such salary or sum pursuant to section 10 subsection (1) hereof and in default of payment of the residue thereof by such officer or person at the time provided herein for the payment of income tax shall issue his warrant under his hand to the registrar to levy for such residue who shall generally otherwise as thereto act in conformity with the provisions of this Ordinance relating to the recovery of income tax.

Landlord of plantation under lease to be liable to income tax on the rental.

12.—(1) Where any plantation or land whether liable to and paying a land tax or not is let to hire or leased to any lessee or tenant and the lessor derives an income from the rental paid for such plantation or land such lessor shall nevertheless be liable to income tax in respect of such income if the rental taken alone or in conjunction with other income amounts to fifty pounds or upwards.

(2) In default of payment of income tax by such lessor in respect of such income as above mentioned all and singular the goods and chattels and other property of such lessor in the Colony may be levied on and sold for payment of such income tax due and payable by the lessor as aforesaid and in default of such or sufficient goods and chattels and property then the plantation or land so leased or let to hire as aforesaid or a sufficient part thereof shall and may be levied on and sold to enforce payment and recovery of such income tax together with all charges of levy and sale.

(3) Where in any such case as aforesaid such lessor is absent from this Colony and is not duly represented by an attorney or agent under and by a power of attorney registered in the office of the Registrar of the Supreme Court any notice or demand necessary to be given to or made on such lessor under this Ordinance shall be valid if given to or made on the lessee or tenant of such plantation or land as aforesaid.

(4) Provided that where the amount of such income tax is paid by the lessee or tenant he may in such case deduct from the rental payable by him to the lessor the amount so paid for such income tax.

#### *Assessment of Income Tax.*

Police districts to be district for assessment of taxes.

13.—(1) The police districts shall be deemed to be the districts into which this Colony is and shall be divided for the purposes of this Ordinance.

(2) Whenever the limits of any of the police districts are varied or whenever any two or more of such districts shall be united into one district or whenever any part of this Colony is formed into a separate district then and in any of such cases and as often as any such case shall happen the police districts for the time being as so varied or formed shall be deemed to be the districts for the purposes of this Ordinance.

Governor in-Council may declare two districts one for purposes of Ordinance.

(3) Provided always that notwithstanding anything in this section contained the Governor may by Order-in-Council declare that any two police districts shall be deemed to form one district for the purposes of this Ordinance.

14.—(1) On or before the first day of February or as soon as may be thereafter in every year the Governor shall by notice in the "Gazette" appoint assessors to act for the current year in and for the said districts respectively.

Appointment &c. of assessors.

(2) The magistrate of the second district shall be ex-officio chief assessor of that district and the registrar shall be ex-officio chief assessor of the first district.

(3) Any two assessors of whom the chief assessor shall be one shall have all the powers given to the assessors under this Ordinance.

(4) The assessors in their several districts shall assess the taxes on all persons who in their judgment are liable to pay the same whether such persons are present in or absent from this Colony.

(5) This section shall not apply to incomes on which income taxes are deducted by the treasurer as herein-above directed.

15.—(1) For the purpose of making their assessments the assessors shall meet in some convenient part or parts of their respective districts to be settled by the chief assessor.

Meeting of assessors.

(2) The days and times of meeting shall in all cases be settled by the chief assessor. But the first meeting shall not be earlier than the first day of March nor later than the fifteenth day of April.

16. Fourteen days before the day first fixed for making their assessment the assessors shall cause an advertisement to be inserted in the "Gazette" of this Colony giving notice of the time and place by whom respectively appointed for making their assessments and requiring the attendance of all persons liable to make any declaration or return or to be assessed under this Ordinance. The assessors shall also cause a printed notice similar to such advertisement to be publicly exhibited and affixed to every police station and also to some conspicuous place in each of the towns and villages of their districts by a constable and such advertisement and notice shall be deemed sufficient notice to all persons liable to be assessed of the time and place appointed for taking the assessment therein mentioned. And the assessors shall not proceed to make any assessment until they shall be satisfied that such advertisements and notices have been issued and exhibited as aforesaid. And the constable or constables who shall post up or exhibit such notices shall make a return in writing under their respective hands to the assessors stating the days when and the several towns villages and places where such notices were given and affixed and shall declare to the same before the assessors.

Notice to be given of first day fixed for assessing &c.

17. The assessors may adjourn their meetings from time to time as occasion may require and notice of every adjourned meeting shall be given by affixing the notice in writing or print signed by the chief assessor to some conspicuous part of the place where the meeting is to be held and at the several police stations and where practicable such notice shall be published in the "Gazette."

Adjournments.

18. In the month of January in the year one thousand nine hundred and five and in the same month in every year thereafter the chief assessor shall send to every person liable to pay income taxes in his district blank forms of the returns which such persons are to make either on their own behalf or as representatives of absentees from the Colony.

Chief assessor to send blank forms to income tax payers.

*Income Tax Returns.*

19. All persons liable to pay income taxes shall make returns under their respective hands in respect of income in the form following:—

Returns as to income to be made by persons in the Colony.

*Return by virtue of "The Income Tax Ordinance 1904."*

I A.B. do solemnly and sincerely declare that my income for the year ended on the thirty-first day of December last past derived from all sources and property whatsoever (exclusive of income on which income tax is deducted by the treasurer and income derived from the produce of land on which I pay export tax) did not exceed the sum of £

Set forth the true income.

Declared before me the day of

19  
Chief Assessor.

} A.B.

20. Where persons liable to pay income taxes are absent from the Colony but are represented therein by an attorney or agent returns shall be made by such attorney or agent under his hand in respect of such income in the form following:—

Return of representatives of absentees.

*Return by virtue of "The Income Tax Ordinance 1904."*

I A.B. attorney (or agent) of do solemnly and sincerely declare that to the best of my knowledge and belief the income of the said for the year ended on the thirty-first day of December last past derived from all sources and property whatsoever in this Colony (exclusive of income on which income tax is deducted by the treasurer and income derived from

Set forth the true income.

the produce of land on which export tax is paid by the said ) did  
not exceed the sum of £

Declared to the \_\_\_\_\_ day of \_\_\_\_\_ }  
19 \_\_\_\_\_ before me \_\_\_\_\_ } A.B.  
Chief Assessor.

Returns to be signed &c. by declarant.

21. The returns aforesaid shall be made before the fifteenth day of April in every year to the assessors of the districts in which the persons making the same or when absent their representatives reside and shall be signed by the persons making the same and declared to by them before the assessors or the chief assessor.

Trustees liable for taxes.

22. A return shall be made of income received by or vested in trustees when such income is of taxable amount or value. And trustees may be proceeded against for recovery of such taxes when default is made in payment thereof as other persons may be proceeded against in like case.

Returns by guardians or executors &c.

23. Where a return is required in respect of income in which any person who shall be under twenty-one years of age shall be interested or concerned such return shall be made by the parent or guardians of such infant and when any such return is required to be made in respect of a testator's or intestate's estate the same shall be made by the executor or administrator. And whenever any such return is required to be made in respect of income under the direction or control of the Supreme Court of Judicature the same shall be made by the receiver or other officer of such court having the custody or charge thereof.

Proviso.

Provided that such parents or guardians executors or administrators shall only be chargeable with payment of taxes when they shall have had funds of such infant or estate respectively at the date of the return or when the return ought to be made and they shall be taken to be so chargeable until they make proof before the assessors to the contrary. And where they shall be so chargeable such parents or guardians executors or administrators may be proceeded against personally in like manner as any other person making default in payment of taxes and such parents or guardians executors or administrators shall be allowed all such payments in their accounts out of the assets of the infant or person deceased in preference to any other claim or demand house and land taxes only excepted.

Returns of co-partners on persons jointly concerned to be made by one of them if present or by their attorney if all absent.

24. Where a return is required in relation to income in which two or more persons jointly are concerned either as co-partners or otherwise (except in the case of corporate bodies and companies hereinafter provided for) such return may be made by any of such persons present in the Colony on behalf of himself and the other person or persons so jointly interested whose names shall also be stated in the return. When none of such persons shall be within this Colony then such return shall be made by the attorney or agent in this Colony of such partners or persons of any or either of them and the assessment to be made on such return shall be against such partners or persons jointly.

Returns by corporation and companies to be made by their manager.

25. Where a return is required in respect of any income in which any company or body corporate is interested or concerned such return shall be made and declared to by the manager or chief officer of such company or body corporate residing in the Colony at the time such return is required to be made and such company or body corporate shall be assessed according to the return made and declared to by such manager or chief officer subject to the other provisions of this Ordinance and if such manager or chief officer neglects to make such return such company or body corporate shall and may be assessed by its known name or name of incorporation in like manner as any person making default is liable to be assessed and by such name shall and may be included in any warrant to be issued to enforce payment of taxes.

*Assessment of Income Taxes.*

General power to assess.

26. The assessors after such advertisements and notices given as are directed by this Ordinance shall have full power to assess all persons liable in their respective districts to pay income taxes either with a return made or without such return.

Assessment on particular cases.

27. Such assessments may be made to the best of the judgment of the assessors—  
(a) When a return is made according to or in excess of such return  
(b) Or in the absence of the persons liable to assessment  
(c) Or in the presence of such persons when refusing to answer to the satisfaction of the assessors.

Provided that the assessors shall not assess any person in excess of his return without first summoning him before them.

Assessors may summon persons liable &c.

28.—(1) The assessors may summon in the form hereunder given any person or the attorney or agent of any person liable to pay income taxes to appear before them and to make return or answer questions concerning his liability to pay such taxes.

(2) Such summons shall be served either personally or by leaving a copy thereof at the last residence of the person summoned with some person there three days before the day named for his attendance.

*Form of Summons.*

To A.B. and all Constables.

Summon C.D. to appear before us on \_\_\_\_\_ day the \_\_\_\_\_ day of  
19 \_\_\_\_\_ at \_\_\_\_\_ o'clock at (a) \_\_\_\_\_ to make return of income under (a) Place of  
"The Income Tax Ordinance 1904" and to answer all questions demandable of him attendance.  
under the said Ordinance.

Given under our hands the \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_  
E.F.  
G.H.  
Assessors of Income Taxes.

*Publication of Income Tax Rolls.*

29. After completing their assessments the assessors shall transcribe two copies thereof to be called the income tax rolls which shall be signed by the chief assessor who shall keep one copy and on or before the first day of May in every year he shall transmit one copy to the treasurer. Assessors to return income tax roll to treasurer.

30. No assessment shall be invalid by reason of any technical defect attending the same or by reason of any delay in its transmission to the treasurer. Assessment not invalid for technical defects.

31. Immediately after the transmission of the income tax rolls to the treasurer the Governor shall cause copies of the same to be published in the "Gazette" and at every police station and in such other manner as he may see fit. Copies of income tax rolls to be published.

32. In case any of the assessors shall fail to make the assessments hereby directed to be made or to return the same to the treasurer as aforesaid it shall be lawful for the Governor at any time after the day on which any such assessment ought to have been made or returned if he shall see cause so to do from time to time and as often as occasion shall require to nominate and appoint by notification in the "Gazette" some fit and proper persons to be assessors for the district or districts in respect of which such failure shall have been made which assessors so appointed shall in the respective districts for which they shall be nominated be invested with all and every the powers by this Ordinance given to assessors under the same and shall and may make and return the assessments required by this Ordinance for the then current year after giving similar notice by advertisement and notices as in the case of the assessors originally appointed. Provided always that in order to give time for the making and returning such assessment as authorised by this section the taxes payable under the same shall not be leviable or enforceable till the expiration of one month after such assessment as last aforesaid is made. Assessors failing to make a return of assessment new assessors to be appointed by Governor.

Proviso.

*Appeals against Assessments of Income Tax.*

33. Any person may appeal against any assessment made under this Ordinance to the Governor-in-Council at any time prior to the sale of any property that may have been levied on. And in such case the appellant shall lodge with the chief clerk in the Government Office a statement in writing of the grounds of his appeal and shall if required appear and support the same by such evidence and at such times and in manner as shall be directed by the Governor-in-Council whose decision shall be certified to the treasurer and shall in all respects be final. Appeal lies to Governor-in-Council.

*Payment and Recovery of Taxes.*

34. Income taxes shall be paid by the person upon whom they are assessed and shall be recoverable by levy and sale of his goods chattels and lands. Income taxes how recoverable.

35.—(1) All taxes shall be due and payable on the first day of July in every year but when any assessment shall not have been made before the 1st day of July then the income taxes under such assessment shall be due and payable at the expiration of fourteen days from the publication of the assessment. All taxes shall be paid to the treasurer or to the chief assessor of the district at the option of the taxpayer up to the first day of August in every year and thereafter no chief assessor shall receive any taxes for the current year. Taxes when and where payable.

(2) On or before the seventh day of August in every year every chief assessor shall send to the treasurer list of all taxes payable in his district which he has received up to the first day of August with the names of the persons or the lands in respect whereof he has so received the same. Every chief assessor shall at the same time that he sends such lists pay or transmit to the treasurer all taxes which he has received as above mentioned under a penalty of twenty pounds.

(3) If any chief assessor shall delay to send the lists required to be sent by him to the treasurer as aforesaid the treasurer shall immediately report such default to the Governor.

Proviso.

(4) Provided always that notwithstanding anything in this section contained it shall be lawful for the Governor-in-Council by notice to be published in the "Gazette" to direct that the income taxes payable in any one or more of the districts shall be payable to the treasurer or to such person as directed therein only, and upon such publication of such notice such taxes shall be paid accordingly.

Treasurer to issue his warrant to the registrar.

36.—(1) Immediately after receipt of the aforesaid lists from the chief assessors the treasurer shall issue a warrant under his hand to the registrar to levy for all taxes then unpaid.

(2) The warrant to levy for unpaid income taxes shall be in the form in Schedule B. to which the treasurer shall annex a list setting forth the names of the persons liable and the amounts due from them respectively.

Treasurer may issue subsequent warrants.

37. The treasurer may at any time before the end of the current year issue another warrant or warrants in the form aforesaid to the registrar to recover any taxes then outstanding.

Registrar to make returns on warrants.

38.—(1) The registrar shall execute the said warrants according to the tenor thereof and he shall make a return thereto to the treasurer in writing under his hand at the end of thirty days from the receipt thereof respectively and a like return thereto at the end of every thirty days thereafter and with every return he shall pay over to the treasurer the amount of all taxes then collected and when all collections are made thereon or on or before the thirty-first day of December of the current year whichever shall first happen he shall make final returns to such warrants respectively and shall then pay over to the treasurer all moneys then remaining in his hands.

(2) For every default in making any return to any of such warrants or in paying over the moneys required to be paid over to the treasurer as aforesaid the registrar shall forfeit a penalty not exceeding twenty pounds.

Execution of warrants by registrar.

39.—(1) The registrar shall execute the said warrants as writs of seizure and sale are executed in the Supreme Court of Judicature and under such warrants he may levy upon and sell lands in the same manner as goods and chattels.

(2) In the execution of any such warrant the registrar may employ a special bailiff or bailiffs and the chief assessor in every district shall aid in such execution and in the nomination and direction of any special bailiff of the registrar as from time to time he may be required to do.

(3) If the registrar or his bailiff shall not immediately be supplied by the person whose goods are levied on with carts horses cattle or boats to carry away what shall be levied on the registrar or his bailiff may without further warrant press carts horses cattle and boats to convey such goods to the place of sale and he shall pay a reasonable hire for the same which shall be deducted from the said sales.

Registrar's fees.

40.—(1) The registrar shall receive a fee equal to the amount of the tax where the tax does not exceed two shillings and sixpence and thereafter a fee at the rate of sixpence for every one pound of the tax levied for in addition to the cost of removing goods or any outlay necessarily incurred in executing any warrant as also fourpence for every mile going (but not returning) where the bailiff travels in execution of any warrant.

(2) Where the tax is paid on demand of the bailiff the registrar's fee shall be one shilling and no more and the registrar may enforce the payment of such fee by levy if necessary on the property of the person liable to pay such fee.

(3) All fees received by the registrar under this Ordinance shall be paid into the treasury for the public use.

Sales of land to convey good title.

41.—(1) All sales made by the registrar of any lands under this Ordinance shall be valid and a conveyance thereof in the form in Schedule C. duly registered shall convey a good title to the purchaser thereof. The registrar shall sign every conveyance made by him.

(2) Sales of land shall be made by the registrar in person and shall be for cash to be paid at close of the sale. If not so paid the sale shall be reopened and the land sold to the highest bidder for cash to be paid as aforesaid.

(3) If at any sale of land the highest bid does not exceed the aggregate amount of the taxes due and the costs the land shall not be sold but shall vest in His Majesty in satisfaction of the taxes and costs.

(4) If a part only of a tract of land be levied on and it proves insufficient upon sale to cover the taxes and costs and if by further levy on the said tract the tax and costs can be satisfied in such case a further levy shall be made on the said tract or such part thereof as may suffice to pay the tax and costs.



42. Any surplus moneys arising on any sale under this ordinance after payment of all taxes costs and fees shall be paid to the owner of the property sold if known and if not known then to the treasurer to be at the disposal of the Governor on the application of any person entitled thereto made at any time not exceeding six years from the sale after which such surplus shall be appropriated to public uses.

Disposal of surplus moneys on sales.

43. When a levy shall be made on any lands or any buildings thereon not in the occupation of the owner it shall not be lawful for the registrar to sell such lands or buildings for payment of taxes without a prior demand made in writing on the owner or his lawful attorney at their residences respectively if known and in the Colony or such demand in writing may be left at the respective residences aforesaid with some person there.

No levy on lands not occupied by owner without prior demand on owner.

44. Whenever it shall become necessary to levy under any warrant issued under this ordinance for the recovery of any sum assessed on or in respect of any income in which two or more persons are jointly concerned (corporate bodies and companies excepted) the payment of such sum may be enforced by levy on and sale of the separate property of any one of such persons if such sum cannot be recovered by levy and sale of property to which such persons are jointly entitled.

Where property of joint owners insufficient to pay assessment the property of any one of such owners may be levied.

#### *Miscellaneous.*

45. If the treasurer or any assessor or any person required to do anything by this ordinance shall refuse or neglect to do the same he shall (unless prevented by illness or other unavoidable cause) and except in cases hereinbefore otherwise provided forfeit and pay a sum not exceeding ten pounds for every such neglect or refusal.

Penalty on treasurer assessors &c. for neglect of duty.

46. Where a declaration is by this ordinance required to be made every person who shall wilfully and corruptly make or subscribe any false declaration shall be deemed guilty of perjury and shall on conviction be liable to the penalties of wilful and corrupt perjury.

Persons declaring falsely guilty of perjury.

47. No proceeding under this ordinance shall be deemed invalid by reason of its not being done within the time prescribed by this ordinance provided it be done in such manner as may be approved by the Governor-in-Council.

Non-observance of time not to invalidate.

48. All fines penalties and forfeitures imposed by this Ordinance shall be due to His Majesty His heirs and successors and shall be paid to the Treasurer for the public uses of this Colony and shall and may be recovered on summary conviction before any magistrate or two justices of the peace and the mode of proceeding shall be according to any law now or hereafter to be in force regulating the proceedings before justices.

Fines &c. to be paid to treasurer for the public use and may be recovered by summary procedure.

49. Any action brought against any person acting in exercise of any of the powers conferred by this Ordinance shall be commenced within six months after the cause of such action arose and not afterwards and in any such action the defendant may plead the general issue and give in evidence under such plea this Ordinance and any matter of defence in bar of such action.

In actions defendant may plead the general issue.

50. No action shall lie against any person for any mistake inadvertency or omission in the performance of any of the duties imposed by this Ordinance.

Actions not to be for mistake.

Any grievance alleged or suffered by any person by reason of any such mistake inadvertency or omission if not previously heard and determined under the provisions hereinabove mentioned may be summarily and finally heard and determined by the Governor-in-Council at any time before the end of the year in which the matter complained of may have arisen (but not afterwards) on petition of the person aggrieved in such manner as the Governor-in-Council may direct. And the Governor may when necessary draw by warrant on the Treasurer for payment of any sum awarded to be paid or refunded to the petitioner on the hearing of such petition.

Petition by reason of any grievance to Governor-in-Council.

51. The Governor-in-Council may from time to time, in any matter not sufficiently hereby provided for make alter and rescind regulations to provide for the better administration of this Ordinance and for the collection of the taxes payable thereunder.

Regulations.

The Governor may from time to time add to the forms prescribed by this Ordinance and also alter or rescind any of the same or any fees hereinbefore prescribed.

The Governor shall cause to be printed and published in the first week in January in every year in such form and in such places as he may see fit any part or parts of this Ordinance.

## SCHEDULES.

### SCHEDULE A.—SECTION 3 (1). OF ORDINANCES REPEALED.

No. and Year.	Title or Short Title.	Extent of Repeal.
23 of 1887	The Income and Land Tax Ordinance 1887	The whole.
4 of 1888	The Income and Land Tax Ordinance 1888	The whole.
16 of 1889	The Income and Land Tax Ordinance 1889	The whole.
1 of 1897	The Income and Land Tax Ordinance 1897	The whole.
18 of 1897	The Income and Land Tax Ordinances Amendment Ordinance 1897	The whole.
11 of 1902	The Income Tax Ordinance 1902	The whole.
9 of 1903	The Income Tax Ordinance 1903	The whole.

### SCHEDULE B.—SECTION 36 (2).

#### WARRANT TO LEVY INCOME TAXES UNDER "THE INCOME TAX ORDINANCE 1904."

SAINT VINCENT.

By *A.B.* Treasurer of the Colony of St. Vincent and its Dependencies.

To the Registrar of the Supreme Court.

Whereas the several persons named in the list to this warrant annexed are respectively liable in respect of income tax to pay the several amounts set opposite to their names respectively in such list. And whereas default hath been made in payment of the same. You are therefore hereby required to levy upon each and every of the said persons such sums of money as shall be sufficient to pay the amounts set opposite to the names of such persons in the said list together with the costs attending any levy and any sale thereon or any and all other proceedings consequent thereon. And you are hereby required to levy the same on the respective goods and chattels of the persons named in the said list and in default of satisfaction thereby then on the respective lands tenements and hereditaments of such persons or a sufficient part thereof and the same you are hereby respectively to sell in like time and manner as if the same had been levied on by virtue of a writ of seizure and sale issued out of the Supreme Court of Judicature. And of your proceedings herein you are to make a return to me at the end of every thirty days until your final return which you are to make to me on or before the thirty-first day of December next.

Given under my hand at Kingstown Saint Vincent the  
day of 19

*A.B.*,  
Treasurer.

### SCHEDULE C.—SECTION 41 (1).

<p>(1) Name of registrar. (2) Purchase money. (3) Name of purchaser. (4) Describe land name and locality &amp;c. (5) Extent of land. (6) Boundaries. (7) Signature of witness.</p>	<p>I the undersigned<sup>(1)</sup> Registrar of the Supreme Court by virtue of "The Income Ordinance 1904" and in consideration of £<sup>(2)</sup> do hereby grant and transfer to<sup>(3)</sup> who has purchased the same on levy and sale made thereof pursuant to the said Ordinance all that piece of land situate at<sup>(4)</sup> containing by estimation<sup>(5)</sup> bounded<sup>(6)</sup> to hold the same unto the said<sup>(3)</sup> his heirs and assigns for ever.</p> <p style="text-align: right;">to</p> <p style="text-align: right;">his heirs and assigns</p> <p style="text-align: right;">(1) Registrar of the Supreme Court.</p> <p>Signed and delivered in the presence of<sup>(7)</sup></p>
	<p>In witness whereof I have hereto set my hand the day of 19</p>

Passed the Legislative Council the 17th day of December 1904, and published in the "Government Gazette" this 29th day of December 1904.

FRANK W. GRIFFITH,  
Clerk of Council.

No. 4.

## SEYCHELLES.

GOVERNOR DAVIDSON to MR. LYTTELTON.

(Received January 27th, 1905.)

Government House, Seychelles,

7th January 1905.

SIR,

I HAVE the honour to acknowledge the receipt of your circular despatch of the 9th November last, asking to be supplied with information regarding the system of income tax established in this Colony.

2. I enclose, for your information, a copy of a memorandum giving, as far as possible, the information called for in the memorandum enclosed in your despatch.

I have, &amp;c.,

W. E. DAVIDSON,  
Governor.

## Enclosure in No. 4.

## MEMORANDUM.

*Income Tax levied in Seychelles.*

(N.B.—The numbers and letters refer to the corresponding numbers and letters in Enclosure No. 2 in S.S. Circular of the 9th November 1904).

1. Local rate, as it is termed, is levied in Seychelles, under Ordinance No. 16 of 1900, on all persons falling within the following classes:—

	Present rate.
(a) Class I.—Owners of immovable property in the town of Victoria.	4 per cent. on the annual locative value of such property.
Class II.—Owners of immovable property outside the town of Victoria.	3 per cent. on the annual locative value of such property.
Class III.—Every person deriving from whatever source an annual income of not less than Rs. 240 (16 <i>l.</i> ).	1½ per cent. on such income.
Class IV.—Every male between the ages of fifteen and fifty-five (school boys excepted) <i>not included in any of the previous classes.</i>	Rs. 3 per head.

(b) The tax as above yields from Rs. 50,000 to Rs. 60,000 (*i.e.*, income and property tax). Separate accounts are not kept for income, so figures are not available. The tax represents 12 per cent. or 15 per cent. of the total revenue of the Colony.

(c) *Vide* (b) Owing to the different rates in force it is not possible to give the income assessed to the tax.

(d) The number of taxpayers is 7,800, or 40 per cent. of the population. The above number may be taken as correct for income taxpayers, as practically all rateable persons pay on income, under Class III. or Class IV.

2. No principle of graduation is in force beyond that contained in Class III. and Class IV. above.

3. The income tax is levied on gross income with the following exceptions:—

Planters are allowed to deduct from the profits on their crops the cost of the labour done in connection therewith.

Merchants and traders deduct from their gross profits the cost price of goods sold, including warehouse rent and Customs duties.

Contractors and other employers of labour pay on their gross profits after deducting cost of materials for, and labour employed on, business done.

Ministers of religion, and police constables who joined the force prior to August 1900 are exempt.

There is no income tax, or assessment, for *local* taxation purposes. The tax now described is the sole direct tax on property of any kind.

#### 4. *System of Assessment.*

(a) The tax is assessed on a direct return by the individual taxpayer, except in the case of Government officers whose tax is deducted on salaries before payment.

(b) Returns and assessments are made on actual income of the preceding year, *i.e.*, the tax is levied in arrear.

(c) The rate collectors (*i.e.*, the Treasurer in Victoria and the justices of the peace in the districts), to whom declarations have to be made, if not satisfied as to the correctness of the declaration, have power to tax "ex officio."

Every person has the right of appeal against a rate collector's assessment to the Governor in Executive Council.

(Locative values are in most cases fixed by a Government valuator, against whose assessment an appeal to the Governor in Executive Council also lies.)

(d) It is lawful for any rate collector to put to any rateable person any questions or to call for the production of any books in connection with his declaration. Any person neglecting or refusing to comply as above is liable, on conviction, to a fine not exceeding Rs. 200.

Any person rateable who makes no declaration is surcharged 10 per cent. on assessment.

Any person making a false declaration is liable, on conviction, to a fine not exceeding Rs. 200.

Any person making a false statement on appeal is liable to be summarily fined by the Governor in Executive Council (maximum Rs. 100).

#### 5. *System of Collection.*

The tax has to be paid by a certain date into the Treasury or to the justices of the peace for the districts.

Defaulters are served with a notice calling upon them to pay their tax with costs of service and a surcharge of 50 per cent. within fifteen days. If not paid within 15 days a second notice is served giving 15 days more for payment, the surcharge becoming 100 per cent. If unpaid, resort is had to the court.

The "collection" of the tax is performed at the Treasury and at the offices of the justices of the peace and forms part of the ordinary official duties.

#### *General Remarks.*

A. The Governor has the right to remit any portion of the rate, surcharge, or costs leviable under the law. This right has been freely exercised in deserving cases.

B. As much assistance as is possible is given to all persons in making their declarations. Notices are published annually throughout the Colony, in English and in French, explaining the requirements of the law and giving all requisite information. Forms for declaration are to be had at the Treasury, at the offices of the justices of the peace, and at every police station.

Illiterate persons can have their declarations made out, free of charge, at the Treasury or at the offices of the justices of the peace.

C. The whole of the month of April is given for making declarations. Ratepayers are then given till the 1st August to pay their taxes, and this date is often extended owing to local circumstances.

W. L. RIND.

5th January 1905.

No. 5.

## CAPE OF GOOD HOPE.

ACTING GOVERNOR BROOK to Mr. LYTTELTON.

(Received February 18, 1905.)

Government House,  
Cape Town,

1st February 1905.

SIR,

I HAVE the honour to transmit to you, with reference to your Circular (1) Despatch of 9th November last, copy of a Minute from Ministers enclosing a report by the Commissioner of Taxes.

I have, &amp;c.,

C. S. BROOK,  
Major-General.

Enclosure in No. 5.

MINISTERS to ADMINISTRATOR.

(Extract.)

Prime Minister's Office,  
Cape Town,

26th January 1905.

MINUTE.

IN acknowledging receipt of His Excellency the Administrator's Minute, No. 681, dated 6th November 1904, forwarding a circular despatch from the Right Honourable the Secretary of State for the Colonies, relative to an order of the House of Commons for a return showing the Colonies which have established systems of graduated income tax, with particulars as to the system of assessment and collection, Ministers have the honour to forward herewith a report by the Commissioner of Taxes, furnishing the desired information with regard to this Colony.

Ministers would point out that as the whole of the income tax has not yet been assessed, and as there has not been time to prepare statistics in connection therewith, all the questions asked cannot be fully answered at present.

L. S. JAMESON.

## COLONY OF THE CAPE OF GOOD HOPE.

*Income Tax Report.*

## I.

The income tax in this Colony has only been recently imposed, viz., by the "Additional Taxation Act" of the year 1904, which was promulgated on the 31st May 1904.

The assessments for the first year are not yet completed, and it is, therefore, impossible at the present time to give exhaustive information.

The above-mentioned Act (a copy of which is enclosed) imposes for the service of the year 1904-5 an income tax upon "all taxable incomes arising or accruing during the twelve months ended the 30th June 1904, exceeding one thousand pounds per annum at the rate of sixpence in the pound upon all incomes exceeding one thousand pounds and not exceeding two thousand pounds, and in addition thereto ninepence in the pound on so much as exceeds two thousand pounds up to five thousand pounds, and in addition thereto, one shilling in the pound on so much of all incomes as exceed five thousand pounds."

Section 51 provides :—“ Except in the case of a company registered with limited liability, and every shareholder in respect of the income derived from his holding in such company, every person liable to taxation in respect of any income exceeding one thousand pounds shall be entitled to one reduction of one thousand pounds in the assessment of such income under this Act for the purpose of such taxation under this Act.”

These sections have been interpreted as charging—

On incomes not exceeding 1,000 <i>l.</i>	- Nil.
On incomes exceeding 1,000 <i>l.</i> , but not exceeding 2,000 <i>l.</i>	{ 6 <i>d.</i> in the pound on the excess beyond 1,000 <i>l.</i>
On incomes exceeding 2,000 <i>l.</i> , but not exceeding 5,000 <i>l.</i>	{ Nil on the first 1,000 <i>l.</i> ; 6 <i>d.</i> in the pound on the next 1,000 <i>l.</i> ; 9 <i>d.</i> in the pound on the remainder.
On incomes exceeding 5,000 <i>l.</i>	{ Nil on the first 1,000 <i>l.</i> ; 6 <i>d.</i> in the pound on the second 1,000 <i>l.</i> ; 9 <i>d.</i> in the pound on the next 3,000 <i>l.</i> ; 1 <i>s.</i> in the pound on the remainder.

The original estimate for the yield of this tax was 250,000*l.*, but it is now calculated that between 280,000*l.* and 290,000*l.* will be paid.

There will, probably, be between 2,000 and 2,200 assessments, including assessments on companies, the latter numbering some 200. It is estimated, however, that returns have been obtained and reviewed by the Income Tax Office in about four times that number of cases (say, 8,000).

## II.

The income tax in this Colony is imposed by direct assessment, *i.e.*, income is not assessed at its source in the hands of the payer, but is charged directly upon the recipient in every instance, subject to the exception that limited companies pay on the whole of their profits, and the individual shareholder is precluded (by section 80) from obtaining any return of tax, even if his income be less than 1,000*l.*

Except in respect of company dividends, no person whose total income is less than 1,000*l.* is assessed at all.

## III.

Except in the case of limited companies referred to in II., there is no “differentiation” in the assessment of the Cape income tax.

It may be pointed out that property is *not assessed upon its annual value*, *i.e.*, that it is charged only on the *rent* when the property is let. It is possible that there may be further legislation on this point.

There is in the Colony a succession duty imposed by Act No. 5 of 1864, the rates charged being as shown hereunder :—

By lineal descendants and ancestors of the deceased	One per cent.
By brothers and sisters of the deceased	Two per cent.
By descendants of brothers and sisters of the deceased	Three per cent.
On all other successions amounting to 20 <i>l.</i> and upwards, the duty is	Five per cent.
Successions not amounting to 20 <i>l.</i> are exempt.	
The successions of sons and daughters, if not amounting to 100 <i>l.</i> , are likewise exempt.	

The total revenue received from succession duty for the year ended 31st December 1903 was 111,287*l.* The average amount received is, however, only about 35,000*l.* per annum, the amount in 1903 being due to a payment in an exceptionally large estate.

## IV.

(a) Companies are, under the Cape Act, regarded as individuals, and no distinction is drawn between the method of assessing their incomes and that of assessing the income of individuals. Except in reference to the tax on any debenture interest which they may pay, there is no provision for the company deducting tax from its shareholders. The Act is silent on the point, but it contains a provision (section 56) that tax paid by a company in respect of debenture interest may be deducted from the interest due to debenture holders. It should be borne in mind that under section 80 the shareholder in a company cannot reclaim tax in respect of his share, even if his total income be less than 1,000*l.* a year (the minimum for assessment), but that a debenture holder is not precluded from so reclaiming under this section.

Section 56 has been modified in practice; debenture interest having been directly assessed upon the recipient, or the company charged on an agreed proportion of such interest, representing the interest of holders liable to tax, thus avoiding repayments under section 80.

Companies have, as a rule, paid the dividends on their shares (as distinguished from their debenture interest) free of income tax. Of course, the income received from such shares has not again been assessed on the recipient. (See section 62 (4)).

(b) The assessments are made on the actual income of the preceding year, and it should be noted that this income is not regarded as an estimated basis for the income of the current year, but that the Act actually imposes for the service of the year from 1st July 1904 to 30th June 1905 a tax on the actual amount of the incomes arising or accruing during the twelve months ended 30th June 1904 (section 50).

(c) The Civil Commissioners or Resident Magistrates, who are salaried Government officials, acting for the various divisions (118), act as assessors. Up to the present time their duties have practically been confined to issuing and obtaining returns from persons whom they consider likely to have 1,000*l.* a year, or upwards.

These returns, when received, are forwarded direct, with a covering report, to the Commissioner of Taxes (the actual administrator of income tax), and he raises all questions in regard to the returns, makes enquiries through the Civil Commissioners or Resident Magistrates, and decides the amounts to be assessed.

The system has only just been started; ultimately, no doubt, the Commissioner will be able to delegate a further portion of the work which he now does to the Civil Commissioners or Resident Magistrates, as they become more conversant with the principles and practice of the income tax.

From the assessments as made by the Commissioner of Taxes there is the right of appeal to a Court of Review. This court is not yet constituted, but it will probably be a permanent court, consisting of a barrister, an accountant, and a business man or banker.

On any point of law there is a further appeal from the decision of the Court of Review to the Supreme Court of the Colony.

(d) The Commissioner has very full powers in regard to the information which he may require in support of returns (*see* section 66), and the penalties for neglect or failure to make returns are very heavy (section 81). As a matter of practice, it may be taken that all persons called upon to make returns will be required to do so.

The Commissioner has power to make an estimated assessment in the absence of a return. There are many sources of information available from which the returns can be checked. A complete deeds registry, embracing all transfers, mortgages of land and all personal bonds, exists, and can be used for verification of returns.

In the office of the Commissioner of Taxes each taxpayer is considered and dealt with as a unit, and all information that can be obtained about him is filed under his name, and is available when the time comes to make the assessment upon him.

Information which appears on one taxpayer's return is extracted and filed with that of any other taxpayer to whom it relates, *e.g.*, where a mortgagor claims a deduction of interest in making his return, the facts as to such interest are noted in the case which is kept in the name of the mortgagee.

## V.

The Civil Commissioners or Resident Magistrates act as receivers of the duty. They are paid by fixed salary, and the receipt of income tax is only a trivial matter, for which they get no extra emoluments.

Except where legal process has to be resorted to for the recovery of the duty, the cost of collection is nil.

The total cost of administration of the tax in a normal year will probably amount to about 2 per cent. of the sum raised.

Cape Town,  
19th January 1905.

J. B. MOFFAT,  
Commissioner of Taxes.

Act No. 36 of 1904.]

[Promulgated 31st May 1904.

CAPE OF GOOD HOPE.

Act to Impose an Excise Duty upon Beer and Spirits, and to provide for the Taxation of Incomes. [Assented to 28th May 1904.]

Preamble.

Be it enacted by the Governor of the Cape of Good Hope, by and with the advice and consent of the Legislative Council and House of Assembly thereof, as follows :—

PART I.—EXCISE.

Imposing a duty on beer.

1.—(1) The Act No. 25 of 1887 is hereby repealed and the provisions of the "Excise Beer Duty Act, 1884," and the "Excise Beer Duty Amendment Act, 1885" are hereby re-enacted save and except that the First Schedule of the "Excise Beer Duty Act, 1884" shall be read and construed as though the word "nine" were inserted therein instead of the word "twelve," and that section 1 of the "Excise Beer Duty Amendment Act, 1885," shall be read and construed as though the words "four shillings and sixpence" were inserted therein instead of the words "three shillings," and provided that lager beer shall be chargeable at the higher rate of duty, and that all beer duties shall be payable from and after 1st July 1904.

Increase of duty on spirits distilled from materials other than wine.

(2) The Act No. 19 of 1886 is hereby repealed.

Repeal of repugnant law.

(3) The "Excise Duty Amendment Act, 1898," shall be read and construed as though the word "ten" were inserted therein instead of the word "four."

(4) So much of any other law as may be repugnant to or inconsistent with the provisions of this Act shall be, and the same is hereby repealed, except as to things done, offences committed, penalties incurred, or proceedings instituted, before the taking effect of this Act.

(5) Such provisions of Part I. of this Act as relate to beer shall be read as one with the "Excise Beer Duty Act, 1884," and the "Excise Beer Duty Amendment Act, 1885."

Definitions.

2/ For the purposes of this Part of this Act the following terms shall have the meaning assigned to them by this section :—

"Person" includes an individual and a body of persons, whether corporate or otherwise :

"Spirits" means spirits of any description, and includes all liquors mixed with spirits, and all mixtures, compounds, or preparations made with spirits, and wood spirits :

"Colonial spirits" means spirits liable to a duty of excise :

"Foreign spirits" means all spirits and strong waters liable to a duty of Customs :

"Low wines" means spirits of the first extraction conveyed into a low wines receiver :

"Feints" means spirits conveyed into a feints receiver :

"Spirits of wine" means spirits of the strength of not less than forty-three degrees above proof :

"Compounds" means spirits re-distilled, or which have had any flavour communicated thereto, or ingredient, or material mixed therewith :

"Sugar" includes any saccharine substance or syrup manufactured from any material from which sugar can be manufactured :

"Chief inspector" means chief inspector of excise :

"Proof spirits" means such spirits as at a temperature of fifty-one degrees by Fahrenheit's thermometer shall weigh twelve-thirteenth parts of an equal measure of distilled water :

"Proof" means the strength of proof as ascertained by Sykes's hydrometer :



- "Gravity" means the gravity as ascertained by Bates's saccharometer :
- "Still" includes any part of a still, and any distilling apparatus whatever for distilling or making spirits :
- "Distiller" means and includes any person, not being an agricultural distiller, who conducts, works, or carries on any distillery, or who distils or manufactures any spirits, by any process whatsoever, either by himself or his agent or servant :
- "Agricultural distiller" means any owner or occupier of land who shall distil spirits exclusively from wine the produce of the land so owned or occupied by him :
- "A distillery" means and includes any place or premises where any process of distillation whatever of spirits is carried on, or where any process of rectification of spirits by redistillation, or other process is carried on, or where any spirits are manufactured, or produced from any substance whatever by any process whatever :
- "Dealer" and "retailer" mean, respectively, a person who deals in or retails spirits :
- "Rectifier" means a person, other than a licensed distiller, who rectifies or compounds spirits :
- "Excise trader" means any person carrying on a business subject to any of the regulations of this Act, and includes any proprietor or occupier of an excise warehouse :
- "Vinegar maker" means a person who shall make, prepare, extract, distil, rectify, purify, or sell any liquors prepared or capable of being used or applied for the purposes of making vinegar or acetous acid for sale :
- "Wine" means wine of any description produced within the colony, and includes grape juice, grapes, husks and stalks of grapes and raisins :
- "Wine farmer" means a farmer who cultivates vines on land in his own occupation and who produces wine from grapes grown on such vines :
- "Licence" means a licence, in the form prescribed, granted by any distributor of stamps, or by any officer duly authorised, and "licensed," as applied to any excise trader, means a person holding a licence so granted for the purpose of his business :
- "Premises" when used with reference to an excise trader means any building or place used by him in the course of his business, and includes all buildings, or places, owned or occupied by, or on behalf, or for the use of, such excise trader :
- "Prescribed" and "approved" mean respectively prescribed or approved by the governor or chief inspector :
- "Warehouse" means an excise warehouse approved as a general or as a bonded warehouse for the deposit of spirits, and includes an approved warehouse on the premises of a distiller, an agricultural distiller, and a customs warehouse :
- "Civil commissioner," when used with reference to an excise trader, means the civil commissioner for the division in which the premises of the trader are situate :
- "Officer" and "proper officer" mean respectively an officer duly appointed for the purposes of this Act :
- "Still maker" means a person who makes or repairs any still, or any distilling apparatus for distilling or making spirits, and includes the importer of any still or distilling apparatus :
- "Resident magistrate" and "justice" mean respectively a resident magistrate or a justice of the peace having jurisdiction for the district in which any offence is committed or supposed to have been committed, or any offender is apprehended or found, or any goods, or commodities are seized, or liable to seizure, or suspected to be so liable :
- "Schedule" means the schedule to this Act :
- "This Act" includes any regulations made under the provisions hereinafter contained :
- "Consumer" shall mean and include any person who is not by law entitled to sell or deal in spirits and every person who uses spirits in the preparation of drugs, medicines, perfumery and explosives, or in any art or manufacture.
- "Wholesale dealer" shall include any person who carries on the business of a retailer or bottle storekeeper on the same premises where he conducts his wholesale business.
- A "retail dealer" shall include every holder of a bottle, club, or regimental canteen licence, and any person holding a licence falling within the definition as laid down in section 2, sub-section (7), Act 28 of 1883.
- "Lager beer" means beer the mash of which is made or partially made by the process of decoction, and the worts of which are fermented at a low temperature by means of "low" or "bottom" yeast, and the term "beer" shall not include any liquor containing two per centum or less of proof spirits.

"Methylate" means to mix spirits with any substance or combination of substances in such manner and under regulations to be framed by the treasurer as to render the mixture unfit for human consumption as a beverage, and "methylated spirits" means spirits which in the opinion of the treasurer are so mixed with any substance or combination of substances.

Duty payable on wine spirits.

3. From and after the 1st July, 1904, there shall be payable to the revenue upon every gallon of Colonial spirits distilled from wine, in the cases hereinafter provided, and not being methylated spirits, a duty of excise at the rate of six shillings per gallon if the spirits be of proof strength, with a proportionate increase or decrease in case the spirits be of greater strength or under strength respectively.

Exemption may be granted.

4.—(1) Where, in the case of any art or manufacture carried on by any person in which the use of spirits is required, it shall be proved to the satisfaction of the treasurer that the use of methylated spirits is unsuitable or detrimental, he may, if he thinks fit, authorise that person to receive spirits without payment of duty for use in such art or manufacture upon giving security to his satisfaction that he will use the spirits in the art and manufacture and for no other purpose, and the spirit so used shall be exempt from duty.

(2) The authority shall only be granted subject to a compliance with such regulations as the treasurer may require the applicant to observe for the security of the revenue, and upon condition that he will to the satisfaction of the treasurer, if so required by him, render the spirits undrinkable before and during use, and will from time to time pay any expenses that may be incurred in placing an officer in charge of his premises.

(3) If any person so authorised shall not comply with any regulation which he is required to observe, he shall, in addition to any other fine or liability, incur a fine of fifty pounds.

Return to be made of stocks in hand.

5. Every person in whose possession or control Colonial spirits may be on the 1st July, 1904, shall on that day make a return to the best of his ability in writing to the excise receiver of his district of the quantity, and the strength, and description of such spirits, and the exact locality in which on the said day they are stored.

Retailers to pay duty on stock.

6. Retail spirit dealers shall, on the 1st July, 1904, be liable in terms of section 15 to the excise receiver of their district, for the duty upon Colonial spirits then in their possession, provided by section 3.

Returns to be made at and removals from distilleries.

7. From and after 1st July, 1904, every distiller of Colonial spirits shall, from time to time, within three days after the distillation is completed, make a return in writing to the excise receiver of his district, of the quantity of spirits distilled by him, the strength thereof, and the exact locality where such spirits are stored, and upon the sale, removal, or delivery of any Colonial spirits, he shall, not later than the next day following, or by the next ensuing post, make a return in writing to the excise receiver of his district, of the quantity and strength so disposed of or removed, and in the case of sale or delivery, the name and full address of the person or persons to whom Colonial spirits have been sold or delivered, and shall in such case of sale or delivery, provide the purchaser or receiver or his agent with a certificate of removal similar to the return sent to the excise receiver.

Return to be made by agricultural distiller.

8. Every agricultural distiller shall make a return of the spirits in his possession from and after the 1st July, 1904, and from time to time within fourteen days after any fresh distillation is completed, stating the strength thereof to the best of his ability in writing, and in the case of sale, delivery or removal of the whole or any part thereof, shall keep a record of such sale, delivery or removal, and shall forward to the excise officer of his district a duplicate of the same within fourteen days of such sale, delivery or removal.

Spirits sold to consumers

9. In the case of a sale or delivery of Colonial spirits to any person other than a licensed dealer in or retailer of spirits, the distiller, whether agricultural or otherwise, shall pay within a month, to the excise receiver of his district the amount of duty under this Act leviable upon such spirits.

Allowance for waste on spirits retained on premises of a wine farmer.

10. Upon all spirits retained by a wine farmer, in the prescribed room, or place on the farm premises, after the delivery of the return mentioned in the seventh section of this Act, an allowance shall be made for natural waste and evaporation, as provided in the Second Schedule.

Returns of spirits received to be made by licensed traders.

11. Every wholesale or retail dealer in spirits who purchases or in any manner acquires possession of Colonial spirits, shall, from and after 1st July, 1904, make written return to the excise receiver of his district not later than the next day following, or by the next ensuing post, of the quantity and strength of such spirits, the name and full address of the person or persons from whom acquired or purchased, and the exact locality where stored.

12 Every wholesale dealer and retailer shall, in accordance with prescribed regulations, make an entry in writing signed by him of every building, room, place, fixed cask, vessel and utensil intended to be used by him for keeping spirits, distinguishing each place or thing by a separate letter or number. Every wholesale dealer and retailer must provide himself with and keep a stock book according to a pattern to be obtained on application to the proper officer, and shall, on receiving any spirits, and also on sending out, delivering, or selling any spirits, enter in his stock book the particulars required by the prescribed regulations. He shall keep the stock book on his premises open to inspection by any officer, and must allow any officer to make any entry therein or take any extract therefrom.

Records to be kept by wholesale dealer and retailer.

13. Every wholesale dealer shall from and after 1st July, 1904, make written return to the excise receiver of his district from time to time, but not later than the next day following, of the quantity and the strength of Colonial spirits by him sold, delivered, or removed, as the case may be, together with the name and full address of the person or persons to whom such spirits have been sold or delivered, and in the case of removal the exact locality to which removed.

Wholesale dealers' returns.

14. In the case of a sale or delivery of Colonial spirits to any other person than a licensed dealer in or retailer of spirits, the wholesale dealer shall pay at the end of each month to the excise receiver of his district the amount of duty under this Act leviable upon such spirits.

When duty is to be paid on spirits sold to consumers.

15. Every retailer of spirits shall, at the end of each month, pay to the excise receiver of his district the duty leviable under this Act upon all Colonial spirits sold or disposed of by him during the month.

Retailers to pay at the end of the month.

16. For the purpose of ascertaining by weighing the quantity of spirits in any cask, Table A in the first schedule shall be used, and the quantity ascertained thereby in accordance with the rates prefixed thereto shall be deemed to be the true quantity.

Rules for ascertaining quantity of spirits by weight.

17. The Treasurer may from time to time make regulations to provide for the collection of the duty, for the mode and terms of payment, and generally for all the means requisite to secure the due collection of the revenue under the previous section.

Treasurer may frame regulations governing collection of duty.

18. Any person failing to make any of the returns hereinbefore required of him, without reasonable excuse, or making a false return, shall be liable to a fine not exceeding 500*l.* or to imprisonment not exceeding one year.

Penalties for contravention.

19. In the event of the loss or destruction by fire, or other unavoidable accident of any spirits in a distillery, or of any spirits when deposited in a warehouse, or whilst being received into or delivered from a spirit store, or warehouse, or whilst being removed under bond on shipboard, or whilst being shipped or landed, or whilst being removed from one warehouse to another the Treasurer of the Colony shall, on proof to his satisfaction of the loss or destruction, remit the duty payable or paid in respect of the spirits so lost or destroyed.

Remission of duty for spirits lost or destroyed.

20. All spirits shall be deemed to be of the strength denoted by Sykes's hydrometer as ascertained by any officer in accordance with the table lodged with the chief inspector, and intituled a table of the strength of spirits denoted by Sykes's hydrometer.

Strength of spirits to be ascertained by Sykes's hydrometer.

21. Every distiller (except a wine farmer who distils from wine on his own farm) or proprietor of a warehouse, and every rectifier shall, when so required by the chief inspector, provide sufficient and just scales and weights, and a set of standard measures, for the purpose of weighing, measuring, and taking an account of the spirits, goods and commodities in his warehouse, stock or possession, and of any casks or vessels used for the purpose of containing any such spirits, goods or commodities.

Excise traders to provide scales, weights and measures.

22.—(1) Where any warehouse, room, place, vessel, utensil, or fitting belonging to any excise trader is by this Act directed to be secured or locked, the excise trader shall, to the satisfaction of the proper officer, provide, affix, repair, and renew all fastenings requisite for the purpose of enabling officers to affix locks thereto, or otherwise to secure the same.

Locks and fastenings.

(2) All requisite locks, or keys, shall be provided by the chief inspector at the expense of the revenue.

(3) No excise trader, or his servant, shall destroy or damage any fastening, or lock, or key, belonging thereto, or any lock label, or open or remove any lock, fastening, or lock label, or improperly obtain access into any warehouse, room, place, vessel, utensil, or fitting, or shall have any fastening, vessel, utensil, or fitting so constructed that the security intended to be obtained by any lock, or fastening may be defeated.

**Rectifiers.**

23.—(1) Entry in the prescribed form shall be made by a rectifier before he begins to receive, rectify, or compound spirits, and such rectifier shall rectify or compound spirits according to the prescribed regulations.

(2) An officer shall have power at all times to inspect the stock book of a rectifier, make extracts therefrom, and take account of all spirits in his possession.

(3) If the quantity of spirits computed at proof found on taking such account exceeds the quantity which should be found in his possession according to the stock book of such rectifier the excess shall be forfeited.

**Still makers.**

24.—(1) Every still maker shall keep an account, in the prescribed form, of all stills and distilling apparatus made, or repaired, or imported by him, and such account shall be open at all times to the inspection of an officer, and he shall permit any officer at any time to inspect the same and make extracts therefrom.

(2) An officer shall have power at all times to enter upon the premises of a still maker and to inspect and take account of all stills or distilling apparatus found therein.

**Powers of officers.**

25. An officer may at any time, either by day or by night, enter any part of the premises of, or house or place whatsoever belonging to, or made use of, by a distiller other than an agricultural distiller, or rectifier, and search for, examine, gauge, and take an account of any still or other vessel, or utensil, and also any spirits or materials for the manufacture of spirits therein.

If a distiller or rectifier, after demand for admission has been made by an officer, shall refuse to admit such officer, he shall for each offence be liable to a penalty not exceeding ten pounds or to imprisonment not exceeding one month.

**Officers may enter upon the premises of a dealer in or retailer of spirits and examine and take account of stock of spirits.**

26.—(1) An officer may at any reasonable time enter the premises of a dealer in, or retailer of, spirits, and inspect his stock book, and examine and take account of all spirits in his stock or possession, and take samples of any such spirits, paying for any samples so taken the usual price thereof.

(2) If the quantity of spirits computed at proof found on taking such account exceeds the quantity which should, according to the stock book of the dealer, or retailer, be found in his possession, the dealer or retailer shall incur the penalty by this Act provided.

**Ladders and lights to be provided.**

27. Every distiller or rectifier shall provide ladders of sufficient length and strength and place them firmly and conveniently to enable the officers to take account of any vessel, utensil, spirits or materials therein, and provide sufficient lights and other conveniences and assist the officers in taking such accounts.

**Receiving spirits on which the duty has not been charged.**

28. If any person shall hawk, sell, or expose for sale any spirits in or about any street, highway, or other place, or in, or from any boat, or other vessel upon the water, or in any other manner or place whatsoever, except in a place duly licensed for that person, he shall forfeit such spirits and incur a fine equal to treble the value thereof.

**Assaulting and opposing officers.**

29. Any person who assaults an officer acting under this Act or any person acting in his aid, or who shall forcibly oppose the execution of any of the powers given under this Act shall incur the penalty by this Act provided.

**Spirits or goods forfeited may be seized.**

30.—(1) Any spirits or goods forfeited under this Act may be seized by an officer, or an officer of Customs, or by a resident magistrate, a justice of the peace, field cornet, police constable, or any market master.

(2) If any spirits or materials for making spirits shall be forfeited under this Act, all casks or other utensils containing the same shall also be forfeited.

(3) Where any spirits are forfeited by an excise trader, the chief inspector may, if he think fit, take from the stock of such excise trader instead of the spirits forfeited, the same quantity, proof or bulk, of any other spirits.

**Misconduct of, and collusion with, officers.**

31. Every person shall be liable upon conviction to the penalties provided in section eighteen who, in or with reference to any matter relating to the laws of excise:—

- (a) Not being authorised so to do, gives or promises to give, directly or indirectly, any reward to an officer or a person employed by the Government, in respect of the performance or non-performance, by any such officer or person, of his duty or employment; or
- (b) Agrees with or proposes to any such officer or person to do, or permit anything in contravention or evasion of this Act, or any other Act or Acts, relating to the revenue of excise or of his duty; or
- (c) Being an officer or a person employed by the Government—
  - (i) Demands or receives, except from or through the Government, any reward in respect of the performance or non-performance of his duty or employment; or

- (ii) By any wilful act, neglect, or default does, or permits, or agrees to do, or permit anything in contravention or evasion of this Act, or any other Act or Acts, relating to the revenue of excise.

If any such officer or person is convicted of any such offences he shall be disqualified from serving the Government in any office or employment.

32. The Governor shall appoint officers for the purpose of carrying out the provisions of this Act, or any other Act or Acts relating to the revenue of excise, and shall make rules and regulations for all or any of the following purposes:—

- (1) The period of time allowed for the various operations of brewing and distilling, and for removing any material, wort, or spirits from the several vessels used in such operations.
- (2) The guidance and conduct of officers and persons employed in carrying this Act into effect.
- (3) For ascertaining the amount of duty payable, and securing and enforcing payment thereof.
- (4) For prescribing all things necessary to be done for effectually carrying the provisions of this Act into effect.

Governor may appoint officers and make rules and regulations.

33.—(1) Subject to such regulations as may be prescribed goods of any description liable to a duty of Customs may be warehoused in any excise warehouse approved for the purpose.

Goods liable to Customs duty may be warehoused in excise warehouse.

(2) All the powers, provisions, regulations, and penalties contained in or imposed by any Act relating to the Customs as to the warehousing, custody, and delivery out of warehouse of goods liable to a duty of Customs, and as to any deficiencies therein or allowances thereon, shall, when applicable, be observed, applied, enforced, and put in execution with reference to such goods warehoused in excise warehouses, and further shall, where applicable, be observed, applied, enforced, and put in execution with reference to Colonial spirits warehoused in a Customs warehouse, so far as the same are not superseded by and are consistent with the provisions of this Act.

34. Every civil commissioner, or other officer appointed for the purposes of this Act, shall be an excise receiver under this Act, and every such officer shall have the right himself or by any officer duly deputed in writing for that purpose by him to enter and search any place or premises in which Colonial spirits are stored, and to measure and take stock of such spirits and to do all things necessary to test the returns hereinbefore required, and generally to carry into effect this Act.

Civil Commissioners &c. to be excise receivers.

35. No transfer or temporary transfer of a liquor licence shall be lawful, save and except with the consent of the Governor, until all spirit duty due by the transferer has been paid.

Transfer of licence invalid until after payment of spirit duty.

36. All wines which may be sold or offered for sale or found upon the premises of persons licensed under the Liquor Laws, and which contain more than twenty-five per centum by volume of alcohol of the specific gravity of eight hundred and twenty-five, at the temperature of sixty degrees of Fahrenheit's thermometer, and all beers which are diluted or fortified with spirit shall be forfeited and the trader shall incur a penalty of not exceeding one hundred pounds sterling.

Prohibition against excessive fortification of wine and alteration of the character of beer.

37. The duties and authority vested in the chief inspector of excise by the "Excise Spirits Act, 1884," shall devolve upon, and be exercisable by, the principal officer of excise appointed under this Act.

Duties of principal excise officer.

38. Notwithstanding anything to the contrary in this Act contained, no spirits consigned or removed for consumption, beyond the limits of this Colony, shall be liable to the duties herein provided.

Exemption from excise of exported spirits.

39. The Treasurer shall frame regulations under this Act to provide for:—

- (a) The quantity of spirits to be used free of duty for the fortification and preservation of wine;
- (b) The amount of spirits to be used free of duty by the producer for his private use, the amount not to exceed thirty gallons per annum;

And generally to give effect to the provisions of this part of the Act. It shall be competent by such regulations to provide for a penalty not exceeding fifty pounds or to imprisonment for a period not exceeding three months for the breach of any such regulations.

Treasurer may frame regulations governing quantity of spirits exempted from duty.

40 The Government shall as soon as may be after the passing of this Act open bonded warehouses in the several wine-producing districts of this Colony for the storage of spirits, the *bonâ-fidâ* produce of agricultural distillers, and to grant receipts for spirits so deposited; and the Government is hereby further empowered to make advances on such spirits under such regulations as may to the treasurer seem advisable to an amount not exceeding fourteen pounds per 127 gallons at ten per cent. under proof. Nothing in this section shall prevent the Government from making such advances without establishing bonded warehouses or without

Government empowered to make advances.

requiring the deposit therein of any spirits against which such advances have been made. The treasurer may in respect of this section make regulations with reference to the charge for rent for storage, interest, and all other expenses, such charge not to exceed the cost of the same.

Loan may be raised.

41. For the purposes of creating a reserve to meet any advances provided in the preceding section hereof, it shall be lawful for the governor to raise by loan, in such manner as he may see fit, the sum of one hundred thousand pounds sterling.

## PART II.—INCOME TAX.

Definition of terms.

42. Unless the context otherwise requires :—

*Assessment* means an estimate of the value of the amount of any income liable to taxation under this Act as well as the amount of tax imposed thereon respectively, and includes all matters comprised in any return required by or under this Act.

*Company* includes every body, association, society, firm or partnership whether corporate or unincorporate, registered or unregistered, carrying on business within this Colony or elsewhere.

*Carrying on business* shall mean conducting any operation by means of which any income is derived.

*Income* means any gains or profits derived or received by any company or person in any year or by any means from any source within this Colony, and includes profits, gains, rents, interest, salaries, wages, allowances, pensions, stipends, charges, annuities, and all profits derived from mining or quarrying.

*Income tax* means the tax or duty imposed or charged in respect of income as assessed under this Act or any Act amending the same.

*Mutual life insurance company* means a company carrying on the business of granting policies of assurance or endowment or annuities on human life, and which is not a company that pays or credits dividends or profits to shareholders in such company.

*Notice* means a notice in writing given by causing the same to be personally served on any person, or by leaving the same at his usual or last known place of abode or business in the Colony or by sending the same by post addressed to his usual or last known place of abode or business, and, in the case of a company, means a notice given by being served upon or sent by post or delivered to the public officer of such company at the address for service, given under this Act, or, if there shall be no such address for service, then by serving, leaving or sending the same as aforesaid at or to any office or place where the company carries on business in this Colony.

*Public notice* means a notice inserted in the *Gazette* and published in English and Dutch in any newspaper circulating in a town or district.

*Person* includes company as defined by this Act.

*Prescribed* means prescribed by this Act or by the regulations thereunder: Provided that where, under this Act, anything is required to be done in the prescribed form it shall be sufficient if such thing be done substantially in the form so prescribed or to the effect thereof.

*This Act* includes any regulations made under the provisions thereof.

*Taxpayer* means any person chargeable with income tax under the provisions of this Act.

*Trade* includes every profession, vocation, trade, business, calling, employment and occupation, and includes the business of mining and quarrying.

*Trustee*, in addition to every person appointed or constituted such by act of parties, by will, by order or declaration of court or by operation of law, includes an executor or administrator, tutor or curator, and any person having the administration or control of any property subject of a trust, *usufruct*, *fidei commissum* or other limited interest, or acting in any fiduciary capacity or having, either in a private or official capacity, the possession, direction, control or management of any property of any person under legal disability.

Officers under Act.

43.—(1) For the administration of this Act the Governor may as soon as conveniently practicable, appoint a fit and proper person to be called the commissioner of taxes (hereinafter referred to as the commissioner) and a like person to be styled the deputy commissioner of taxes (hereinafter referred to as the deputy commissioner) and he may remove or suspend any commissioner or deputy commissioner.

(2) The deputy commissioner shall, under the control of the commissioner, perform such general official duties as he shall be required to perform by this Act, or by the commissioner, and shall act as the deputy of the commissioner in case of the illness, absence or temporary incapacity of the commissioner, and while so acting shall have and may exercise all the powers, duties and functions of such commissioner under this Act, and shall act in his name and on his behalf.

(3) The Governor may also appoint, suspend, and remove such assessors, clerks, receivers and other officers as may be necessary for carrying out the provisions of this Act.

(4) Every person appointed to any office under this Act shall be a person who is a member of the Civil Service of the Colony or who, having been in the Civil Service, is in receipt of a pension.

(5) Any office under this Act may be held in conjunction with any other office in the Civil Service.

(6) The commissioner may, with the approval of the Governor, delegate to any public officer such duties, powers and functions by this Act or by the regulations hereunder conferred or imposed upon him as it may be considered expedient by the commissioner so to delegate.

(7) A notification in the *Gazette* that any person therein named has been so appointed shall be conclusive evidence of such appointment without further proof.

44.—(1) Every person appointed or employed under this Act shall preserve and aid in preserving secrecy with regard to all matters that may come to his knowledge in his official capacity and shall not communicate any such matter to any other person except in the performance of his duties under this Act or by order of a competent court of justice. Oath of secrecy.

(2) The commissioner and the deputy commissioner shall, before acting in the execution of their office, take and subscribe before a resident magistrate or justice of the peace such oath of fidelity or secrecy as may be prescribed; and such oath shall also be taken and subscribed by every other person appointed or employed under this Act, before so acting.

(3) Every person who, in contravention of the true intent of such oath and without lawful excuse, reveals any matter or thing which has come to his knowledge in his official capacity shall be liable on conviction to imprisonment for any term not exceeding two years with or without hard labour.

(4) If any person acts in the execution of his office before he has taken the prescribed oath he shall be liable to a penalty of not less than ten and not more than one hundred pounds.

45. The Governor may from time to time make regulations not inconsistent with this Act for the following purposes, or any of them, that is to say:— Regulations.

- (1) Prescribing the duties of all persons engaged or employed in the administration of this Act.
- (2) For regulating the security to be given by any such persons and for defining the limits of districts and places within which such persons are to act.
- (3) Prescribing the forms of returns to be furnished to the commissioner and the contents thereof and by whom the same shall be made and the time and mode of making and furnishing the same.
- (4) Providing that where there is no provision in the Act, or no sufficient provision in respect of any matter or thing necessary to give effect to this Act in what matter and form the want of provision or insufficient provision shall be supplied.
- (5) Providing that for avoiding duplicate taxation in this Colony in any case in respect of the same year or period the commissioner may make such allowance or refund as he shall deem just and in such manner as may be prescribed.
- (6) Prescribing the procedure to be observed in the conduct and hearing of objections before the appointed officer and, if necessary, specifying the districts or places for which any such officer shall hear objections.
- (7) For imposing a penalty not exceeding 20*l.* for any breach of any regulation.

46. Every company liable to income tax shall at all times be represented by a person residing in the Colony, who shall be duly appointed by such company or by some agent or attorney having power to appoint such person for the purpose of the Act; and the following provisions shall have effect:— Company's representative.

- (1) Such person shall be called the public officer of such company and shall be appointed in the case of a company having a board of directors in this Colony, within one month after the promulgation of this Act, and in the case of a company not having such board as aforesaid, within three months after the promulgation of this Act: Provided that in default of any such appointment the public officer of any company shall be such managing director, director, secretary or other officer as the commissioner shall

nominate for that purpose ; and provided further that in the case of banks, the public officer shall be the chief agent appointed under the provisions of the Bank Act, 1891.

- (2) The office of public officer shall be kept constantly filled by the company.
- (3) Every company which fails or neglects to make an appointment to the office of public officer pursuant to this Act, or to keep the office constantly filled as aforesaid, and every person who acts as agent or manager or representative of such company, shall be liable to a penalty not exceeding fifty pounds a day for every day during which such failure or neglect continues.
- (4) Every notice, process or proceeding which under this Act or the regulations may be given to, served upon or taken against any company, may be given to, served upon or taken against its public officer, and if at any time there be no public officer, then any such notice, process or proceeding may be given to, served upon or taken against any officer or person acting or appearing to act in the management of the business or affairs of such company or as agent for such company.
- (5) Every public officer shall be answerable for the doing of all such acts, matters or things as are required to be done under this Act or the regulations by a taxpayer, and in case of default, shall be liable to the same penalties.
- (6) Everything done by any such public officer which he is required to in his representative capacity shall be deemed to have been done by such company.
- (7) The absence or non-appointment of a public officer shall not exonerate any company from the necessity of complying with the provisions of this Act ; but every such company shall be liable to the provisions of this Act as if there were no requirement to appoint such officer.
- (8) Every company beginning to carry on business in the Colony after the passing of this Act shall, within one month after beginning to carry on business, nominate a person to be its public officer and appoint a place for the delivery of notices and other instruments as aforesaid.

Agents for taxpayer, and trustee.

47. Every agent for any taxpayer absent from the Colony and every trustee—
- (1) Shall be answerable for the doing of all such matters, acts or things as are required to be done by virtue of this Act, in order to insure the assessment of the income which belongs to the principal such agent represents, or which is the subject of the trust of such trustee, or which is received by such agent or trustee, and for paying the tax in respect thereof.
  - (2) Is hereby authorised to recover from or deduct from any moneys belonging to any person in whose behalf such agent or trustee is compelled to pay any tax, the amount so paid.
  - (3) Is hereby authorised and required to retain from time to time in each year, out of any money which comes to such agent or trustee, so much as is sufficient to pay the tax for the current year in respect of any income subject to the tax, and is hereby indemnified for all payments which such agent or trustee may make in pursuance of this Act or by requirement of the commissioner.
  - (4) Is hereby made personally liable for the tax payable in respect of any income if, while such tax remains unpaid,
    - (1) Such trustee or agent alienates, charges or disposes of such income, or
    - (2) Disposes of or parts with any fund or money which comes to him after the tax is payable from or out of which fund or money such tax could legally have been paid, but shall not otherwise be personally liable for any tax.

Company to be deemed agent for absent shareholders.

48. Where a shareholder or a member of a company is absent from the Colony, such company shall for the purposes of this Act, be deemed and taken to be the agent for such shareholder or member, and shall so far as regards such shareholder or member, and in respect of any income accruing to him as shareholder or member, have and exercise all the powers, duties and responsibilities of an agent for a taxpayer absent from the Colony

Remedies.

49. The commissioner or any person empowered under this Act shall have such and the like remedies against all land or property of any kind vested in or under the control or management of any agent or trustee as he would have against the land or property of any person liable to pay tax and in as full and ample a manner.

Income tax.

50. From and after the 1st July, 1904, subject to the provisions of this Act and the regulations hereunder, there shall be charged, levied, collected and paid to the revenue of the Colony for the service of the financial year ending the 30th June, 1905, an income tax in respect of the annual amount of all taxable incomes arising or accruing during the twelve months ended the 30th June, 1904, exceeding one thousand pounds per annum at the rate of sixpence in the pound upon all incomes



exceeding one thousand pounds and not exceeding two thousand pounds, and in addition thereto ninepence in the pound on so much as exceeds two thousand pounds up to five thousand pounds, and in addition thereto, one shilling in the pound on so much of all incomes as exceed five thousand pounds.

- (1) Arising or accruing to any person wheresoever residing, from any trade of whatever nature carried on in this Colony whether the same be carried on by such person or on his behalf wholly or in part by any other person.
- (2) Arising or accruing to any person wheresoever residing, from any salary or allowance which would be taken into account for pension purposes attached to or derived from any office or employment of profit in the public service of the Colony and upon every pension or allowance payable from the public revenue or from any pension fund.
- (3) Arising or accruing to any person wheresoever residing, from any kind of property in this Colony, from loans, investments, or deposits of money whatever may be their nature and howsoever made, and from any contract whatever under which income is derived or received, or from any other source whatever in the Colony not included in the preceding subsections.
- (4) Income derived by any person from any source whatever within this Colony.
- (5) Income shall be deemed to have accrued to a person within the meaning of this Act though the same be not actually paid over to such person but be credited in account or re-invested or accumulated or capitalised or otherwise dealt with in his name or on his behalf.
- (6) The tax shall be paid on such days and in one sum or equal and varying amounts and at such place or places as may be prescribed.

51. Except in the case of a company registered with limited liability, and every shareholder in respect of the income derived from his holding in such company, every person liable to taxation in respect of any income exceeding one thousand pounds shall be entitled to one reduction of one thousand pounds in the assessment of such income under this Act for the purpose of such taxation under this Act: Provided that the onus of proof that any income is exempt from or not liable to payment of tax, or is subject or entitled to any deduction, shall lie on the person claiming the benefit of such exemption, non-liability or deduction. Deductions.

52. The following incomes, revenues, and funds, shall be exempt from income tax:— Exemptions.

- (1) The revenues of harbour boards, municipal corporations, divisional councils or other local authority.
- (2) The revenues of building and friendly societies.
- (3) The incomes of life assurance, and of other companies or societies not carrying on business for purposes of profit or gain to be divided or credited among or to the shareholders or members thereof except as regards the investments of such societies and companies.
- (4) The incomes and revenues of all ecclesiastical, charitable and educational institutions of a public character, whether supported wholly or partly by grants from the public revenue or not.
- (5) Income arising to any person not resident in this Colony from government and municipal debentures, inscribed stock and treasury bills of the Colony of the Cape of Good Hope.
- (6) The income of the Governor of the Colony and of his personal staff.
- (7) The income of the officers of His Majesty's Navy and Army stationed in the Colony, and of all persons in the service of the Imperial Government in the Colony.
- (8) The exemptions declared by subsections one to four hereof shall not extend to the salary and wages of persons employed by any such corporation, harbour board, company, society or institution, although the same be paid wholly or in part out of the income, revenue or funds thereof.

53. Subject to the provisions of this Act, income tax shall be payable—

- (1) In respect of the income of a company by the public officer thereof.
- (2) In respect of the income of every person permanently or temporarily absent from or resident out of the Colony, by the attorney or agent of such person, and for the purpose of this Act every person in the Colony having the receipt, management or control of income on behalf of any person absent or resident as aforesaid, or remitting or paying income to such person shall be deemed to be the agent of such person.  
The commissioner may, if he thinks necessary, declare any person to be the agent of any other person, and the person so declared an agent shall be the agent for the purposes of this Act.
- (3) In respect of income the subject of any trust or of infants, lunatics and persons under any legal disability by the trustee, guardian, curator or other person entitled for the time being to the receipt, management, disposal or control of such income or remitting or paying the same.

Income tax by whom payable.

- (4) In respect of income paid under the decree or order of any court or judge to any receiver or other person by such receiver or person, and independently of the title to such income or any contingency or uncertainty in respect of such title.
- (5) In respect of every other income, and in all other cases by the person to whom the income arises or accrues or who is legally or equitably entitled to the receipt thereof.

And the persons by whom income tax is payable under subsections one to four of this section inclusive shall be deemed to be "representative taxpayers" within the meaning of this Act. Nothing shall be taken to relieve the person receiving the income from the representative taxpayer from any tax due or payable in respect thereof.

Representative taxpayers.

54. Every representative taxpayer, as regards the income to which he is entitled in his representative capacity, or of which in such capacity he has the management, receipt, disposal, remittance, payment or control, shall be chargeable with the same income tax, and be subject in all respects to the same liabilities as if the same were income arising or accruing to him beneficially, except that no such taxpayer (not being a public officer of a company) shall be personally liable for the payment of income tax beyond the amount or value of the income of which he has in such capacity as aforesaid the management, receipt, disposal or control: Provided that nothing herein contained shall, in cases where the representative taxpayer acts as agent or trustee for several persons, prevent such representative taxpayer from claiming that each agency or trust shall be treated separately for the purpose of claiming the exemption, or deduction provided for in section fifty-one.

Recovery from principal.

55. Every representative taxpayer who, as such, pays any tax, shall be entitled to recover from the person on whose behalf such tax shall be paid, or to retain out of any moneys that may come to him in his representative capacity, so much as shall be required to indemnify him in respect of such payments.

Company borrowing money on debentures.

56. In any case where a company, or any public body, not being a municipality, has at any time heretofore borrowed, or shall at any time hereafter borrow money on debentures, such company, or public body, shall be deemed to be the agent of every holder of such debentures, and such company, or public body, shall be liable to pay income tax in respect of the interest thereon on behalf of the holders of such debentures, and shall be entitled to deduct in each year from any instalment of interest any tax so paid.

Income derived by absent principal from sales by agent.

57. When a person outside the Colony (herein termed the principal) by means of a person in the Colony (herein termed the agent) sells or disposes of goods in the Colony or offers or exposes for sale, whether by sample or otherwise, for the principal (whether the moneys arising therefrom are paid to or received by the principal directly or otherwise) the taxable amount of the income derived therefrom by the principal, in the absence of account sales, shall be assessed at an amount equal to five per centum upon the total amount received for such goods, and the amount so assessed shall, for the purposes of income tax, be deemed to be the income derived by the agent, and the following provisions shall apply:—

1. The agent shall, as regards such income, make the returns, be assessed, be liable to income tax, and otherwise be subject to the provisions of this Act, to do all acts and things thereunder, as if such income was actually the income of the agent, and in case of such agent being a company, as aforesaid, the provisions of section forty-six shall apply; provided that nothing herein contained shall exempt or discharge the principal from liability to pay income tax on such income; and that the agent shall have the same right to indemnity against the principal, in respect of the tax paid by him, as is conferred upon the representative taxpayer by section fifty-five.
2. The Governor may by regulations prescribe for the making, adjusting and settling returns by, or with any agent, in such manner and form, with such particulars and proof as may be thought fit for the purpose of making, completing and enforcing assessments under this section, and otherwise generally for the purpose of giving effect to the provisions hereof.

Owners or charterers of ships.

58. When any person outside the Colony, or whose chief office is outside the Colony (hereinafter called the principal), carries on business in the Colony as an owner or charterer of any ship the agent of such principal shall be assessed and liable to income tax on five pounds in every one hundred pounds payable to such principal or to his agent (whether the amount be payable in the Colony or beyond the Colony) in respect of passengers, live stock, mails and goods shipped in the Colony.

If no agent or agent fails to make returns.

59. In all cases where the principal has no recognised agent in the Colony other than the master of the ship, or when the agent fails to make returns, the Commissioner may make such assessment from such information as may be available to him, and the income tax thereon shall be payable to the Commissioner prior to the

clearance of such ship, and the collector of customs shall have power to detain the clearance until such payment is made.

The master or agent upon paying the same shall be entitled to a certificate from the collector of customs that the amount so paid has been paid under the provisions of this Act, and such certificate shall be sufficient warrant to the master or agent for the amount so paid.

60.—(1) In the case of insurance companies, regulations to be made under this Act may prescribe means of determining what portion of the income of such companies shall be deemed to be the income of such companies in this Colony, and such income only shall be liable to tax. Insurance and other companies.

(2) In the case of all other companies whose business extends to any other countries, the income for taxation shall be a sum which shall bear the same proportion to the whole net profits of the company as the assets in this Colony bear to the total assets of the company: Provided that where either the Commissioner or the company may deem such method of estimating the income for taxation to be inequitable or inexpedient, either the Commissioner or the company may claim the right to an assessment on the actual profits earned or income received in the Colony.

(3) In the case of any company not dividing its profits among its members in the Colony, if it shall appear to the commissioner that the public officer of such company cannot furnish an accurate return of its income arising in or derived from the Colony, the commissioner may agree with such public officer what shall be the taxable amount of such income.

(4) Every company or association carrying on the business of life assurance or of granting annuities within this Colony shall be bound to furnish to the satisfaction of the commissioner a return showing the nature and value of all investments made either within or beyond the borders of this Colony in respect of all policies of insurance existing upon lives of residents in this Colony and shall pay income tax upon all such investments wherever situate.

61. The income of a woman married without community of property shall be liable to assessment and taxation in like manner as if she were unmarried. Married woman's income.

62. For the purpose of ascertaining the sum hereinafter termed the taxable amount on which, subject to the deductions hereinafter mentioned, income tax is payable, the following directions and provisions shall be carried out:— Directions for ascertaining taxable amount.

- (1) The amount of taxable income from all sources for the year immediately preceding the year of assessment, shall be taken as the basis of calculation.
- (2) In all cases in which profits or moneys derived from any business have been by the person entitled, converted into stock-in-trade, or added to the capital of, or carried to a reserve fund, or in any way invested in such business, a complete statement of the amount of such moneys so converted or added or invested shall be made by such person in the prescribed form in his returns.
- (3) The taxable amount of any income under subsection two of section fifty shall be the net amount paid to or on account of the taxpayer, less all payments by way of deduction or otherwise to the Civil Service Pension Fund or any public account.
- (4) Income derived by a taxpayer in respect of a share in a company liable to pay income tax, shall be deducted from the taxable amount, but such income shall be specified by the taxpayer in the returns made by him in the prescribed manner.
- (5) In all other cases the taxable amount shall be the total amount of taxable income arising or accruing to any person from all sources within the Colony, except to the extent of the exemptions provided in section fifty-two.

63. From the taxable amount so ascertained as aforesaid, every taxpayer shall be entitled to deductions in respect of the annual amount of:— Deductions.

- (1) Losses, outgoings, including interest and expenses actually incurred in the Colony by the taxpayer in the production of his income.
- (2) Sums expended for the repairs of premises occupied for the purpose of trade and for the repair or alteration of machinery, implements, utensils and articles employed by the taxpayer for the purposes of his trade. Such sums shall be estimated on the annual average of the sums expended for such purposes during the two years preceding the year of assessment, or if such average cannot be struck, the amount to be deducted shall be the sum expended for such purposes during the year immediately preceding the year of assessment.
- (3) Such sum as the commissioner may think just and reasonable, as representing the diminished value by reason of wear and tear during the year of any machinery, implements, utensils and articles used by the taxpayer for the purposes of his trade: Provided that where in any trade income is set

apart by the taxpayer by way of a fund to cover the depreciation of such machinery, implements, utensils and articles, the amount so set apart for the year immediately preceding the assessment shall, subject to the approval of the commissioner, be the sum to be deducted for depreciation: Provided that in no case shall any allowance be made for the depreciation of buildings.

- (4) Where a taxpayer either alone or with other persons carries on or is interested as a partner, otherwise than as a shareholder in a company divided into shares, in more than one trade in this Colony, and makes a profit in one or more of such trades and a loss in another or others, such taxpayer shall be entitled to deduct the sum of the losses from that of the profits.

Cases in which no deductions are made.

64. No deduction shall in any case be made in respect of any of the following matters:—

- (1) The cost incurred in the maintenance of any taxpayer, his family or establishment.
- (2) Domestic or private expenses.
- (3) Any loss or expense which is recoverable under any insurance contract or indemnity.
- (4) Income tax.
- (5) Income carried to any reserve fund or capitalised in any way.

Nor as regards income derived from any trade, in respect of any of the following matters:—

- (6) Any moneys not wholly or exclusively laid out or expended for the purposes of trade.
- (7) The rent or value or cost of repairs or alterations of any premises not occupied for the purposes of the trade, or of any dwelling-house or domestic premises except such part thereof as may be occupied for the said purpose.
- (8) Interest which might have been made on any capital employed in the trade.
- (9) Any debts owed to the taxpayer, except such as shall be proved to the satisfaction of the commissioner to be bad or doubtful, and deductions for doubtful debts shall be made according to the value at which the Commissioner shall estimate the same.

#### ASSESSMENTS.

Notice to furnish returns for purpose of assessment.

65. The commissioner shall, in the prescribed manner, give or cause to be given not less than thirty clear days' public notice of the time and place at which all persons liable to taxation either personally or in any representative capacity under the provisions of this Act, shall furnish returns for the purpose of the assessment of income tax:—

- (1) Such notice shall state the place at which the prescribed forms of return may be applied for and obtained, and it shall be the duty of all such persons and of all persons required by this Act or any regulation thereunder to furnish any such returns to apply for the prescribed forms of return, and any person failing to furnish any such return shall not be relieved from any penalty by reason only of his having received no notice to furnish the same, or of the prescribed form of return not having been delivered to him, but the commissioner may, if he deems it so advisable, cause forms to be delivered by the assessors or sent by post.
- (2) Every person shall, upon the publication of such notice, prepare and deliver in the prescribed manner within the period to be mentioned in such notice to the person appointed to receive the same, a return in the form prescribed of the particulars of his income and of all other details in relation thereto which may be prescribed, and such return shall be signed by the taxpayer or by his agent duly authorised in that behalf.
- (3) Any return made or purporting to be made or signed by or on behalf of any person or by the public officer of any company for the purposes of this Act, shall be taken and deemed to be duly made and signed by the person or by the public officer of the company affected as the case may be, unless such person or public officer shall prove that such return was not made or signed as aforesaid.
- (4) If any person fails to make such return to the commissioner, he may make a return on behalf of such person, and the return made by him shall be, for all the purposes of this Act, the return of the person liable to make the same.
- (5) The returns furnished by or on behalf of every person required to furnish returns shall contain such particulars, be in such form and be furnished to the commissioner at such time as may respectively be prescribed or publicly notified.

- (6) The commissioner may, when and as often as he thinks necessary, require any person to make fuller or further returns respecting any matter of which a return is authorised or prescribed by this Act or by the regulations.
- (7) All returns required to be furnished under this Act shall be delivered at or sent by registered letter to the prescribed address, and any returns so posted shall be carried and delivered free of charge.
- (8) As to the income of any taxpayer being a company, returns may be made in respect of income for the year ending on the day of the year immediately preceding the day of assessment up to which the accounts of the Company have usually been made up, or ending on the day immediately preceding the time of assessment whichever the commissioners may determine.
- (9) Returns of income to be made by any person or company shall be based on the amount of income which was derived or received by the person or company making the return during the year ending the thirtieth day of June, 1904: Provided that, where the income of a person or company cannot be conveniently returned as of the date hereinbefore provided, it shall be optional for the commissioner to accept returns made up to the date of the annual balance of such person or company, and the commissioner may, if he accepts the date of such annual balance for the purpose of the return to be made by such person or company, accept an estimated return of income for assessment, such assessment to be adjusted by the commissioner upon such annual balance being completed.
66. For the purpose of obtaining full information in respect of any income of any taxpayer or of any part thereof respectively, the commissioner may require any person or the public officer of any company in whose control the same may be, to produce for examination by the commissioner or by any person appointed by him for that purpose, at such time and place as may be appointed by the commissioner in that behalf, any deeds, instruments, books, accounts, trade lists, stock lists or documents or writings that may be deemed necessary for the purposes of this Act. Production of papers.
- The commissioner may, by fourteen days' notice in writing, require any person or company entitled to or in receipt of any income, whether on his own or its behalf, or as an agent, trustee of any person or any person whomsoever that the commissioner may deem able to furnish information, to attend at a time and place to be named by the commissioner, for the purpose of being examined by him on oath respecting the income of any such person or company or any transactions or matters affecting the same or any of them or any part thereof. Any person so attending may be allowed by the commissioner any reasonable expenses necessarily incurred by such person in such attendance.
67. In every case in which any taxpayer makes default in furnishing any return, or if the commissioner is not satisfied with the return furnished by any taxpayer, the commissioner may make an assessment in such sum as in the commissioner's judgment ought to be charged by virtue of this Act, and thereupon shall give notice thereof to the taxpayer to be charged, and such taxpayer shall be liable to pay tax upon the same. Such assessment shall be subject to objection and the taxpayer if he has made default shall not be entitled to any costs on such objection. Default in furnishing returns.
68. If at any time it appears to the commissioner that any taxpayer who ought to have been charged with tax has not been charged therewith, the commissioner may make an assessment as to the income of such taxpayer in respect to which such omission has occurred, and the taxpayer shall be chargeable with a double rate of taxation thereon, if such omission has been occasioned by the taxpayer, but if the commissioner be satisfied that the taxpayer was not guilty of any wilful neglect or omission, or had not done any act with intent to defraud the revenue, he may omit the whole or any part of such double duty over and above the amount computed on the ordinary rate. Omissions.
69. Upon the completion of every assessment book in respect of income tax, such book or a copy thereof shall be deposited in the office of the commissioner. Such book or copy shall not be open to public inspection, but every taxpayer shall be entitled to a copy of the entries therein relating to the assessment of his income certified by or on behalf of the commissioner. Assessment books to be deposited in office of commissioner.
70. Upon the completion of the assessment books the commissioner shall give notice to every taxpayer whose name appears therein with such particulars of the assessment as shall be considered necessary and the amount of the tax which is payable. Such notice shall be designated the notice of assessment of income tax. Notice to be given to taxpayer.
71. The assessment of income tax shall be made in regard to the income of any taxpayer for the twelve months preceding the 30th June 1904. First assessment.

**Objections.** 72.—(1) Objections to any assessment under this Act may be made by any taxpayer feeling aggrieved by reason of any assessment in which he is interested or by the commissioner in such manner, and on such terms and conditions as shall be prescribed.

(2) Where no objections are made to any assessment or where objections have been allowed or withdrawn, such assessment shall be the assessment of income therein mentioned.

**Appeals.** 73.—(1) Any taxpayer may within thirty days after the notice of assessment for income tax or of any altered, amended, corrected or additional assessment has been given, appeal therefrom to a court specially constituted by proclamation, upon the ground that he is not liable for the tax or for any part thereof, or that the amount of such assessment is excessive. Every appeal shall be commenced by such notices and in such manner as may be prescribed.

(2) Public notice shall be given of the time and place appointed for the hearing of appeals, and such hearing may be adjourned from time to time to any time and place that may seem convenient.

(3) The sittings of the court for the hearing of such appeals shall not be deemed to be public, and the said court shall at any time on the application of the appellant exclude from such sitting or require to withdraw therefrom, all or any persons whomsoever whose attendance shall not be necessary for the hearing of the appeal under consideration.

(4) The commissioner or any person authorised by him may appear in support of the assessment on the hearing of any appeal, and the appellant and any person who is interested in such appeal may appear in person or by his council, solicitor or agent.

(5) The court may alter or order the alteration of the assessment book in accordance with the decision given on any appeal, but may only make an order as to costs when the claim of the commissioner shall be held to be unreasonable, or the grounds of appeal therefrom to be frivolous.

(6) The assessment book so altered or corrected shall be the assessment book for the district to which it relates.

**Stated cases on questions of law.** 74. Whenever any question of law shall arise in a case before the court specially constituted as aforesaid, it shall if required in writing by any of the parties within the prescribed time and upon the prescribed conditions, or may, of its own motion, state and submit a case for decision by the supreme court thereon, which decision shall be conclusive.

**Obligation may be suspended by appeal.** 75. The obligation to pay and the right to receive and recover income tax shall at the discretion of the commissioner be suspended by any appeal, but if the appellant succeeds on such appeal, the amount, if any, of the tax received by the commissioner in excess of the amount which according to the decision on such appeal, was properly payable by him, shall forthwith be repaid to him by the commissioner.

**Due date of trade to be notified in Gazette.** 76. On completion of the assessment of books under the provisions of this Act, a day or days shall be appointed by notice in the "Gazette" on which such income tax shall be due and payable.

**Recovery of debt due.** 77. Income tax shall be deemed, when the same becomes due or is payable, to be a debt due to the Government and payable to the commissioner in the manner and at the places prescribed, and may be sued for and recovered by action in any court of competent jurisdiction by the commissioner suing on behalf of the Government.

**Return by councils and corporation.** 78.—(1) Every municipal council and every corporation board, commission, company or body and every person whomsoever shall, if required by the commissioner, in such form and at such times as may be prescribed, or as the commissioner may require, furnish to the commissioner returns of all or any particular class of persons employed by them, and the earnings, salary, wages, allowances, pension, or stipend paid or allowed to each such person.

(2) Every person and company which carries on business in this Colony shall, in such manner and form and at such times as may be prescribed or the commissioner may require, furnish to the commissioner returns showing all payments made to any person in respect of any share or interest in such company, and also of all moneys received from any person on deposit for any fixed time or period with or without interest, and in such returns shall furnish all such information with regard to such person as may be prescribed or may be required by the commissioner.

79. Where any person liable to pay income tax is under any legal disability, or where any person so liable dies, in every such case the trustee of such person or the executor, upon default of payment, shall be held liable for the amount of tax for which the person under disability or the person dying may have been liable. If any trustee or executor neglect or refuse to pay as aforesaid, it shall be lawful to proceed against him in like manner as against any other person making default of payment of the said Act. All trustees or executors making such payments shall be allowed every sum paid for such persons under disability in their accounts, and shall be allowed to deduct all such payments out of the estate of the person dying.

Persons under legal disability.

80. If it is proved to the satisfaction of the commissioner that the amount paid is in excess of the amount properly chargeable under this Act, the commissioner shall refund the proper amount in each case to the taxpayer or person entitled to receive the same, and if any taxpayer prove to the satisfaction of the commissioner that his income during any year fell short of the sum in respect of which the tax for that year was paid, the commissioner shall cause the assessment to be amended accordingly and the overcharge to be refunded as aforesaid, and if it be proved to the satisfaction of the commissioner that income tax has been claimed or paid in respect of any income other than that derived from any share in a joint stock company, which by reason of the smallness of the income of the person in this Colony finally beneficially entitled thereto would be exempt from taxation if it had been included by such person in a return made of his income, the commissioner may cause the amount of such tax to be refunded as aforesaid: Provided that the commissioner shall not certify for any refund under this section unless the claim is made within two years of the date when the payment was made.

Refund.

81. If any person—

- (1) Fails or neglects without reasonable cause to furnish any returns within the prescribed time he shall be taken to be guilty of wilful neglect.
- (2) Knowingly and wilfully makes any false statement in any returns or makes any false answer for the purpose of evading or enabling any other person to evade assessment or taxation, or
- (3) By any falsehood, wilful neglect, fraud, art or contrivance whatever evades or attempts to evade assessment or taxation,

Penalty Clause.

he shall be liable to pay for each offence a penalty not exceeding one hundred pounds, and in any case where the offence was an evasion of assessment or taxation, or an attempt to evade assessment or taxation, the person offending shall be liable to be assessed and charged double the amount of the tax to which such person would otherwise be liable.

82. Any person who obstructs or hinders any officer acting in discharge of his duties under this Act or the regulations thereunder or refuses or wilfully neglects to answer or gives any false or evasive answer to any lawful question put by any officer relating to any land, property, or income belonging to such person, shall be liable to a penalty not exceeding fifty pounds.

Penalty of obstruction and false answers.

83. The production of the "Gazette" containing any regulations purporting to be regulations under this Act or any notice purporting to be published in pursuance of this Act or the regulations thereunder, shall be conclusive evidence that such regulation or publication was duly made and published, and the production of any assessment book or of any document under the hand of the commissioner purporting to be a copy of or extract from any assessment book shall be conclusive evidence of the making of the assessment and, except in the case of proceedings on appeal against the assessment, shall be conclusive evidence that the amount and all the particulars of such assessment appearing in such book or document are absolutely correct.

Evidence.

84. This Act may be cited as the "Additional Taxation Act, 1904."

Short title.

FIRST SCHEDULE.

TABLE A.

TABLE FOR DETERMINING THE WEIGHT PER GALLON OF SPIRITS BY SYKES'S HYDROMETER.

1. Spirits which on Sykes's hydrometer indicate a number in Column A. must be taken to be of the Weight per Gallon in pounds and decimal parts of a pound; of Spirits indicated by the corresponding number in Column B.

2. To ascertain the quantity of Spirits in Cask, their net weight must be divided by the number which in Column B. indicates their weight per Gallon, and the product will be the quantity of the Spirits in Gallons and decimal parts of a Gallon.

Column A. Indication on Sykes's Hydro- meter.	Column B. Weight per Gallon.	Column A. Indication on Sykes's Hydro- meter.	Column B. Weight per Gallon.	Column A. Indication on Sykes's Hydro- meter.	Column B. Weight per Gallon.	Column A. Indication on Sykes's Hydro- meter.	Column B. Weight per Gallon.	Column A. Indication on Sykes's Hydro- meter.	Column B. Weight per Gallon.
0	8.154	14	8.392	28	8.635	42	8.878	56	9.121
2	8.157	2	8.395	2	8.639	2	8.889	2	9.147
4	8.161	4	8.399	4	8.642	4	8.892	4	9.181
6	8.164	6	8.402	6	8.646	6	8.896	6	9.154
8	8.168	8	8.406	8	8.649	8	8.899	8	9.158
1	8.171	15	8.409	29	8.653	43	8.908	57	9.162
2	8.174	2	8.412	2	8.656	2	8.907	2	9.166
4	8.178	4	8.416	4	8.660	4	8.911	4	9.170
6	8.181	6	8.419	6	8.663	6	8.914	6	9.173
8	8.185	8	8.423	8	8.667	8	8.918	8	9.177
2	8.188	16	8.426	30	8.670	44	8.922	58	9.181
2	8.191	2	8.429	2	8.674	2	8.926	2	9.185
4	8.195	4	8.433	4	8.677	4	8.929	4	9.189
6	8.198	6	8.436	6	8.681	6	8.933	6	9.192
8	8.202	8	8.440	8	8.684	8	8.936	8	9.196
3	8.205	17	8.443	31	8.688	45	8.940	59	9.200
2	8.208	2	8.446	2	8.692	2	8.944	2	9.204
4	8.212	4	8.450	4	8.695	4	8.947	4	9.207
6	8.215	6	8.453	6	8.699	6	8.951	6	9.211
8	8.219	8	8.457	8	8.702	8	8.954	8	9.214
4	8.222	18	8.460	32	8.706	46	8.958	60	9.218
2	8.225	2	8.464	2	8.709	2	8.962	2	9.222
4	8.229	4	8.467	4	8.713	4	8.965	4	9.226
6	8.232	6	8.471	6	8.716	6	8.969	6	9.229
8	8.236	8	8.474	8	8.720	8	8.972	8	9.233
5	8.239	19	8.478	33	8.723	47	8.976	61	9.237
2	8.242	2	8.481	2	8.727	2	8.980	2	9.241
4	8.245	4	8.485	4	8.730	4	8.984	4	9.245
6	8.249	6	8.488	6	8.734	6	8.987	6	9.248
8	8.252	8	8.492	8	8.737	8	8.991	8	9.252
6	8.255	20	8.495	34	8.741	48	8.995	62	9.256
2	8.258	2	8.498	2	8.745	2	8.999	2	9.260
4	8.262	4	8.502	4	8.748	4	9.002	4	9.264
6	8.265	6	8.506	6	8.752	6	9.006	6	9.267
8	8.269	8	8.509	8	8.755	8	9.009	8	9.271
7	8.272	21	8.512	35	8.759	49	9.013	63	9.275
2	8.275	2	8.516	2	8.763	2	9.017	2	9.279
4	8.279	4	8.519	4	8.766	4	9.021	4	9.283
6	8.282	6	8.523	6	8.770	6	9.024	6	9.286
8	8.286	8	8.526	8	8.773	8	9.028	8	9.290
8	8.289	22	8.530	36	8.777	50	9.032	64	9.294
2	8.292	2	8.533	2	8.781	2	9.036	2	9.298
4	8.296	4	8.537	4	8.784	4	9.039	4	9.302
6	8.299	6	8.540	6	8.788	6	9.043	6	9.305
8	8.303	8	8.544	8	8.791	8	9.046	8	9.309
9	8.306	23	8.547	37	8.795	51	9.050	65	9.313
2	8.309	2	8.551	2	8.799	2	9.054	2	9.317
4	8.313	4	8.554	4	8.802	4	9.058	4	9.321
6	8.316	6	8.558	6	8.806	6	9.061	6	9.324
8	8.320	8	8.561	8	8.809	8	9.065	8	9.328
10	8.323	24	8.565	38	8.813	52	9.069	66	9.332
2	8.326	2	8.568	2	8.817	2	9.073	2	9.336
4	8.330	4	8.572	4	8.820	4	9.076	4	9.340
6	8.333	6	8.575	6	8.824	6	9.080	6	9.344
8	8.337	8	8.579	8	8.827	8	9.083	8	9.348
11	8.340	25	8.582	39	8.831	53	9.087	67	9.352
2	8.343	2	8.586	2	8.835	2	9.091	2	9.356
4	8.347	4	8.589	4	8.838	4	9.095	4	9.360
6	8.350	6	8.593	6	8.842	6	9.098	6	9.363
8	8.354	8	8.596	8	8.845	8	9.102	8	9.367
12	8.357	26	8.600	40	8.849	54	9.106	68	9.371
2	8.361	2	8.603	2	8.853	2	9.110	2	9.375
4	8.364	4	8.607	4	8.856	4	9.114	4	9.379
6	8.368	6	8.610	6	8.860	6	9.117	6	9.382
8	8.371	8	8.614	8	8.863	8	9.121	8	9.386
13	8.375	27	8.617	41	8.867	55	9.125	69	9.390
2	8.378	2	8.620	2	8.871	2	9.129	2	9.394
4	8.382	4	8.624	4	8.874	4	9.132	4	9.398
6	8.385	6	8.628	6	8.878	6	9.136	6	9.401
8	8.389	8	8.631	8	8.881	8	9.139	8	9.405



Column A. Indication on Sykes's Hydro- meter.	Column B. Weight per Gallon.	Column A. Indication on Sykes's Hydro- meter.	Column B. Weight per Gallon.	Column A. Indication on Sykes's Hydro- meter.	Column B. Weight per Gallon.	Column A. Indication on Sykes's Hydro- meter.	Column B. Weight per Gallon.	Column A. Indication on Sykes's Hydro- meter.	Column B. Weight per Gallon.
70	9.409	76	9.525	82	9.643	88	9.761	94	9.880
2	9.418	2	9.529	3	9.647	2	9.765	2	9.884
4	9.417	4	9.532	4	9.651	4	9.769	4	9.888
6	9.420	6	9.537	6	9.655	6	9.773	6	9.892
8	9.424	8	9.541	8	9.659	8	9.777	8	9.896
71	9.428	77	9.545	83	9.663	89	9.781	95	9.900
2	9.432	2	9.549	2	9.667	2	9.785	2	9.904
4	9.436	4	9.553	4	9.671	4	9.789	4	9.908
6	9.440	6	9.557	6	9.674	6	9.792	6	9.913
8	9.444	8	9.561	8	9.678	8	9.793	8	9.917
72	9.448	78	9.565	84	9.682	90	9.800	96	9.921
2	9.432	2	9.569	2	9.686	2	9.804	2	9.925
4	9.456	4	9.573	4	9.690	4	9.808	4	9.929
6	9.459	6	9.576	6	9.694	6	9.812	6	9.934
8	9.463	8	9.580	8	9.698	8	9.816	8	9.938
73	9.467	79	9.584	85	9.702	91	9.820	97	9.942
2	9.471	2	9.588	2	9.706	2	9.824	2	9.946
4	9.475	4	9.592	4	9.710	4	9.828	4	9.950
6	9.479	6	9.596	6	9.714	6	9.832	6	9.955
8	9.483	8	9.600	8	9.718	8	9.836	8	9.959
74	9.487	80	9.604	86	9.722	92	9.840	98	9.963
2	9.491	2	9.608	2	9.726	2	9.844	2	9.967
4	9.495	4	9.612	4	9.730	4	9.848	4	9.972
6	9.498	6	9.615	6	9.733	6	9.852	6	9.976
8	9.502	8	9.619	8	9.737	8	9.856	8	9.981
75	9.506	81	9.623	87	9.741	93	9.860	99	9.985
2	9.510	2	9.627	2	9.745	2	9.864	2	9.989
4	9.514	4	9.631	4	9.749	4	9.868	4	9.994
6	9.517	6	9.635	6	9.753	6	9.872	6	9.998
8	9.521	8	9.639	8	9.757	8	9.876	8	10.003
								100	10.007

SECOND SCHEDULE.

Second  
Schedule.

ALLOWANCE FOR NATURAL WASTE ON SPIRITS RETAINED IN THE POSSESSION OF A WINE FARMER.

Period.	Allowance not exceeding
Not less than 1 month and not exceeding 3 months	3 per cent.
Exceeding 3 months	6 "
12 " " 2 years	8 "

No. 6.

CANADA.

GOVERNOR-GENERAL EARL GREY to Mr. LYTTELTON.

(Received May 3, 1905.)

Government House, Ottawa,

20th April 1905.

SIR,

WITH reference to my telegraphic message of the 15th instant,\* in regard to the imposition of income taxes in Canada, I have the honour to enclose herewith a copy of an approved Minute of the Privy Council, the substance of which was embodied in that message.

I have, &c.,

GREY.

\* Not printed.

## Enclosure in No. 6.

EXTRACT FROM A REPORT OF THE COMMITTEE OF THE HONOURABLE THE PRIVY COUNCIL, approved by the GOVERNOR-GENERAL on 18th April 1905.

The Committee of the Privy Council have had under consideration a circular despatch dated 9th November 1904, from the Colonial Office, transmitting a copy of an Order of the House of Commons for a return showing the Colonies which have established systems of graduated income tax or of income tax levied at different rates on carried or unearned incomes, or both, with particulars in each case of the rates of tax and the system of assessment and collection.

The Minister of Finance, to whom the said despatch was referred, states that no tax on incomes is imposed by the Parliament of Canada. Therefore, if the proposed return is intended to relate to income tax imposed in any Colony for the general purposes of the Colony the Colonial Office should be informed that no such tax exists in the Dominion of Canada.

The Minister observes that he is aware that the principle of an income tax is adopted by some of the provinces of Canada chiefly, if not wholly, for municipal purposes.

The Committee advise that a copy of the circular despatch be forwarded to the Lieutenant-Governors of the several Provinces and the North-West Territories, with the request that such information as is available may be furnished for transmission to the Colonial Office.

The Committee further advise that his Excellency be moved to cable the Secretary of State for the Colonies so much of this minute as is fitting in answer to his cable of the 22nd March ultimo, asking for a reply to the circular despatch of the 9th November 1904.

All which is respectfully submitted for approval.

JOHN J. MCGEE,  
Clerk of the Privy Council.

## No. 7.

## SOUTH AUSTRALIA.

GOVERNOR SIR G. R. LE HUNTE to Mr. LYTTELTON.

(Received March 11, 1905.)

Government House, Adelaide,

SIR,

7th February 1905.

IN reply to your circular of 9th November last, I have the honour to forward the enclosed return of income tax on the graduated scale, together with the Taxation Acts and Regulations\* in force in this State.

I have, &c.

GEORGE R. LE HUNTE.

## Enclosure in No. 7.

INFORMATION required for the purposes of a RETURN to ORDER of the HOUSE OF COMMONS of August 11th, 1904.

## Income Tax, South Australia.

1. The income tax in the State of South Australia was initiated in 1884, and is a tax on all incomes arising, accruing in, or derived from South Australia (except municipal corporations, district councils, societies, &c., not carrying on business for the purpose of gain to be divided amongst the shareholders or members thereof, and all Friendly Societies). (Copies of all legislation and regulations thereunder herewith enclosed.)

The taxes now in force are :—

(a) 4½*d.* in the £ up to 800*l.*

7*d.* in the £ over 800*l.*

No exemption where net income exceeds 400*l.*, where the income is derived from personal exertion (*i.e.*, not derived from property or investment).

9d. in the £ up to 800l.

1s. 1½d. in the £ over 800l.

No exemption where net income exceeds 400l., where the income is derived from property. The income of a company is by Act deemed to be the produce of property and taxable at the higher rates, and without exemption.

(b) *The Total Yield of the Tax.*

Year ending 30th June.	Net Income Tax Paid to Treasury.	Exempt Amount.	From Property.	From Personal Exertion.
	£ s. d.	£	d.	
1885-6	57,370 4 8	300	6	3d.
1887	16,734 14 4	300	6	3d.
1888	85,433 6 2	200	6	3d.
1889	36,626 10 8	200	6	3d.
1890	44,038 16 7	200	6	3d.
1891	47,121 10 10	200	6	3d.
1892	49,062 12 1	200	6	3d.
1893	57,824 12 5	200	9	4½d.
1894	73,384 6 3	200	1s.	6d.
1895	58,033 13 8	200	9d.	4½d.
1896	82,760 5 2	125	1s.	6d., over 800l.
1897	81,845 9 2	150	1s.	No exemption over 425l.
1898	83,217 12 5	150	1s.	Do. 450l.
1899	85,515 16 10	150	1s.	Do. 450l.
1900	93,820 3 8	200	1s.	6d. to all.
1901	87,289 19 3	200	1s.	Do.
1902	80,269 19 6	200	1s.	Do.
1903	113,854 1 5	135	9d.	4½d.
			1s. 1½d.	7d. over 800l. No exemption over 400l.
1904	118,433 15 5	150	1s. 1½d.	Do. do.

(c) and (d).

Year ending 31st December.	Approximate Net Income brought into account in Income Tax Returns including Incomes below the Taxable Amount.	Number of Taxpayers, Approximate.	Remarks.
1884	Records not complete - - -	—	
1885	Do. do. - - -	—	
1886	Do. do. - - -	—	
1887	Do. do. - - -	—	
1888	Do. do. - - -	—	
1889	5,939,855l.	10,142	
1890	6,259,115l.	10,541	
1891	6,121,430l.	9,288	
1892	5,837,173l.	7,837	
1893	4,585,500l.	6,582	
1894	4,787,440l.	6,214	
1895	7,930,499l.	16,318	
1896	5,733,767l.	11,990	
1897	5,884,298l.	12,168	
1898	5,938,588l.	12,761	
1899	6,130,900l.	8,528	
1900	6,273,768l.	9,800	
1901	5,881,036l.	9,679	
1902	7,607,149l.	20,009	
1903	5,866,588l.	11,952*	

\* This amount will be largely increased as the late returns for 1903 are dealt with. The figures are continually changing as assessments are made or amended.

NOTE.—The members of the taxpayers' families cannot be supplied. The population of the State of South Australia is 369,176, exclusive of aborigines.

(d) *Vide* above.

## 2. Graduation adopted.

The principle of graduation adopted in this State is fully shown by the following table of :—

1. Rates of exemption.
2. Rates of income tax, both as to income from property and from personal exertion.
3. Loss of exemption to companies, and to individuals when the net income exceeds a fixed amount.

## (1, 2, and 3). Rates of Income Tax and Amount of Exemptions.

Year of Assessment.	Amount of Exemption.	Rates of Individuals.	Income Tax. Companies. (No exemption.)	Exemptions.
	£			
1885	300	{ Prop. 6d. P.E. 3d.	{ Prop. 6d. P.E. 3d.	{ 5 per cent. excluded from income from land if taxpayer pays land tax.
1886	300	Do.	Do.	Do. do.
1887	300	Do.	Do.	Do. do.
1888	200	Do.	Prop. 6d.	5 per cent. exemption as above repealed.
1889	200	Do.	Do.	—
1890	200	Do.	Do.	—
1891	200	Do.	Do.	—
1892	200	Do.	Do.	—
1893	200	{ Prop. 9d. P.E. 4½d.	{ Prop. 9d. —	—
1894	200	{ Prop. 1s. P.E. 6d.	{ Prop. 1s. —	—
		Up to 800l.	Over 800l.	
1895	200	{ Prop. 9d. P.E. 4½d.	{ Prop. 1s. P.E. 6d.	—
1896	125	Do.	Do.	No exemption when net income exceeds 425l.
1897	150	Do.	Do.	No exemption when net income exceeds 450l.
1898	150	Do.	Do.	At property rates 450l.
1899	150	Do.	Do.	Do. do.
1900	200	Do.	Do.	—
1901	200	Do.	Do.	—
1902	200	Do.	Do.	—
1903	135	Do.	{ Prop. 1s. 1½d. P.E. 7d. }	At property rates 400l. Nor to absentees.
1904	150	Do.	Do.	Do. do.

To further amplify the information required, a copy of a return to the order of the local legislature is attached. (Parliamentary Paper No. 62 of 1904.)

*Return of Income Tax Payers Classified.*

1902-1903.—Return of income tax payers classified as to occupation, and a comparison of tax assessed, for the years ending December 31st, 1902, and December 31st, 1903, as assessed to June 30th, 1903, and June 30th, 1904, respectively, and not including any subsequent amendments or additions to number of tax payers or amount of tax.

Description of Taxpayers.	Number of Taxpayers.	Amount of Tax, 1902.	Number of Taxpayers.	Amount of Tax, 1903.	Increase—Tax 1903.	Decrease—Tax 1903.
		£		£	£	£
Absentees - -	721	6,894	679	6,586	—	308
Brewers - -	37	766	28	308	—	458
Civil servants - -	1,464	3,458	1,264	3,248	—	210
Farmers - -	2,095	10,832	1,867	7,307	—	3,525
Sheepfarmers - -	271	8,625	455	14,763	6,138	—
Gardeners - -	155	477	86	331	—	146
Hotelkeepers - -	250	966	144	776	—	190
Independent means - -	1,023	8,938	904	8,803	—	135
Manufacturers - -	77	1,473	55	1,027	—	446
Merchants - -	182	7,173	145	7,101	—	72
Miscellaneous - -	7,598	22,880	5,024	15,556	—	7,324
Professional - -	374	3,642	525	4,333	691	—
Sharebrokers - -	37	380	42	396	16	—
Storekeepers - -	392	1,481	328	1,576	95	—
Vignerons - -	42	728	35	514	—	214
<i>Companies :</i>						
Assurance and insurance	56	5,098	47	2,169	—	2,929
Banking - - -	5	4,937	5	1,707	—	3,230
Brewing - - -	5	2,242	4	1,925	—	317
Building and investment	14	212	15	417	205	—
Carrying - - -	26	2,921	28	3,321	400	—
Manufacturing - -	20	1,884	12	806	—	1,078
Markets - - -	11	256	6	215	—	41
Miscellaneous - -	61	12,297	66	13,878	1,581	—
Mining - - -	3	718	2	2,816	2,098	—
Trustees - - -	207	3,652	186	3,290	—	362
	15,226	112,930	11,952	103,169	11,224	20,985
						11,224
Net decrease	-	-	-	-	-	9,761

	1902 Tax.	1903 Tax.
	£	£
Property - - -	56,914	53,005
Personal exertion - - -	56,016	50,164
	<u>112,930</u>	<u>103,169</u>

July 27th, 1904.

ARTHUR SEARCY,  
Deputy Commissioner of Taxes.

### 3. Differentiation.

Income from property (rents, interest on investments, &c.) is taxed at the higher rate, as shown in "No. 2, Graduation."

The profits of a trader working with his own capital are taxed as from personal exertion.

Return forms are framed to show the income from property, investments, &c., separately from personal exertion.

(NOTE.—We have not in this State any form of death duty which may be considered as an equivalent to the higher taxation by an income tax of incomes from property or investment. The same applies to "tax on realised property." We have graduated death duties and graduated stamp duties on the consideration for the sale of property conveyed or transferred.)

#### 4. System of Assessment.

(a) Registered companies pay the full tax, and shareholders do not include in their individual returns the dividends received.

Taxpayers show all other income, salaries, &c. "arising, accruing, &c." in South Australia; or, in other words, are assessed on a direct return by the individual taxpayers on their income from all sources except as to registered companies.

(b) On actual income for the year preceding assessment.

(c) No. By officers in the Taxation Department, Adelaide, who examine returns with the statements required therewith showing how the income has been arrived at, or balance sheets. Assessment is then made after deducting exemption, if allowable; or taxpayer is communicated with in order to elicit further information.

Taxpayers have the right of appeal to a local court of full jurisdiction within two months after notice of assessment. The Commissioner of Taxes, however, has power to reconsider an assessment without appeal to the court.

(d) Under the powers of the Taxation Acts, returns may be checked either by correspondence with the taxpayer, personal interviews, or examination of books, &c. Taxpayers failing to make a return are liable under the Act to a penalty not exceeding 20*l.*, and treble the amount of tax payable.

If taxpayers wilfully furnish false returns they are guilty of misdemeanor, punishable on conviction in like manner as wilful and corrupt perjury.

#### 5. System of Collection.

By Government officials—at fixed salaries, with the exception of country postmasters, who receive a small commission. Taxes may be paid either by direct remittance to the commissioner or payment at taxation offices, or for a period of four (4) weeks after assessment to any postmaster in the State.

Separate cost of collection of income tax alone cannot be given, as the income tax is worked in conjunction with the land tax, but the cost of the joint collection is:—

Year.	Cost of Collection per 100 <i>l.</i> received.			Remarks.
	£	s.	d.	
1885-6	10	15	2	The separate cost of collecting the land and income taxes cannot be given, but it is safe to assume that the cost of collection of the income tax is much greater than that of the land.
1886-7	4	12	10	
1887-8	5	2	4	
1888-9	7	1	9	
1889-90	4	10	1	
1890-91	5	1	9	
1891-2	6	6	3	
1892-3	5	3	5	
1893-4	4	1	6	
1894-5	5	14	8	
1895-6	5	3	0	
1896-7	5	8	3	
1897-8	6	15	4	
1898-9	5	13	4	
1899-00	5	15	6	
1900-1	6	19	4	
1901-2	6	3	1	
1902-3	4	12	0	
1903-4	5	12	8	

27th January 1905.

ARTHUR SEARCY,  
Deputy Commissioner of Taxes.

No. 8.

VICTORIA.

GOVERNOR SIR R. TALBOT to Mr. LYTTELTON.

(Received March 11; 1905.)

State Government House, Melbourne,

6th February 1905.

SIR,

I HAVE the honour to acknowledge the receipt of your circular despatch of the 9th November last, and in compliance with the request contained therein, to transmit to you a Report by the Commissioner of Taxes, which I trust will give the desired information.

I am, &amp;c.

R. TALBOT.

Enclosure in No. 8.

The system of Income Tax in Victoria comprehends three distinct principles:—

- (1) A differentiation in the nature of the income subject to tax.
- (2) A differentiation of rates according to the class of income.
- (3) A graduation of the rate of tax in each class dependent on the taxable amount of the income.

Income subject to tax is not confined to income in its ordinary signification of pecuniary benefits actually acquired, but extends to benefits that may be estimated as of a pecuniary value; thus land with improvements used by the owner for the purpose of residence or enjoyment is deemed to yield an income to him computed at 4 per cent. on the capital value, and the value of residence, board and residence, &c., and every allowance, benefit, or advantage of any kind, whether in money or otherwise, is deemed to be income in the hands of the recipients.

(1) The Income Tax Acts of Victoria differentiate between income from personal exertion and income the produce of property.

Income from personal exertion is defined as all income consisting of 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, and trade is widely defined as any profession, vocation, business, or occupation.

Income the produce of property is defined as "All income derived in or from Victoria, and not derived from personal exertion."

(a) The rates of tax are fixed annually, by Act, and for the year 1905 are:—

For persons (not being companies):—

On the first 500 <i>l.</i> or fractional part thereof - - - -	Personal exertion, 3 <i>d.</i> ; Property, 6 <i>d.</i>
On the second 500 <i>l.</i> or fractional part thereof - * - - -	" " 4 <i>d.</i> ; " 8 <i>d.</i>
On the third 500 <i>l.</i> or fractional part thereof - - - -	" " 5 <i>d.</i> ; " 10 <i>d.</i>
On all in excess of 1,500 <i>l.</i> - - - -	" " 6 <i>d.</i> ; " 12 <i>d.</i>
For Companies (other than Life Assurance Companies) - - - -	" " 7 <i>d.</i> ; " 7 <i>d.</i>
For Companies (Life Assurance) - - - -	" " 8 <i>d.</i>

The rates of tax were higher in the year 1904 than the rates fixed for 1905.

(b) The yield of tax in 1904 was 311,666*l.*

(c) The total assessable income in 1904 was 14,978,906*l.* The total income of residents of the State is generally estimated at about 53,000,000*l.*, but this estimate is only approximate. The number of taxpayers was 47,871.

- (d) The number of the income tax paying class is not available, but a tolerable estimate would be 200,000, or about one-sixth of the total population, which, at 30th September 1904, was estimated at 1,207,605.

(2) The principle of assessing income from property at double the rate of that from personal exertion is based upon the difference in a young country between the worker and producer and the investor. This distinction is not in all cases consistent. The merchant well established in trade may not have to undergo any personal exertion whatever in the earning of his income; he may be a sleeping partner or may be resident abroad, leaving the management to others here, while the investor may have infinite anxiety, and have to give a constant and personal attention to the collection of his rents, or the safe investment of those funds which he may have acquired by personal exertion in the past. On the other hand, the investor in Government Securities has no anxiety or labour in the earning of the income from his investments, and the wage earner the maximum of personal exertion. In these cases the distinction is just.

The distinction has been drawn in the Act on broad lines, and it has been administered strictly, viewing only the source of the income as the determining factor, and not the facts, in individual cases.

The principle of graduation in the scale of tax has for its basis the ability of the subject to bear the burthen of the tax, and that income which is not dependent upon the personal effort of the subject can bear a heavier impost than income which is dependent upon personal effort. Its operation will be seen by the following table (*see* opposite).

Exemptions are made in favour of Crown revenues, the revenues of local Government institutions, such as municipalities, the Harbour Trust, the Marine Board, the Melbourne and Metropolitan Board of Works, the Commissioners of Savings Banks, the University of Melbourne and its affiliated colleges, the Working Men's College, Schools of Mines, or other technical colleges, water trusts or agricultural colleges, all bodies formed solely for the purposes of religion, and all income being interest accruing to any person from any stock, bonds or debentures of the Government of Victoria.

Exemption is also made of the income of all registered friendly societies, provident societies, building societies, trades unions, trusts, societies, associations, institutions, and public bodies, so far as the same is not derived from trade, and of the profits derived by any person or company from fire insurance, marine insurance, or fidelity guarantee insurance carried on in Victoria.

(NOTE.—A duty of  $1\frac{1}{2}$  per cent. of the total premiums received is imposed on this class of business under the Stamps Acts, with a minimum duty of 50*l.*)

Persons not resident in Victoria are exempt from tax on interest they derive from any stock, debentures, or bonds issued by any public or municipal trust, body, or corporation, pursuant to any Act of the Parliament of Victoria.

Incomes of persons (not being registered companies) which do not exceed in the aggregate 157*l.* (from the combined sources of personal exertion and property) are not subject to tax, and an exemption of 100*l.* is given in all such incomes as do not exceed in such aggregate the sum of 500*l.*

If a taxpayer derives income from both classes of income, and the outgoings relating to any one class exceed the income derived therefrom, the excess of such outgoings is deductible from the income from the other class.

All calls paid by him into a company in liquidation, or into a mining company, may be deducted by the taxpayer from his income, before arriving at his assessable amount.

- (3) The differentiation is sufficiently shown in paragraphs 1 and 2.

The income of a trader or manufacturer from his business is treated as income from personal exertion whether he employs his own or borrowed capital. If he works on borrowed capital, the interest he pays thereon is allowed as a business outgoing and set-off against his profits, while such interest is assessed as income from property in the hands of the recipient. In 1903 the income of a trade to an amount equal to 4*l.* per cent. of the taxpayer's net capital employed in the trade was assessed as income from



ANALYSIS OF 1904 ASSESSMENTS ON INCOMES OF 1903.

Return showing Taxable Amount and Amount of Tax on Individuals and Companies separately from 1st January to 31st December 1904, inclusive.

On Incomes up to	Personal.						Property.						Combined.					
	Individuals.			Companies.			Individuals.			Companies.			Individuals.			Companies.		
	Tax-payers.	Taxable Amount.	Amount of Tax.	Tax-payers.	Taxable Amount.	Amount of Tax.	Tax-payers.	Taxable Amount.	Amount of Tax.	Tax-payers.	Taxable Amount.	Amount of Tax.	Tax-payers.	Taxable Amount.	Amount of Tax.	Tax-payers.	Taxable Amount.	Amount of Tax.
	£	£	£ s. d.		£	£ s. d.		£	£ s. d.		£	£ s. d.		£	£ s. d.		£	£ s. d.
75	10,404	627,365	7,842 1 4	79	2,329	29 2 3	2,539	100,934	2,522 13 9	66	1,680	42 13 6	12,943	728,299	10,364 15 1	145	4,009	71 15 9
100	7,284	640,467	8,005 16 10	15	1,373	17 3 3	937	82,223	2,055 11 6	5	427	10 13 6	8,221	722,690	10,061 8 4	20	1,800	27 16 9
200	12,939	1,823,532	22,794 3 2	58	7,722	96 10 6	2,083	300,314	7,505 5 9	22	3,062	79 2 6	15,022	2,123,346	30,299 8 11	75	10,784	176 13 0
300	4,873	1,191,049	14,888 2 4	30	7,429	92 17 3	1,031	255,059	6,369 2 8	12	3,128	85 10 6	5,994	1,446,103	21,257 5 0	42	10,567	178 7 9
	35,500	4,282,413	53,530 3 8	177	18,853	235 13 3	6,590	738,530	18,452 13 8	105	8,297	218 0 0	42,090	5,020,942	71,982 17 4	282	27,150	453 13 3
400	2,417	837,033	10,929 6 1	19	6,694	87 16 4	517	181,589	4,760 9 2	10	3,370	87 6 6	2,934	1,018,622	15,689 15 3	29	10,064	175 2 10
500	322	147,341	2,053 3 8	22	9,790	135 13 4	149	67,641	1,821 7 4	5	2,270	63 3 4	471	214,982	3,934 11 0	27	12,060	193 16 8
600	1,246	681,505	9,801 1 8	20	11,017	158 12 4	359	196,699	5,659 8 0	9	4,789	137 2 8	1,605	878,204	15,460 4 8	29	15,806	295 15 0
700	725	469,968	6,926 17 9	10	6,511	96 0 4	242	156,318	4,634 17 0	4	2,600	56 10 8	967	626,506	11,561 14 9	14	9,111	152 11 0
800	526	392,123	5,877 17 6	7	5,260	78 18 4	140	104,642	3,133 17 2	13	9,855	302 15 0	666	496,765	9,011 44 8	20	15,115	381 18 4
	5,236	2,527,990	35,588 6 8	78	39,272	557 0 8	1,407	707,089	20,069 13 8	41	22,884	646 18 2	6,643	3,235,079	55,658 0 4	119	62,156	1,203 18 10
900	331	281,667	4,349 14 7	6	5,230	81 9 2	109	93,368	2,874 12 10	5	4,207	145 19 2	440	374,935	7,224 7 5	11	9,437	227 8 4
1,000	268	255,425	4,093 0 7	11	10,331	164 16 3	86	81,327	2,600 5 10	4	3,713	118 0 10	354	386,752	6,698 6 5	15	14,044	282 17 1
1,100	199	209,544	3,453 8 6	10	10,176	166 3 4	57	69,746	1,966 18 2	2	2,062	67 11 8	256	269,290	5,420 6 8	12	12,238	233 15 0
1,200	160	183,950	3,098 19 2	10	11,569	195 3 9	46	52,935	1,783 19 2	2	2,338	78 17 6	206	236,885	4,882 18 4	12	13,902	274 1 8
1,300	123	152,917	2,622 0 5	5	6,352	109 8 4	56	69,899	2,399 1 8	2	2,474	84 15 0	179	222,815	5,021 2 1	7	8,826	194 3 4
	1,081	1,089,403	17,617 3 3	42	43,658	717 0 10	354	357,274	11,624 17 8	15	14,789	495 4 2	1,435	1,440,677	29,242 0 11	57	58,447	1,212 5 0
1,400	90	121,068	2,131 14 0	4	5,378	94 9 0	37	49,911	1,755 10 10	1	1,318	45 18 0	127	170,979	3,887 4 10	5	6,696	140 7 0
1,500	64	93,037	1,685 18 6	4	5,789	104 14 6	19	29,460	993 15 0	4	5,828	290 12 8	83	122,497	2,679 13 6	8	11,617	395 7 2
1,600	78	113,419	2,105 9 6	5	7,725	143 2 6	14	21,794	809 14 0	2	3,064	113 4 0	87	136,213	2,915 3 6	7	10,789	256 6 6
1,700	58	92,589	1,754 14 0	5	8,369	159 4 6	27	44,537	1,686 17 0	—	—	—	83	137,125	3,441 11 0	5	8,369	159 4 6
1,800	60	104,960	2,023 19 10	5	8,667	166 13 6	19	33,665	1,303 5 0	1	1,723	66 3 0	79	138,625	3,327 4 10	6	10,390	232 16 6
	343	525,072	9,701 15 10	23	35,928	668 4 0	116	179,367	6,549 1 10	8	11,933	515 17 8	459	704,439	16,250 17 8	31	47,861	1,184 1 8
1,900	27	49,954	984 9 10	5	9,152	179 8 8	17	31,783	1,238 19 6	1	1,806	90 6 0	44	81,737	2,223 9 4	6	10,958	269 14 8
2,000	44	85,864	1,784 7 4	8	15,487	311 14 1	16	31,278	1,264 11 0	1	1,940	78 3 4	60	117,142	2,998 18 4	9	17,427	389 17 5
2,100	29	59,420	1,225 11 8	2	4,054	83 4 10	22	45,454	1,881 9 4	—	—	—	51	104,874	3,107 1 0	2	4,054	83 4 10
2,200	38	81,891	1,723 9 9	2	4,144	85 17 4	8	17,191	722 16 2	—	—	—	46	99,082	2,446 5 11	2	4,144	85 17 4
	188	277,129	5,667 18 7	17	32,837	660 4 11	63	125,706	5,107 16 0	2	3,746	168 9 4	201	402,835	10,775 14 7	19	36,583	828 14 3
Over	846	1,618,371	40,797 9 8	121	1,236,373	33,914 4 3	141	532,985	28,317 17 0	30	399,603	20,168 1 6	507	2,151,356	69,115 6 8	151	1,634,976	54,082 5 9
	42,664	10,314,378	162,902 17 8	458	1,405,921	36,752 7 11	8,671	2,640,951	90,121 19 10	201	461,252	22,212 10 10	51,385	12,955,329	253,024 17 6	639	1,867,173	58,964 18 9

AGGREGATE.

	No. of Taxpayers.	Taxable Amount.	Amount of Tax.
Individuals	51,335	£ 12,955,329	£ s. d. 253,024 17 6
Companies	659	1,867,173	58,964 18 9
*Total	51,994	14,822,502	311,989 16 3

\* Including taxpayers who paid on both classes of income.

Taxpayers who paid on both - - - - - 3,960

NOTE.—These figures would be slightly modified by alterations made in assessments since statistics compiled. (See Text, p. 47.)

property, and only the balance as income from personal exertion, but this has since been discontinued. The effect of this provision was to increase the tax for the year it was in force by about 6 per cent.

If the trader has other income than from his business it is treated according to its class. For instance, if he is in the receipt of rents, an annuity, interest from investments, &c., these are assessed separately as income from property.

The income of a trading company is under the Acts at present in force taxable at a uniform rate of sevenpence in the £ on the profits of the year preceding the year of assessment.

The income of an ordinary life assurance company is taken as equal to 30 per centum of the premiums received in the State during the year preceding the year of assessment; that being found to be nearly equivalent to the income received by the Australian societies or companies from the investment of their funds in this State. The measure being of their income from property it is taxed at the uniform rate of 8d. in the £. The income of the industrial branches is estimated at 15 per cent of the premiums received.

The taxable income of a mining company registered under the No Liability provisions of the Victorian Companies Act, and carrying on mining operations in Victoria, is arbitrarily fixed as the equivalent of the gross amount of the dividends declared by it in the year preceding the year of assessment.

In addition to this income tax there is a land tax of a nature peculiar to Victoria on all estates over the value of 2,500l., which value is estimated on the grazing capacity of the land.

There is also a death duty which is calculated upon the excess of the value of all the deceased's real and personal estate over which the Victorian probate or letters of administration would operate, over the debts of the deceased. The minimum amount subject to this duty is 200l. The duty is differential in the cases of widows and children and strangers, and is graduated.

The total yield of such duty was for the year 1904 284,854l.

There are also graduated stamp duties upon the transfer of real estate and for the settlement of real and personal estate.

Neither the land, death, nor stamp duties are in any way connected with the income tax.

#### 4. *System of Assessment.*

(a) As the year during which the income is to be ascertained ends on the 31st December, and as the tax has to be collected before the 30th June of the succeeding year (which is the end of the Government financial year), there is only a period of six months within which to receive, collate, and assess the returns and collect the tax. All returns, therefore, dealing with simple income, such as salaries, pensions, interest, rents, &c. have to be lodged with the Commissioner by the 1st February, and all other returns of traders, companies, &c. by the 1st March. These have to be delivered or forwarded by post to him on or before those dates. They are assessed as speedily as possible, and dates fixed for payment at periods up to the 30th June on the assessments as they are made. The tax is not levied at the source, but is assessed on a direct return (form herewith)\* made by the individual taxpayer of his income from all sources. It is only in cases where the recipient does not make a return or cannot be made directly answerable that the tax is claimed, after assessment, from the person making the payment. Companies are assessed as individuals. (Dividends from companies are not included in the returns of the individual shareholders.)

(b) Returns are made of the actual income of the immediately preceding year. There is no subsequent adjustment after the income for the year in which the tax is levied has been ascertained. The taxpayer has to himself obtain the form on which to make his return, which he can obtain at any post office, State school, railway station, court house, police station, or any other public office in the State. Assessments are made on these returns by Government officials at the Income Tax Office in Melbourne (there are no local commissioners), whence notice of each assessment (form herewith)\* is

sent by post to the taxpayer, who has 14 days within which to lodge an objection. If objection be lodged, it is considered by the Commissioner, and his decision thereon communicated to the taxpayer. If the Commissioner allows the objection wholly or in part, the assessment register is amended in accordance therewith, and the amended assessment becomes the assessment for the year. If the taxpayer is dissatisfied with the Commissioner's decision, the objection is forthwith transmitted to the County Court at Melbourne for determination by the judge—who may, at the request of either party made before delivery of judgment, state a case for the opinion of the Supreme Court. If case not asked for, decision of county court judge is final. From the decision of the Supreme Court, an appeal lies to the High Court of Australia or to His Majesty's Privy Council.

The process of assessment is made by calculating separately the income from personal exertion and that from property, and assessing the tax on each class according to the rates applicable to that class. The exemption of 100*l.* given to aggregate incomes of under 500*l.* is deducted in the first instance from the income from property, and if that is not sufficient, the overplus is taken over against income from personal exertion, and generally where the allowable deductions from one class of income more than absorb the income from that class, it is carried over against the income from the other class.

(c) The Commissioner has very full powers of inspection of books, and in requiring any person to give such information as may be within his possession or knowledge, and for the production for inspection of any books in his possession or control relating to the income of any taxpayer.

Persons neglecting to make returns, or making returns with which the Commissioner is not satisfied, may be assessed by him in such sum as he deems proper—giving them, however, the right to lodge objections. Omissions from the returns are punishable by the imposition of double rates on the income omitted. Neglect to make returns, or making false returns, render the taxpayer liable to prosecution, and on conviction to pay double rate of tax, in addition to penalties varying from 2*l.* to 100*l.* at the discretion of the court hearing the information.

#### 5. Collection.

All tax is made payable only at the office of the Commissioner of Taxes, Melbourne, and may be paid there personally, or may be remitted to him through the post by bank draft, cheque payable in Victoria, or by postal note, post office money order or, where the amount is under 10*s.*, by Victorian postage stamps.

The cost of collection is not kept distinct from the other expenses of administration. The total cost of administration in 1904 was equivalent to 3·82 per centum.

THOS. P. WEBB,

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No. 9.

QUEENSLAND.

LIEUT.-GOVERNOR SIR H. M. NELSON to Mr. LYTTTELTON.

(Received April 5, 1905.)

Government House, Brisbane,

SIR,

20th February 1905.

WITH reference to your Circular Despatch dated the 9th November last, enclosing a copy of a memorandum prepared by the Board of Inland Revenue, and asking for a return showing the Colonies which have established systems of graduated income tax or of income tax levied at different rates on earned and on unearned incomes, or both, with particulars in each case of the rates of tax and of the system of assessment and collection, I have the honour to forward herewith copies of Memoranda prepared by the

Commissioner of Stamps\* and the Commissioner of Income Tax respectively on the subject.

I have not sent a copy of this Despatch to the Governor-General.

I have, &c.,

HUGH M. NELSON,  
Lieutenant-Governor.

Enclosure in No. 9.

INCOME TAX IN QUEENSLAND.

1. The Income Tax in Queensland is levied—

- 1st. On property such as rents, interest, income from companies (except where tax has been paid by the company on such income), income as a beneficiary, royalty, &c.
- 2nd. On personal exertion.

It was first instituted as from the 1st January 1902, and was at the rate of 1s. in the £ on income from property, and 6d. in the £ on income from personal exertion. At that time the first 100l. of a person's income paid 10s. tax, and if the income exceeded 100l. and did not exceed 150l. the tax was the fixed sum of 1l. Where the income exceeded 150l., 1l. was charged on that amount and 6d. or 1s. for each £ above that as the income was derived from personal exertion or property.

From the 1st January 1904 the rate was altered. All incomes not exceeding 100l. were exempted from taxation, and 100l. was allowed as exemption on all incomes up to 300l.; above that amount no exemption was allowed. At the same time a graduated system of taxation was introduced, but as tax for 1904 has not yet been collected it is only a matter of estimate what it will yield.

(a) The following is the new scale of taxation :—

*On Income from Property.*

All incomes not exceeding 100l. exempt.

Where the income subject to the tax—

- Exceeds 100l. and does not exceed 120l., the sum of 1l.
- Exceeds 120l. and does not exceed 300l. (100 exempt and 1s. in each and every 1l. over 100l.).
- Exceeds 300l., 1s. in each and every 1l.

*On Income from Personal Exertion.*

- |   |  |
|---|--|
| Exceeds 100l. and does not exceed 125l.     | The fixed sum of 10s.  |
| Exceeds 125l. and does not exceed 150l.     | The fixed sum of 1l.   |
| Exceeds 150l. and does not exceed 300l.     | 100l. exempt, and 6d. in each and every £ over 100l.                                   |
| Exceeds 300l. and does not exceed 500l.     | 6d. in each and every £.   |
| Exceeds 500l. and does not exceed 1,000l.   | 6d. in each and every £ of the first 500l., and 7d. in each and every £ over 500l.     |
| Exceeds 1,000l. and does not exceed 1,500l. | 7d. in each and every £ of the first 1,000l., and 8d. in each and every £ over 1,000l. |
| Exceeds 1,500l.                             | 8d. in each and every £.   |

On incomes of all Companies and of all Absentees: 1s. in each and every £.

On incomes of all *Foreign Companies* :—

Banks - - - -	1s. in the £ on profits.
Insurance companies other than life.	1s. in the £ on 25 per cent. of its premium income.
Life insurance companies	1s. in the £ on 25 per cent. of its premium income for ordinary business, and on 15 per cent. for industrial business.
Mercantile companies - "	1s. in the £ on 5 per cent. of the total sales.
Other companies - - -	1s. in the £ on 5 per cent. of the capital employed.
On sales made in Queensland by an agent of a foreign company or absentee.	1s. in the £ on 5 per cent. of sales.
On earnings of ships owned by foreign company or absentee.	1s. in the £ on 3 per cent. of earnings.

(b) As already stated, the collections made up to the present time have been under the rates subsisting during 1902 and 1903, when the following rates were in force :—

On all incomes not exceeding 100 <i>l.</i> ,	the fixed sum of 10 <i>s.</i>
Over 100 <i>l.</i> and " " 150 <i>l.</i> ,	" " 1 <i>l.</i>

*On Property.*

For the first 150*l.* the fixed sum of 1*l.*, and at 1*s.* in the £ for each and every £ above that.

*On Personal Exertion.*

On all income up to 150*l.* the fixed sum of 1*l.*, and at 6*d.* in the £ on each and every £ above that sum.

Under the latter rate the amount—

	£
Collected for 1902-3 was - - -	141,894
" " 1903-4 " " - - -	144,487

(c) The total amount of the income of the country (net) assessed to the tax was—

	£
1902. Property - - - -	563,613
Personal exertion - - - -	4,819,837
Total -	<u>£5,383,450</u>
1903. Property - - - -	414,239
Personal exertion - - - -	5,624,756
Total -	<u>£6,038,995</u>

(d) The number of income taxpayers—

1902 - - - - -	90,419
1903 - - - - -	77,240

2. In speaking of the principles adopted in the system now in force it must be understood that such system has not yielded any results financially up to the present time. There was no gradation or exemption in the system in force in 1902 and 1903, except the partial exemption of incomes up to 100*l.* at the fixed sum of 10*s.* instead of at 6*d.* or 1*s.* in the £, and from 100*l.* to 150*l.* at the fixed sum of 1*l.* similarly—that is to say, an income of 150*l.* paid 1*l.* only instead of, if from personal exertion 3*l.* 15*s.*, or if from property 7*l.* 10*s.*

In the system under which tax for 1904 will be collected, all incomes up to 100*l.* are exempted from tax, whilst above that amount the taxes on incomes derived from property are :—

Exceeding 100 <i>l.</i> and not exceeding 120 <i>l.</i> ,	the fixed sum of 1 <i>l.</i>
„ 120 <i>l.</i> „ „ 300 <i>l.</i> ,	100 <i>l.</i> exempt and 1 <i>s.</i> on each £ over 100 <i>l.</i>
„ 300 <i>l.</i> ,	1 <i>s.</i> on each £.

#### *Personal Exertion.*

If the total income subject to the tax—

Exceeds 100 <i>l.</i> and does not exceed 125 <i>l.</i>	The fixed sum of 10 <i>s.</i>
Exceeds 125 <i>l.</i> and does not exceed 150 <i>l.</i>	The fixed sum of 1 <i>l.</i>
Exceeds 150 <i>l.</i> and does not exceed 300 <i>l.</i>	100 <i>l.</i> exempt, and 6 <i>d.</i> in each and every £ over 100 <i>l.</i>
Exceeds 300 <i>l.</i> and does not exceed 500 <i>l.</i>	6 <i>d.</i> in each and every £.
Exceeds 500 <i>l.</i> and does not exceed 1,000 <i>l.</i>	6 <i>d.</i> in each and every £ of the first 500 <i>l.</i> , and 7 <i>d.</i> in each and every £ over 500 <i>l.</i>
Exceeds 1,000 <i>l.</i> and does not exceed 1,500 <i>l.</i>	7 <i>d.</i> in each and every £ of the first 1,000 <i>l.</i> , and 8 <i>d.</i> in each and every £ over 1,000 <i>l.</i>
Exceeds 1,500 <i>l.</i>	8 <i>d.</i> in each and every £.

#### *Companies and Absentees.*

On the incomes of all companies and of all absentees on the total income subject to the tax, 1*s.* in each and every £.

As already stated, no results have been obtained from these rates.

3. With regard to taxation of income derived from property under the scale in force for 1902 and 1903, allowance was made from income derived from rents for moneys expended in payment of interest, repairs, rates, insurance, cost of collection, &c., and no income tax was collected on income derived from companies which had already paid dividend duty upon the dividends. No difference will be made in these respects under the new rates, but only with respect to the rate at which income of this description will be assessed. No charge is made under the property rates upon any person engaged in business with respect to his own capital, nor is any deduction allowed to him as a deduction or outgoing from the profits of such business in respect of his own capital. Interest actually paid by him to others is allowed as an expense incurred in producing his income, but no allowance is made with respect to his own capital.

The amount at which the income from property was returned, after deducting all allowances, was—

For 1902 563,613 <i>l.</i> ,	the tax on which was assessed at	- 17,413 <i>l.</i>
For 1903 414,294 <i>l.</i>	„ „ „	- 14,196 <i>l.</i>

I have already pointed out that a partial exemption is allowed by taxing the first 150*l.* of each person's income from this source, as well as from personal exertion, at the fixed sum of 1*l.*, all above the amount being at the property rate of 1*s.* for each £. A difference will be made, however, in assessing the incomes for 1904 under the new rate, which provides for an exemption of 100*l.* where the income does not exceed 300*l.* (which exemption then ceases), and that incomes exceeding 100*l.* and not exceeding 120*l.* shall pay the fixed sum of 1*l.*

#### *4. System of Assessing.*

(a) The tax is levied at its source in some cases, *i.e.*, dividend paying companies paid 5 per cent. on the amount of dividend declared under the Dividend Duties Act, and such dividends were exempted from taxation under

the Income Tax Act, dividend duty being a form of income tax. The Dividend Duty Act is now repealed, and payments of 5 per cent. on all dividends declared are now paid to the income tax. Dividends so received are not taxable in the income of the individual. In the case of debentures, the interest on which is payable in Queensland, 5 per cent. is deducted by the persons paying the interest, and paid as income tax. No deduction is made from salaries on account of income tax unless by way of recovery of unpaid tax.

Each individual is required to make a return, and is assessed thereon.

(b) A return is required to be made each January by every person engaged in business, and by every person whose income exceeds 100*l.* for the year previous. An assessment is then made on the income actually received, and the person is assessed during the one year for the income actually received during the preceding year. Thus the assessment made in 1904 was upon the return furnished by the taxpayer showing his income and expenses for the year 1903.

Each year stands alone, and is assessed by itself; no profits or losses are carried from one year to another.

(c) Assessments are made by Government Officers in the Income Tax Office under the direction and control of the Commissioner.

The method of assessment is to ascertain the total income from all sources and the deduction claimed. These, if allowable, deducted from the income give the amount of income assessable to tax.

In the case of persons engaged in business the total sales, both cash and credit for the year, are added to the value of stock at end of year, and from this sum is deducted the amount expended in the purchase of goods plus the value of stock at the beginning of the year. The difference between these sums constitutes the gross profit of the business, to which must be added any profits or income derived from any other source not included in the accounts given.

The deductions are the expenses incurred in carrying on the business, such as wages, rent, taxes, interest, &c. Bad debts actually written off during the year are also allowed.

The net income so ascertained is then assessed, and notice sent to the taxpayer. Should he consider he has been assessed too highly he has the right to lodge an objection, in which he sets out—

- 1st. The tax as assessed by the Commissioner.
- 2nd. The amount at which he considers he should be taxed.
- 3rd. His reasons for objecting.

Each objection by a taxpayer is considered by the Commissioner, who can—

- 1st. Reduce the tax to the amount stated by the taxpayer.
- 2nd. Reduce the tax in part.
- 3rd. Refuse to make any reduction.

The Commissioner gives notice of his decision to the taxpayer, who, if dissatisfied with such decision, can give notice of such dissatisfaction to the Commissioner, who thereupon transmits it to a Court of Review for decision. Courts of Review are held in different parts of the State, and are presided over by the judge of the District Court. Objections are transmitted to the court held nearest to where the taxpayer resides. The judge holding such Court of Review hears evidence, and decides the amount the taxpayer should pay. Either party may appeal to the Supreme Full Court against such decision.

(d) The Acts in force give the Commissioner very considerable powers of inspection and inquiry with respect to returns sent in. They also provide penalties for failing to send in a return, and for sending in a false return:

#### 5. System of Collection.

All payments of assessments due are required to be paid to Government officials (local), or may be deposited in the local bank to the credit of the Commissioner, who receives the money from the bank.

The cost of collection cannot be separated from the total cost of administering the Act. The latter cost in 1902-3 3*l.* 16*s.* 6*d.* per cent. In 1903-4 6*l.* 7*s.* 2*d.* per cent.

The difference in cost of collection for the two years may be accounted for by the fact that the expenses of administration only commenced at the end of 1902, and covered the cost for about seven months only, whilst that of 1903-4 was the cost of the whole year.

J. H.,  
Commissioner of Income Tax.

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No. 10.

NEW SOUTH WALES.

LIEUT.-GOVERNOR SIR F. M. DARLEY to Mr. LYTTELTON.

(Received 15th May 1905.)

State Government House, Sydney,  
7th April 1905.

SIR,

WITH reference to your circular despatch of the 9th November 1904, I have the honour, at the instance of my Ministers, to enclose herewith a return prepared by the Taxation Commissioners of this State on the lines set forth in the Memorandum of the Board of Inland Revenue.

2. Three copies each of the following Acts and forms\* are also forwarded herewith:—

- (A) Acts of Parliament of New South Wales relating to Land Tax and Income Tax, with all regulations thereunder, and copies of the Proclamations constituting the Courts of Review.
- (B) Acts of Parliament of New South Wales relating to Death Duties and regulations thereunder.
- (C) Certain forms in use in connection with the Income Tax in New South Wales.

I am, &c.

F. M. DARLEY,  
Lieutenant-Governor.

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Enclosure in No. 10.

INCOME TAX, NEW SOUTH WALES.—Return asked for by the Honourable the Secretary of State for the Colonies furnishing information in regard to the State of New South Wales concerning the established system of Income Tax, with particulars of the rate of tax and the system of assessment and collection.

(1) *A General Account of the Income Tax in New South Wales.*

An income tax was first made law in New South Wales by the Government of which the Right Honourable George Houston Reid, P.C., K.C., was the Premier; it formed part of a scheme of direct taxation brought into operation on the 1st January 1896, consequent upon the repeal of certain customs duties.

The direct taxation then imposed consisted of a land tax, assessed on the unimproved value of freehold lands (with certain exemptions and deductions) and an income tax, with exemptions, assessed (speaking broadly) on all incomes exceeding two hundred (200*l.*) pounds per annum, except those derived directly from the ownership, use, or cultivation of freehold lands.

The two taxes were intended to be complementary, and as the Acts of Parliament imposing and dealing with them have been administered by the same staff of officers, it will be necessary in the following pages to frequently



refer to the land tax, as well as to remember in matters relating to staff administration of the income tax, that the power to draw on the general staff for assistance in busy periods is a distinct advantage in the matter of cost and preservation of secrecy which would not be available to a Department charged solely with the assessment, levying, and collection of an income tax.

The first Acts of Parliament imposing the Land Tax and the Income Tax were three in number, viz. :—

- (1) The Land and Income Tax Assessment Act of 1895, 59 Vict., No. 15.
- (2) The Land Tax Act of 1895, 59 Vict., No. 16.
- (3) The Income Tax Act of 1895, 59 Vict., No. 17.

The first-named Act provides the machinery for the assessment, levying, and collection of the taxes, and the other two measures fix the respective rates of tax chargeable on land and on incomes. All three Acts received the Royal Assent on the same date, viz., 12th December 1895, and they came into operation concurrently on the 1st January 1896.

The rates of tax fixed by the Land Tax Act of 1895, and the Income Tax Act of 1895, have not since been altered, and those two measures remain in force now exactly as they were when they were passed; but successive Governments have introduced and passed a number of amendments in the machinery Act, and up to the present the original and amending Acts have not been consolidated. The following schedule sets forth the short title, reference, and date of assent of all the Acts of Parliament in this State relating to Land Tax or Income Tax :—

Short Title.	Reference.	Date of Assent.
The Land and Income Tax Assessment Act of 1895	59 Vict., No. 15.	12th December 1895.
The Land Tax Act of 1895 - - - - -	59 Vict., No. 16.	12th December 1895.
The Income Tax Act of 1895 - - - - -	59 Vict., No. 17.	12th December 1895.
The Land and Income Tax (Amendment) Act, 1896	60 Vict., No. 35.	16th November 1896.
The Land and Income Tax (Amendment) Act, 1897	Act No. 21, 1897.	2nd December 1897.
The Land and Income Tax (Declaratory) Act, 1898	Act No. 37, 1898.	24th December 1898.
The Land Tax (Collection) Act, 1899 - - - - -	Act No. 36, 1899.	22nd December 1899.
The Land Tax (Assessment Books) Act, 1900 - - - - -	Act No. 28, 1900.	1st October 1900.
The Land Tax (Contributions) Act, 1900 - - - - -	Act No. 46, 1900.	5th November 1900.
The Public Service (Taxation Officers) Act, 1900 - - - - -	Act No. 57, 1900.	30th November 1900.
The Land Tax (Leases) Act, 1902 - - - - -	Act No. 115, 1902.	24th December 1902.
The Land and Income Tax (Amendment) Act, 1904	Act No. 17, 1904.	1st December 1904.

Power to make regulations for carrying out the objects of the Act is conferred by sections 56, 57, and 58 of the Land and Income Tax Assessment Act of 1895, on the Governor with the advice of the Executive Council; those sections are as under :—

#### *Regulations, Penalties, &c.*

(56) The Governor may by regulation prescribe and regulate :—

- (1) The duties of all persons engaged or employed under or in the administration of this Act;
- (2) The security to be given by any such persons, the limits of districts and places within which any such persons are to act;
- (3) The returns to be furnished to the Commissioners, and the form and contents thereof, and the time and mode of furnishing the same; the form, time and manner of giving notices of appeal;
- (4) The mode of payment of any tax or fine;

and may make regulations for carrying out the objects of this Act; and generally for carrying out all matters of detail in connection with the said Act.

(57) The Governor may make all such other regulations, either applicable generally or to meet particular cases, as may be necessary or desirable to carry out the objects and purposes of this Act, or as may be convenient for the administration thereof.

(58) All such regulations shall be published in the "Gazette" and shall be laid before both Houses of Parliament within fourteen days from the publication thereof,

if Parliament be then sitting, and if Parliament be not then sitting, then within fourteen days after the beginning of the next session, and upon publication in the "Gazette" all such regulations shall have the force of law.

The first regulations (Nos. 1 to 53 inclusive, with schedules containing Forms A to J) were gazetted on 12th February 1896; since that date new and amended regulations have been gazetted from time to time.

Three copies of each of the Acts of Parliament before mentioned with the whole of the regulations thereunder (showing all repeals and amendments) and the proclamations constituting the courts of review are transmitted herewith for complete reference.

Wherever in the following pages it has been deemed advisable from any cause to embody therein the whole or any part of a section of an Act, or of a regulation, that course has been pursued; in some instances the same section is relevant to two or more different subheads; in such cases it has been repeated on each occasion if deemed expedient.

Sections 15, 16, and 17 of the Land and Income Tax Assessment Act of 1895 declare what income shall be liable to taxation and what shall be exempt; they are here set out at length:—

### *Income Tax.*

(15) Subject to the provisions of this Act and the regulations hereunder, there shall be charged, levied, collected, and paid to the commissioners for the use of Her Majesty, an income tax at such rate per pound as Parliament shall from time to time declare and enact in respect of the annual amount of all incomes exceeding two hundred pounds per annum:—

- (1) Arising or accruing to any person wheresoever residing, from any profession, trade, employment, or vocation, carried on in New South Wales, whether the same be carried on by such person or on his behalf wholly or in part by any other person; or
- (2) Arising or accruing to any person wheresoever residing from any salary or allowance (except travelling or forage allowances) attached to or derived from any office or employment of profit in the public service of New South Wales, and upon every pension and allowance payable from the Consolidated Revenue Fund, or the Civil Service Superannuation Account, or any other public account; or
- (3) Derived from lands of the Crown held under lease or license issued by or on behalf of the Crown; or
- (4) Arising or accruing to any person wheresoever residing from any kind of property, except land subject to land tax as hereinafter specifically excepted, or from any other source whatsoever in New South Wales not included in the preceding subsections.

Income shall be deemed to have accrued to a person within the meaning of this section, although the same be not actually paid over to such person, but be credited in account, or re-invested, or accumulated, or capitalised, or otherwise dealt with in his name or interest or on his behalf.

(16) Except in the case of a company the person liable to taxation in respect of an income exceeding two hundred pounds shall be entitled to a reduction of two hundred pounds in the assessment of such income under this Act for the purpose of such taxation.

(17) The following incomes, revenues, and funds shall be exempt from income tax:—

- (1) The revenues of municipal corporations, or other local authority;
- (2) The incomes of mutual life assurance societies and of other companies or societies not carrying on business for purposes of profit or gain, except income derived from mortgages;
- (3) The dividends and profits of the Savings Bank of New South Wales, and of the Post Office Savings Bank;
- (4) The funds and incomes of societies registered under Part III. of the Friendly Societies Act of 1873, or under any Act relating to trade unions;
- (5) The incomes and revenues of all ecclesiastical, charitable, and educational institutions of a public character, whether supported wholly or partly, by grants from the Consolidated Revenue Fund or not;
- (6) Income arising or accruing to any person not resident in New South Wales from Government debentures, inscribed stock, and Treasury bills;
- (7) Income derived from the ownership of land subject to land tax under Parts II. and III. of this Act;
- (8) Income derived directly from the use or cultivation of land subject to land tax under Parts II. and III. of this Act.

The exemptions declared by subsections (1) to (5) hereof shall not extend to the salaries and wages of persons employed by any such corporation, company, society, or institution, although the same be paid wholly or in part out of the income, revenues, or funds thereof.

The same Act goes on in the next section (section 18) to declare the persons by whom the income tax shall be payable; the section is:—

18. Subject to the provisions of this Act income tax shall be payable—

- (1) In respect of the income of a company, by the public officer thereof.
- (2) In respect of the income of every person permanently or temporarily absent from or resident out of New South Wales, by the attorney or agent of such person; and for the purposes of this Act, every person in New South Wales having the receipt, management, disposal, or control of income on behalf of any person absent or resident as aforesaid, or remitting or paying income to such person shall be deemed to be the agent of such person. The Commissioners may, if they think necessary declare any person to be the agent of any other person, and the person so declared an agent shall be the agent for the purposes of this Act.
- (3) In respect of the income of *cestui que* trust, infants, lunatics, and persons under any legal disability, by the trustee, guardian, committee, or other person entitled, for the time being, to the receipt, management, disposal, or control of such income, or remitting or paying the same.
- (4) In respect of income paid under the decree or order of any court or judge to any receiver or other person, by such receiver or person, and independently of the title to such income, or any contingency, or uncertainty in respect of such title.
- (5) In respect of every other income, and in all other cases, by the person to whom the income arises or accrues, or who is legally or equitably entitled to the receipt thereof.

And the persons by whom income tax is payable under subsections (1) to (4) of this section inclusive shall be deemed to be "representative taxpayers," within the meaning of this Act. Nothing in this section shall be taken to relieve the person receiving the income from the representative taxpayer from any tax due or payable in respect thereof.

*By section 26 of the same Act (59 Vict. No. 15) the income of a married woman is liable to assessment and taxation in like manner as if she were unmarried.*

There are certain special provisions for the assessment of—

- (1) Profits on imported goods sold by an agent of a foreign principal;
- (2) The incomes of shipowners;
- (3) The incomes of insurance companies; and
- (4) The incomes of other companies whose business extends to other countries.

These are contained in sections 23, 24, and 25 of the Land and Income Tax Assessment Act of 1895, repeated below:—

23.—(1) Where a person or company outside the Colony (herein termed "the principal") by means of a company registered in the Colony, or carrying on business therein, or by means of a person in the Colony (herein termed "the agent") sells or disposes of goods in the Colony for the principal (whether the moneys arising therefrom are paid to or received by the principal directly or otherwise), 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 received for such goods and the amount so assessed shall for the purposes of income tax be deemed to be income derived by the agent and the following provisions shall apply:—

- (a) The agent shall, as regards such income make the returns, be assessed, be liable to income tax, and otherwise be subject to the provisions of this Act, to do all acts and things thereunder as if such income was actually the income of the agent, and in the case of such agent being a company as aforesaid the provisions of section forty-three hereof shall apply, provided that nothing herein contained shall exempt or discharge the principal from liability to pay income tax on such income; and that the agent shall have the same right to indemnity against the principal in respect of the tax paid by him as is conferred upon the representative taxpayer by section twenty.

(2) The Governor may by regulations prescribe for the making, obtaining, adjusting, and settling returns by or with any agent in such manner and form, with such

particulars and proof as may be thought fit, and for the purpose of making, completing, and enforcing assessments under this section and otherwise generally for the purpose of giving effect to the provisions hereof.

24. Every person engaged in business as owner or charterer of ships shall be assessed for taxation upon his income on such terms and conditions as may be prescribed by regulations, and such assessment shall be subject to all rights of objection and review as provided by this Act.

25.—(1) In the case of insurance companies regulations to be made under this Act may prescribe means of determining what portion of the income of such companies shall be deemed to be the income of such companies in New South Wales, and such income only shall be liable to be assessed for income tax under this Act.

(2) In the case of all other companies whose business extends to any other countries the income for taxation shall be a sum which shall bear the same proportion to the whole net profits of the company as the assets in New South Wales bear to the total assets of the company, the deductions to be such as are allowed by this Act: Provided that where either the Commissioners or the company may deem such method of estimating the income for taxation to be inequitable or inexpedient, either the commissioners or the company may claim the right to an assessment on the actual profits earned or income received in New South Wales.

The sections of the Land and Income Tax Assessment Act of 1895 (sections 27, 28, and 29) which defined for the years 1896 to 1904 the method of arriving at the amounts whereon all ordinary taxpayers shall be liable to be assessed are as follow—(see note following as to repeal in the case of income tax for the year 1905 and onwards of direction and provision (1) of section 27):—

27. For the purpose of ascertaining the sum, hereinafter termed the "taxable amount," on which (subject to deductions hereinafter mentioned) income tax is payable, the following directions and provisions shall be observed and carried out:—

- (1)\* The amount of taxable income from all sources for the year immediately preceding the year of assessment shall be taken as the basis of calculation.
- (2) In any case in which profits or moneys derived from any business have been converted into stock-in-trade, or added to the capital of, or in any way invested in such business, a complete statement of the amount of such profits or moneys so converted, or added, or invested, shall be made by such person in the prescribed form in his returns.
- (3) No tax shall be payable in respect of income earned outside the Colony of New South Wales.
- (4) The taxable amount of any income under subsection (2) of section fifteen shall be the net amount paid to or on account of the taxpayer, less all payments by way of deduction or otherwise to the Civil Service Superannuation Account, or any other public account.
- (5) Income received by a taxpayer in respect of a share in a company liable to pay income tax shall be deducted from the taxable amount, but such income shall be specified by the taxpayer in the returns made by him in the prescribed manner.
- (6) In all other cases the taxable amount shall be the total amount of taxable income arising or accruing to any person from all sources except to the extent of the exemptions provided by section seventeen.
- (7) Shillings and pence and fractions thereof shall not be included in the taxable amount.

28. From the taxable amount so ascertained as aforesaid every taxpayer shall be entitled to deduction in respect of the annual amount:—

- (1) Losses, outgoings including interest and expenses actually incurred in New South Wales by the taxpayer in the production of his income.
- (2) Every premium or sum paid by the taxpayer on the insurance of his own life, or that of his wife, or for a deferred annuity, or other provision for his wife or children, or in respect of any fidelity guarantee or bond, which such taxpayer is required to provide for the exercise of his profession, trade, employment, or vocation. Provided that, in no case shall any deduction be allowed under this subsection beyond the sum of fifty pounds in the aggregate.
- (3) Sums expended for repairs of premises occupied for the purpose of business, and for the repair or alteration of machinery, implements, utensils, and articles, employed by the taxpayer for the purposes of his business; such

\* Since repealed. See after section 29.

sums shall be estimated on the annual average of the sums expended for such purposes during the two years preceding the year of assessment, or if such averages cannot be struck, the amount to be deducted shall be the sum expended for such purposes during the year immediately preceding the year of assessment.

- (4) Such sum as the Commissioners may think just and reasonable as representing the diminished value by reason of wear and tear during the year, of machinery, implements, utensils, and articles used by the taxpayer for the purpose of his business. Provided that where in any business income is set apart by the taxpayer by way of a fund to cover the depreciation of such machinery, implements, utensils, and articles, the amount so set apart for the year immediately preceding the year of assessment shall, subject to the approval of the Commissioners, be the sum to be deducted for depreciation: Provided that in no case shall any allowance be made for the depreciation of buildings.
- (5) Notwithstanding the limitation in subsection (1) hereof, the Commissioners shall, in cases where it may seem to them just, allow losses, outgoings, and expenses, even if incurred beyond the Colony.
- (6) When any taxpayer occupies, for the purpose of business, any land in respect of which land tax is payable by him under this Act for the same period, such person shall be entitled in any return of taxable income derived or received from such business for such period to deduct a sum equal to five per centum on the amount of the unimproved value of such land, plus five per centum of the amount of the value of the improvements thereon which are used and required for the purpose of such business.
- (7) 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 such businesses, and a loss in another or others, such taxpayer shall be entitled to deduct the sum of the losses from that of the profits.

For the purpose of this and the preceding section the word "business" shall be taken to include any profession, trade, employment, or vocation; but shall not include ownership, use, or cultivation of land.

29. No deduction shall, in any case, be made in respect of any of the following matters:—

- (1) The cost incurred in the maintenance of any taxpayer, his family or establishment.
- (2) Domestic or private expenses.
- (3) Any loss or expense which is recoverable under any insurance or contract of indemnity.
- (4) Income tax and land tax.
- (5) Income earned in New South Wales and carried to any reserve fund, or capitalized in any way.

Nor as regards income derived from any profession, trade, employment, or vocation, in respect of the following matters; viz.—

- (6) Any moneys not wholly and exclusively laid out or expended for the purposes of the profession, trade, employment or vocation.
- (7) The rent or value of or cost of repairs or alterations of any premises not occupied for the purposes of the profession, trade, employment or vocation, or of any dwelling house, or domestic premises, except such part thereof as may be occupied for the said purposes.
- (8) Interest which might have been made on any capital employed in the profession, trade, employment or vocation, if lent out at interest.
- (9) Any debts owed to the taxpayer, except such as shall be proved to the satisfaction of the commissioners to be bad or doubtful; and deductions for doubtful debts shall be made according to the value at which the commissioners shall estimate them.

By sections 3 and 4 of the Land and Income Tax (Amendment) Act, 1904, the Legislature repealed the hitherto existing method of assessing income tax, and created a new method coming into effect with the income tax for the year 1905.

The old method (1896-1904) was to take the income of the previous year as an estimate of the probable income of the year of tax, and if the actual income after the completion of the year proved to be less than the basis so adopted, the taxpayer was entitled to an amendment of the assessment, and a refund of the amount representing the difference between the tax assessed on (a) the basis, and (b) the actual income subsequently ascertained: this right was given by section 53 of the Land and Income Tax Assessment Act of 1895, taken in conjunction with section 27 before set forth. Section 53 was:—

53. If it is proved to the satisfaction of the Commissioners that the amount paid by any taxpayer as income tax is in excess of the amount properly chargeable under

this Act, or that the amount charged as land tax is in excess of the amount properly chargeable thereunder, the Commissioners shall give a certificate to that effect, on production whereof the Colonial Treasurer shall refund the proper amount in each case to the taxpayer or person entitled to receive the same; and if any taxpayer proves to the satisfaction of the Commissioners that his income during any year fell short of the sum in respect of which the tax for that year was paid, the Commissioners shall cause the assessment to be amended accordingly, and the overcharge to be refunded as aforesaid; and if it be proved to the satisfaction of the Commissioners that income tax has been claimed or paid in respect of any income which by reason of the smallness of the income of the person finally beneficially entitled thereto would be exempt from taxation if it had been included in a return made by such person of his income, the Commissioners may exempt such income from payment of the tax, or if already paid, shall cause the amount of such tax to be refunded as aforesaid; Provided that the Commissioners shall not certify for any refund under this section unless the claim is made within two years of the date when the overpayment was made.

It must be noted, however, that although the taxpayer whose income for a year of tax fell below the statutorily fixed basis of the preceding year's income was thus entitled to a reduction of his assessment to the amount of the tax on the lesser sum, and a refund of the difference, the Government on the other hand had no power to increase an assessment should the actual income prove to be greater than the basis.

To remedy what was considered an anomaly sections 3 and 4 of the Land and Income Tax (Amendment) Act of 1904 were passed repealing direction and provision (1) of section 27 and section 53 of the Land and Income Tax Assessment Act of 1895, and substituting provisions which have the effect of charging the tax for a year on the amount of income of the preceding year, without any subsequent amendment or rehash of any kind. The sections mentioned are:—

3. —(1) The first of the directions and provisions contained in section twenty seven of the principal Act is repealed as from the first day of January one thousand nine hundred and five.

(2) In assessing the income tax for the year one thousand nine hundred and five or any subsequent year the amount of taxable income from all sources for the year immediately preceding the year of assessment shall, subject to the provisions of section twenty seven of the principal Act, be the taxable amount for the year of assessment.

4.—(1) Section 53 of the principal Act is hereby repealed.

(2) If the amount paid by any taxpayer as land tax or income tax is in excess of the amount properly chargeable under the principal Act or any Act amending the same the Commissioners shall give a certificate to that effect, on production whereof the Colonial Treasurer shall refund the proper amount in each case to the taxpayer or person entitled to receive the same: Provided that the commissioners shall not certify for any refund under this section unless the claim is made within three years of the date when the tax was due.

The following additional information on the subject of taxable income and allowable deductions may be of some use or interest:—

Money received by way of house allowance in lieu of a residence, and all other cash allowances (except travelling and forage allowance) are assessable for income tax, and should be included in a return of income.

All profit made in share dealing in New South Wales must be returned, notwithstanding the fact that the shares may have been in companies registered or worked out in New South Wales.

Profits made in dealing in live stock, grain, wool, meat, or any other produce must be returned as income.

In making up the returns of incomes, all profits made by the use of or produce of land on which land tax is payable must be omitted on the one side, and all outgoings and expenses incurred in connection with such land must be omitted on the other, except in the case of graziers leasing Crown Lands, who are required to include all transactions in their returns, and to furnish the Department with a form (which may be had on application to the Commissioners), so that the income may be apportioned by the Department.

Income received by a taxpayer in respect of a share in a company liable to pay income tax must be specified by the taxpayer in the returns made by him in the prescribed manner, but should also be shown amongst the deductions from the taxable amount.

Deductions not allowable include—

Any capital withdrawn from the business.

Any capital employed or intended to be employed in the business.

Any capital employed in improvement of business premises.

Depreciation of buildings.

The amount of debts proved to be bad and actually written off during the year for which the return is made may be claimed as a deduction in the return of income, but nothing should be deducted by way of a general estimate or reserve for bad and doubtful debts. A list of all deductions claimed for bad and doubtful debts must be supplied to the commissioners upon application, showing name of debtor, amount of debt, date at which debt was incurred, date at which debt became bad, and reasons for so considering it.

Sums drawn by members of a firm as salary cannot be deducted as outgoings or expenses of the firm in its return of income, neither can any individual drawings by or any sums credited to partners out of profits.

Rent paid for a private residence, or for such part of premises as may be used as a residence, or for any portion re-let, cannot be deducted. No deduction can be made for rent paid to the partners or proprietors of a business for the premises used for such business.

Calls paid on account of shares in companies cannot be deducted.

Losses made in a previous year cannot be carried forward and deducted from the profits of the year for which the income is returned, nor can interest on same be deducted.

Hotelkeepers, boarding-house and boarding-school proprietors, storekeepers, tradesmen, and others, whose household expenses including board of themselves and families, and of maintenance of their domestic establishment, are not kept distinct from the outgoings in connection with their business, should add to their taxable income such a sum as will cover the cost of such domestic establishment if maintained separately.

This expenditure is not deductible from income. The Land and Income Tax Assessment Act of 1895, section 30, throws on taxpayers the duty of furnishing returns of income annually. The section is:—

*Assessments, Returns, &c.*

30.—(1) The Commissioners shall, in the prescribed manner give, or cause to be given not less than thirty clear days' public notice of the time and place at which all persons liable to taxation personally, or in any representative capacity under the provisions of this Act, shall furnish returns for the purpose of the assessment of land and income tax; such notice shall state the place at which the prescribed forms of returns may be applied for and obtained, and it shall be the duty of all such persons, and of all persons required under this Act or any regulation thereunder, to furnish any such returns, to apply for the prescribed forms of returns, and any person failing to furnish any such return shall not be relieved from any penalty by reason only of his having received no notice to furnish the same, or of the prescribed form of return not having been delivered to him; but the Commissioners may, if they deem it so advisable, cause forms to be delivered by the assessors or sent by post.

(2) Every such person shall, upon the publication of such notice, prepare and deliver, in the prescribed manner, within the period to be mentioned in such notice, to the person appointed to receive the same, a return in the form prescribed, of the description, situation, and value of all land of which such person is owner or holder, or in respect of which he may be liable under this Act to taxation in any representative capacity, and of the particulars of his income, and of all other details in relation thereto which may be prescribed, such return shall be signed by the taxpayer or by his agent duly authorised in that behalf.

(3) Any return made or purporting to be made or signed by or on behalf of any person, or by the public officer of any company for the purposes of this Act, shall

be taken and be deemed to be duly made and signed by the person or by the public officer of the company affected, as the case may be, unless such person or public officer shall prove that such return was not made or signed as aforesaid.

(4) If any person fails to make such return to the Commissioners, they may appoint a person to make a return on behalf of such person, and the return made by the person so appointed shall be for all the purposes of this Act the return of the person liable to make the same.

(5) The returns furnished by or on behalf of every person required to furnish returns under this Act shall contain such particulars, be in such form, and be furnished to the Commissioners at such time, as may respectively be prescribed or publicly notified.

(6) The Commissioners may, when and so often as they think necessary, require any person to make further or fuller returns respecting any matter of which a return is authorised or prescribed by this Act or by the regulations.

(7) All returns required to be furnished under this Act shall be delivered at or sent by registered letter to the prescribed address, and any returns so posted shall be carried and registered free of charge.

(8) No person shall be released from the obligation and penalties by this Act or the regulations imposed in respect to the making of the returns herein mentioned by reason only that such person may be within the exemptions as to value of lands or amount of income taxable hereinbefore declared.

In actual practice the public notice to furnish returns is given during the week preceding Christmas week in each year, and the date fixed for the furnishing of returns is the first Friday in the February following; this permits of more than the statutory thirty days' notice.

#### Returns must be furnished—

- (a) By every person carrying on business, trade, or profession.
- (b) By every other person, not being a company, whose gross income arising or accruing in the State amounts to 200*l.* per annum or upwards, including those solely employed at salaries or wages.
- (c) By the public officer of every company which for the time being shall carry on business in the State. A special form is provided for companies.
- (d) By every attorney or agent for any person who shall be permanently or temporarily absent from or resident out of the State.
- (e) By every trustee, executor, administrator, guardian, committee, or receiver, entitled for the time being to the receipt, management, disposal, or control of any income arising or accruing in the State.
- (f) By every agent, importer, or consignee, as respects goods received or consigned from abroad for sale or disposal within the State.
- (g) By every person to whom particular notice shall be given by the Commissioners requiring an Income Tax return.

Partnership returns should be made by the president or sole acting partner in New South Wales, or by the agent, manager, or chief representative in New South Wales, in accordance with Regulation No. 13, and the names of all partners, dormant or otherwise, should be set out. Each partner must also make a separate return of the whole of his income. Officers of the Department will not be permitted to fill up returns. Taxpayers themselves must take that responsibility, but all necessary information will be given on application at the Office of the Commissioners.

The return of a firm should be distinct from that of the individual partners, and should include all the gains and profits of the firm.

Every taxpayer in a representative capacity (*i.e.*, as attorney or agent for a person permanently or temporarily absent from the State, or as trustee, executor, administrator, guardian, committee, or receiver) is subject to the same liabilities as regards any income to which in such capacity he is entitled, or of which in such capacity he has the management, receipt, disposal, remittance, payment, or control, as if such were income arising or accruing to him beneficially, except that he is not personally liable for the payment of income tax beyond the amount of value of the income of which he has the management, receipt, disposal, or control.



It will be under special circumstances only that an assessment will be made on partnership or trustees' returns. The effort will be to account with the individual taxpayer in his sole right once for all. Partnership and trustees' returns must nevertheless be furnished.

1.—(a). *The Rate or Rates in Force.*

As herein-before stated, the rate of income tax in New South Wales was first fixed by the Income Tax Act of 1895 (59 Vict., No. 17); that rate was sixpence in the pound.

The Act is so short that it is set forth hereunder for facility of reference.

INCOME TAX.

An Act to impose a tax on incomes. [12th December 1895.]

Be it enacted by the Queen's most Excellent Majesty, by and with the advice of the Legislative Council and Legislative Assembly of New South Wales in Parliament assembled, and by the authority of the same, as follows:—

1. From and after the first day of January one thousand eight hundred and ninety-six, there shall be annually levied and paid, under the provisions of the Land and Income Tax Assessment Act of 1895, and in the manner therein prescribed, an income tax of sixpence in the pound on the amount of all incomes chargeable thereunder.

2. This Act may be cited as the "Income Tax Act of 1895."

The incidence of the income tax has been altered by the Acts of Parliament amending the machinery Act—*i.e.*, the Land and Income Tax Assessment Act of 1895—but the rate has never been altered from that (sixpence in the pound) so first imposed, and no proposal to alter it has ever been submitted to Parliament.

(b) *The Total Yield of the Tax.*

In order to afford complete and satisfactory information under this heading a return is given hereunder of the gross collections of income tax in the State of New South Wales from the first imposition of the tax on 1st January 1896 (in the middle of the financial year 1895-6) to 30th June 1904—the end of the financial year 1903-4, and explanatory notes will follow which will enable anyone not fully seized of the local conditions to grasp the meaning of the figures, and to understand any apparent anomalies.

Period.	Collections.			Refunds.			Net Yield.		
	£	s.	d.	£	s.	d.	£	s.	d.
Financial year ended :—									
30th June 1896 - - -	27,657	19	10				27,657	19	10
" " 1897 - - -	305,364	2	10	25,562	16	2	279,801	6	8
" " 1898 - - -	180,070	17	7	35,833	19	6	144,236	18	1
" " 1899 - - -	182,447	7	11	10,948	8	0	171,498	19	11
" " 1900 - - -	194,365	0	8	28,194	16	1	166,170	4	2
" " 1901 - - -	222,453	8	8	17,149	9	5	205,304	0	3
" " 1902 - - -	211,871	3	7	21,555	17	2	190,315	6	5
" " 1903 - - -	224,305	19	7	25,145	3	8	199,160	16	4
" " 1904 - - -	216,655	1	2	23,414	16	9	193,240	4	5
Totals - - -	1,765,191	2	5	187,805	6	4	1,577,385	16	1

In the first place it has to be pointed out that the taxing year for income tax in New South Wales and the State's financial year in New South Wales do not correspond. The taxing year begins on the 1st January, whereas the financial year of the State begins on the 1st July. One result of this is shown in the very small amount collected in the first financial year of the existence of the tax, *i.e.*, 1895-6.

Owing to the various delays inseparable from the introduction and initiation of any new system it was found impossible to issue the assessment notices for the 1896 income tax until the 11th June of that year, and as taxpayers are allowed 60 days' grace from the due date wherein to pay the

tax assessed without fine, the majority of payments for the 1896 income tax were made in the financial year following, viz., 1896-7.

The amount collected in 1895-6—27,657*l.* 19*s.* 10*d.*—represents the payments made between the 11th and the 30th June by those taxpayers who did not avail themselves of the days of grace allowed them by law.

On the other hand the machinery of the Department was in smooth working order for the 1897 income tax—the notices were issued so that the days of grace for payment without penalty expired within the State's financial year 1896-7. As a result the collections for the financial year 1896-7 represent the greater part of the two years' income taxes—i.e., 1896 and 1897.

Since 1897 the assessments for income tax have been so made, and the assessment notices so prepared and issued, that the last of the days of grace for payment without fine falls in the second week in June in each year; the great majority of taxpayers, both in number and amount, pay up on or before that date; consequently the collections for any of the financial years 1897-8 to 1903-4 set forth in the foregoing schedule consist of (1) the major portion of the income tax assessable and collectable for the taxing year of which the second quoted portion of the financial year forms the first half—plus (2) any arrears recovered during such financial year of income tax assessed during that or preceding years, and in the latter case outstanding and unpaid at the beginning of such financial year.

The collections could, of course, be given up to and inclusive of this day, but it will be found more advantageous for all purposes to adhere to some fixed method, and to adopt either the financial year or the taxing year as a basis. The former has been herein adopted.

The amount of income tax—all years—outstanding and unpaid on the 30th June 1904 was 30,071*l.* 8*s.* 1*d.* This might, at first sight, appear to be large, but it must be borne in mind that the last day for payment without fine of a year's tax was only three weeks before, and sufficient time had not then elapsed to permit of the compulsory clauses of the Act being brought into operation. On the 28th February 1905 the total income tax outstanding (including amounts assessed subsequently to 30th June 1904 and some of which were still within the days of grace) was 15,043*l.* 18*s.* 6*d.*

The net amount of income tax assessed from 1899 to 30th June 1904 appears in the following schedule, from which it will be seen that the assessments are on the increase annually:—

1899 tax	-	-	-	-	-	164,831	10	0
1900	„	-	-	-	-	186,177	4	6
1901	„	-	-	-	-	186,532	9	0
1902	„	-	-	-	-	188,631	6	6
1903	„	-	-	-	-	200,738	16	0
1904	„	-	-	-	-	211,731	2	0

(c) and (d) *The Total Amount of the Income of the Country which is Assessed to Tax, and the Number of Taxpayers.*

The following table shows, in regard to the New South Wales Income Tax, the number of taxpayers, and the total amount of the net income of the country which was assessed to tax for each year from the inception of the tax in 1896 to the year 1904 inclusive.

Year of Tax.	Number of Taxpayers.	Net Amount of Income Assessed to Tax.
		£
1896	22,101	13,126,760
1897	20,812	11,862,080
1898	22,034	11,991,240
1899	21,387	12,004,187
1900	21,379	12,958,376
1901	22,141	13,154,904
1902	22,519	13,340,274
1903	22,266	13,319,321
1904	23,572	13,418,575

The total of the gross income which is assessed to the tax is not available, and there is not any information obtainable concerning the number of the income tax paying class, *i.e.*, taxpayers and their families.

(2) *The Principle of Graduation Adopted.*

The principle of graduation adopted in the New South Wales Income Tax consists in the exemption of the otherwise taxable incomes of 200*l.* per annum and under. There are also certain classes of income which are specifically exempted from taxation.

The provisions, sections 16 and 17, of the Land and Income Tax Assessment Act of 1895 on the subject are as follow :—

16. Except in the case of a company the person liable to taxation in respect of an income exceeding two hundred pounds shall be entitled to a reduction of two hundred pounds in the assessment of such income under this Act for the purpose of such taxation.

17. The following incomes, revenues, and funds shall be exempt from income tax :—

- (i) The revenues of municipal corporations or other local authority ;
- (ii) The incomes of mutual life assurance societies and of other companies or societies not carrying on business for purposes of profit or gain, except income derived from mortgages ;
- (iii) The dividends and profits of the Savings Bank of New South Wales, and the Post Office Savings Bank ;
- (iv) The funds and incomes of societies registered under Part III. of the Friendly Societies Act of 1873, or under any Act relating to trades unions ;
- (v) The incomes and revenues of all ecclesiastical, charitable, and educational institutions of a public character, whether supported wholly or partly by grants from the Consolidated Revenue Fund or not ;
- (vi) Income arising or accruing to any person not resident in New South Wales from Government debentures, inscribed stock, and Treasury Bills ;
- (vii) Income derived from the ownership of land subject to land tax under Parts II. and III. of this Act ;
- (viii) Income derived directly from the use or cultivation of land subject to land tax under Parts II. and III. of this Act.

The exemptions declared by subsections (i) to (v) hereof shall not extend to the salaries and wages of persons employed by any such corporation, company, society, or institution, although the same be paid wholly or in part out of the income, revenues, or funds thereof.

No proposal has ever been submitted to the New South Wales Parliament to alter the present rate of income tax or the amount of the general exemption.

For the purpose of general information statistics have been prepared showing the taxpayers in classes according to the net amount of income whereon tax is chargeable, but outside their general interest these figures have no place in the pages of state finance.

In the case of companies there is not any general exemption where the net income liable to taxation exceeds 200*l.*, but by some peculiar oversight the income of a company which is 200*l.* or less is not liable to taxation at all—a result arrived at by a construction of the first part of section 15 of the Land and Income Tax Assessment Act of 1895, with section 16 (see below) :—

15. Subject to the provisions of this Act and the regulations hereunder, there shall be charged, levied, collected, and paid to the Commissioners for the use of Her Majesty, an income tax at such rate per pound as Parliament shall from time to time declare and enact in respect of the annual amount of *all incomes exceeding two hundred pounds per annum*—

- (i) Arising or accruing to any person, wheresoever residing, from any profession, trade, employment, or vocation, carried on in New South Wales, whether the same be carried on by such person or on his behalf wholly or in part by any other person ; or
- (ii) Arising or accruing to any person wheresoever residing from any salary or allowance (except travelling or forage allowances) attached to or derived from any office or employment of profit in the public service of New South Wales, and upon every pension and allowance payable from the Consolidated Revenue Fund or the Civil Service Superannuation Account, or of any other public account ; or

- (iii) Derived from lands of the Crown held under lease or license issued by or on behalf of the Crown ; or
- (iv) Arising or accruing to any person wheresoever residing from any kind of property, except from land subject to land tax as hereinafter specifically excepted, or from any other source whatsoever in new South Wales not included in the preceding subsections.

Income shall be deemed to have accrued to a person within the meaning of this section although the same be not actually paid over to such person but be credited in account, or reinvested or accumulated or capitalised or otherwise dealt with in his name or interest or on his behalf.

Except in the case of a company, the person liable to taxation in respect of an income exceeding two hundred pounds shall be entitled to a reduction of two hundred pounds in the assessment of such income under this Act for the purpose of such taxation.

In an appeal to the Court of Review on another point by the public officer of a company, the taxable income of which was less than 200*l.*, the judge held on the words underlined on the preceding page in section 15, that any income whatever (whether of a company or otherwise) *which did not exceed two hundred pounds (200*l.*)* was exempt from taxation. If the taxable income of a company amounted to two hundred and one pounds (201*l.*) income tax would have to be paid on the full amount without any exemption.

This anomaly will no doubt be removed on the passing of any complete amending legislation—it is not of very great consequence.

(2) Any system of differentiation in force by which so-called “unearned” income, *i.e.*, income from property or investments, is taxed at a higher rate than income from personal labour.

There is not any system of differentiation in force in regard to the income tax proper in New South Wales; only the one rate (*i.e.*, sixpence in the pound) is chargeable on all incomes *liable to taxation*. Income derived from any investments *other than land subject to land tax* is chargeable at the same rate as income derived from personal exertion; it therefore follows that no explanation is required as to “how the profits of a manufacturer or trader “working with his own capital are divided into two parts representing—

- “(i) income from personal exertion,
- “(ii) income from property,

“respectively”—so far as income tax is concerned they are not divided but are charged alike.

In the assessment of income tax, however, there is one connection deserving of notice between that tax and the land tax on unimproved values, which is also in force in the State; a manufacturer or trader occupying and using for the purpose of his business land in respect of which land tax is payable by him, is entitled in the assessment of his income tax to a deduction of 5 per cent. on the estimated capital value of the land and the improvements (*vide* section 28 (vi.) of the Land and Income Tax Assessment Act of 1895 set forth hereunder:—

Section 28 (vi.). When any taxpayer occupies, for the purpose of business, any land in respect of which land tax is payable by him under this Act for the same period, such person shall be entitled, in any return of taxable income derived or received from such business for such period, to deduct a sum equal to five per centum on the amount of the unimproved value of such land, plus five per centum of the amount of the value of the improvements thereon which are used and required for the purposes of such business.

The Land Tax and the Income Tax form part of the one scheme of finance, but the only two points on which they come together are (1) the above, and (2) the subject of mortgages. The first point has been dealt with above, and nothing more remains to be added beyond the fact that the rate per centum (5) is quite arbitrary.

In the matter of mortgages, the mortgagee is liable to pay income tax on the interest derived from his mortgages of land, but as the Government did not desire to tax the same source of revenue twice, a special provision in the Land and Income Tax Assessment Act of 1895 gives to the mortgagor (the owner liable under that Act to be assessed for, and to pay, land tax) the

right to a deduction equal in amount to the income tax leviable on the interest of his mortgage—*vide* section 10 of the Act quoted ; there are certain limitations to prevent mistakes, but the above may be taken to be the broad sense of the provisions—the mortgagee pays income tax on the interest he receives, and the mortgagor pays land tax on the unimproved value of the land less a credit of the amount assessable to the mortgagee as income tax on the interest paid by him.

The right to the deduction is placed by the law on the basis of the avoidance of double taxation, and not on that of diminished faculty.

There was no ratio or relation aimed at in fixing the rate of the Land Tax at *1d.* in the £ (with certain exemptions and deductions), and at that of the Income Tax at *6d.* in the £ (with exemption). As a matter of fact the land tax on unimproved values runs on, fat years and lean alike, whereas the Income Tax is only chargeable on profits. If a man has no income for a year he does not pay anything—and hitherto, in New South Wales, he was also entitled to a refund of any income tax he had paid in the year preceding.

Following out the lines laid down in the circular of instructions, it becomes necessary to state here, that in addition to the income tax there is in force in New South Wales a land tax assessed on unimproved values—an impost which was deemed to be complementary to an income tax by the framers of the measures, and there are also death duties, particulars of both of which will now be set forth as clearly yet as succinctly as possible.

#### *New South Wales Land Tax.*

The Land Tax in this State was imposed by the Land Tax Act of 1895, taken in conjunction with the relevant parts of the Land and Income Tax Assessment Act of 1895. The first named measure, which is very brief is set forth here at full length :—

An Act to impose a tax in respect of land. [12th December 1895.]

Be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Legislative Council and Legislative Assembly of New South Wales in Parliament assembled, and by the authority of the same, as follows :—

1. From and after the first day of January, one thousand eight hundred and ninety-six, there shall be annually assessed, levied, and paid under the provisions of, and subject to the exemptions and deductions enacted in the Land and Income Tax Act of 1895, and in the manner therein prescribed, a land tax of one penny in the pound of the unimproved value of all lands as in the said Act specified.

2. This Act may be cited as the "Land Tax Act of 1895."

The Land and Income Tax Assessment Act of 1895 referred to above, is transmitted amongst the other Acts, &c. appended, and it is the same measure which provides the machinery for the assessment, levying, and collection of the Income Tax.

One of the important clauses relating exclusively to land tax is that which gives the statutory definition of "unimproved value" in respect of land. It is as follows :—

Section 68. "Unimproved value" means, in respect of land, the capital sum for which the fee simple estate in such land would sell, under such reasonable conditions of sale as a *bonâ fide* seller would require, assuming the actual improvements, if any, had not been made, and, in case of conditionally-purchased land, of which no grant shall have been issued, after deducting also the balances or amount of purchase money due to the Crown, in respect of the same: Provided that the unimproved value of lands reclaimed from the sea, or from any harbour or river, or made fit for building purposes by levelling or quarrying or by the erection of retaining walls or by any similar operation of works, shall be the capital sum for which the said land would sell under reasonable conditions, after deducting from such sum the cost of the reclamation or making, as well as all other improvements.

Certain lands and classes of land are specifically exempted from the operation of the land tax; this is provided for in Section 11, which is set forth below :—

11. The lands and classes of lands hereinafter specified are exempted from assessment for taxation under this Act, viz. :—

(1) Lands being Crown lands within the meaning of the Crown Lands Act of 1884, or of any Act regulating the alienation or disposition of Crown

lands and not subject to any rights of purchase ; also lands held by way of conditional or special lease, and homestead selections under any such Act.

- (2) Lands (not being Crown lands as aforesaid) vested in Her Majesty, or in any person for or on behalf of Her Majesty, by virtue of any Act authorising the resumption of land by or on behalf of Her Majesty.
- (3) Lands vested in the Railway Commissioners of New South Wales.
- (4) Public roads and thoroughfares, public reserves for health, recreation or enjoyment, public parks, cemeteries, commons under the operation of any Act in force at the time being regulating Commons.
- (5) Lands occupied, or used exclusively for, or in conjunction with, public pounds, public hospitals whether supported wholly or partly by grants from the Consolidated Revenue fund or not, and which are not a source of profit or gain to the users or owners thereof, benevolent institutions, public charitable purposes, churches, chapels for public worship, universities, affiliated colleges, the Sydney Grammar School, mechanics' institutes, and schools of art; and lands on which are erected public markets, town halls, or municipal council chambers, or any lands the property of or vested in any council or municipality, public hospital, university or affiliated college.
- (6) Lands dedicated or vested in Trustees and used for zoological, agricultural, pastoral, or horticultural show purposes, or other public or scientific purposes.

The section defining the method of assessing the Land Tax is Section 10.

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#### PART II.

#### LAND TAX.

10. Subject to the provisions of this Act, there shall be levied and paid to the Commissioners, for the use of Her Majesty, at the times and in the manner hereinafter directed, a land tax, at such rate as Parliament shall from time to time declare and enact, per pound sterling of the assessed value of all lands situate in New South Wales, and not included in the exemptions specified in section eleven. And such tax shall be levied and paid as follows.—

- (1) By every owner of land in respect of all land of which he is such owner for every pound of the unimproved value thereof, as assessed under the provisions of this Act, after deducting the sum of £240. Such deduction shall not be made more than once in the case of an owner of several estates or parcels of land (not being a bare trustee of different estates for the benefits of different *cestuis que trust*) but in every such case the aggregate of the values of such several estates or parcels shall be regarded for the purpose of taxation as if such aggregate represented the unimproved value of a single estate or parcel: Provided with regard to any such lands as are subject to mortgage (except where the mortgagee is owner within the meaning of the Act) that there shall be deducted each year from the tax upon such unimproved value a sum equal in amount to the income tax leviable for that year upon the interest derivable from the whole mortgage of the land, including improvements thereon; and this annual deduction shall not be diminished by reason of any exemptions or deductions from payment of income tax provided for in sections fifteen, sixteen and seventeen: Provided always that no such deduction from land tax shall be deemed to extend beyond the amount of land tax due for such year upon the land included in such mortgage.

The provisions for preparation of assessment, books, issue of notices, collection of tax, appeals against assessment, penalties for omitting to make returns, or for making false and misleading returns, &c., are exactly the same as for Income Tax, which will be found set forth or referred to in other parts of these notes, and any remarks there set forth concerning the above mentioned matters in their relation to Income Tax, may be here read, *mutatis mutandis*, in connection with similar matters in their relation to Land Tax.

The Acts, both land and income, are administered by the same commissioners, with the one general staff.

Amongst the special provisions relating to Land Tax only are (1) those which divide the tax in case of leased lands, between the lessor and the

lessee in proportion to their respective interests, annulling any covenant contained in any contract made before or after the passing of the Act which would have any different effect, vide Sections 12, 13 and 63 of the Land and Income Tax Assessment Act of 1895, the Land Tax (Contribution) Act, 1900, and the Land Tax (Leases) Act 1902. (2) The section (54) making the land tax a first charge on the land taxed, and providing special methods of recovery for land tax. Section 54 and section 55, which relates to the same matter, follow.

*Recovery of Land Tax by Letting and Sale of Land.*

54.—(i) The Land Tax shall, until payment, be a first charge upon the land taxed, in priority to all sales, conveyances, mortgages, charges, liens, rates, and encumbrances whatsoever.

(ii.) Whenever any land tax payable in respect of any land shall be unpaid for the space of two years, it shall be lawful for the Commissioners, notwithstanding any judgment in respect of such tax recovered against the person chargeable with the same so long as such judgment remains unsatisfied, to cause to be published for three consecutive weeks in the Gazette a notice specifying such land, and the amount of tax and fines due in respect thereof, and stating that if such amount be not paid within one year from the first publication of such notice, the Commissioners will let the land for a term not exceeding three years, with tenant right to improvement, reasonable and necessary in the case of a tenancy for a term of three years, or will apply to the Supreme Court for an order for the sale thereof.

(iii.) If, after one year from the first publication of such notice, the taxes and fines due at the time of such first publication are still unpaid, the Commissioners may let such land, or any part thereof, as above provided, and may receive the rents and profits thereof, and apply the same towards the payment of the said tax or part thereof, and of costs and expenses, and hold any surplus in trust for the rightful owners of such land; or

(iv.) The Commissioners, instead of letting such lands, may in like case, by petition to the Supreme Court or any judge thereof, apply for a sale of so much of the land described in such notice as may be necessary, and if such land be not subject to any *bonâ fide* mortgage, the court or judge, on being satisfied by affidavit or otherwise that the arrears are lawfully due, and were in arrear at the time of the first publication of such notice, and that all things required by this Act to be done by the Commissioners have been done, shall order the sale of the said land, or so much thereof as shall be sufficient to pay all arrears due up to the time of sale, together with any sum payable by way of fine, and all costs of and attending the application, and of and attending the sale of such land: and that the proceeds be paid into court.

(v.) If such land is subject to any *bonâ fide* mortgage or lease, the court or judge may, on such application, order the sale of the whole or portion of such land subject to such mortgage or lease.

55. Whenever any sale of any land, estate, or interest shall have been ordered and effected under the last preceding section, the court or a judge shall order payment of the said tax, fine, costs, and expenses to be first made out of the proceeds of sale, and the balance of the proceeds of such sale shall be applied as the court or judge may think proper for the benefit of the parties interested therein; and the conveyance or transfer as the case may be shall be executed by the officer of the court, nominated by the court or judge for such purpose to the purchaser, his heirs and assigns, in such form as shall be approved by the court or judge, and such conveyance or transfer shall vest the land, estate or interest sold in the purchaser as completely and effectually as if such conveyance or transfer had been executed by the owner of such land, estate, or interest; and in cases where the land is or has been brought under the provisions of the Real Property Act, the purchaser shall be entitled to receive a certificate of title of the land purchased.

Special necessary powers to obtain information concerning land are conferred by sections 33, 34, 35, 59, 61, and 62—set forth below (sections 61 and 62 apply also to income tax):—

33. In the preparation of any assessment-book in respect of land tax the Commissioners may, if they think proper, use or adopt so much of any assessment then in force which shall have been made by, or by the authority of, the Municipal Council of the City of Sydney or the council of any municipality, or any other authority empowered by law to make assessments of land, as may be applicable to or useful for the purpose of making any assessment under this Act.

34. The Commissioners, or any person authorised in writing by them, may at all reasonable times inspect, free of charge, all rate-books, assessment books, and valuations relating to any land, and all other books and documents relating to any assessment or valuation in the custody of the Town Clerk, or any other officer of the

City of Sydney, or the Council Clerk, or other officer of any municipality and all deeds, certificates, and other evidences of title, books, returns, accounts, and documents in the land titles office, or the General Registry Office for the registration of deeds, or in any other public office, and may require, and take copies thereof, or extracts therefrom. Any person obstructing or hindering the Commissioners or any person so authorised by them shall be liable to a penalty of fifty pounds.

35. Any assessor may enter at any reasonable hour, during the day-time, upon land or premises, for the purpose of assessing the same, and may put to the owner or occupier thereof any questions touching any of the particulars thereof which he is required to furnish under this Act or the Regulations.

61. Any person who obstructs or hinders any officer acting in the discharge of his duties under this Act or the Regulations thereunder, or refuses or wilfully neglects to answer or gives any false or evasive answer to any lawful question put by any such officer relating to any land, mortgage, property or income belonging to such person shall be liable to a penalty not exceeding fifty pounds.

62. Any person who, in any declaration authorised or prescribed by this Act or the regulations thereunder, knowingly and wilfully states any matter or thing which is untrue, shall be guilty of perjury, and shall be dealt with accordingly.

Land tax is assessable to the owner—a term which is statutorily defined as under:—

“Owner” includes every person who is, jointly or severally, whether at law or in equity—

- (a) entitled to land for any estate of freehold in possession; or
- (b) entitled to land for any such estate of freehold as aforesaid, as a married woman, to her separate use, otherwise than through trustees; or
- (c) who is a settlor, grantor, assignor, or transferor of land comprised in any settlement, grant, assignment, transfer, conveyance, or other instrument, not made bona fide; or
- (d) entitled to land partly in one, and partly in another or others of the aforesaid ways;
- (e) entitled to receive, or in actual receipt, or if the land were let to a tenant, would be entitled to receive, the rents and profits thereof, whether as beneficial owner, trustee, mortgagee in possession, or otherwise.

The owner of the 31st December of any year is the person liable to be assessed for the Land Tax of the following year. In the case of change of ownership within such year the division of the tax between the parties proportionately to the parts of the year for which it was owned by each is a matter for mutual agreement and settlement; it has nothing to do with the Department.

Owners must notify the Department of the transfers of land and with such particulars as will enable the assessment of the correct person for the lands transferred. In addition the record of sales from the deeds branch of the Registrar General's Office are transcribed by a staff of salaried officials of the Department.

In the original Act it was intended that the first assessment of unimproved land values should stand for five years, and that thereafter there should be quinquennial re-assessments of the whole of the lands liable to land tax in the state. It was found that the values in some towns and districts altered little if at all during the first five years, and as a result, power was taken by legislative enactment to permit of the values being revised only when such a course seemed expedient to the Commissioners, provided only that no re-assessment should be made within less than five years. The result enables the Department to re-value the whole State gradually, taking first those districts which have shown the greatest advance both in land values and number of transfers of land.

#### *The Total Yield of the Land Tax in New South Wales.*

The following return shows the gross collections of Land Tax in the State of New South Wales from the first imposition of the tax on the 1st January, 1896, to the 30th June, 1904—the end of the financial year 1903-4, and the explanatory notes added will assist the uninitiated to unravel any seeming



mysteries in the figures. This return has been drawn out on lines similar to that of a return relating to income tax given on a former page :—

Period.	Collection.			Refunds.			Net Yield.		
	£	s.	d.	£	s.	d.	£	s.	d.
Financial year ended—									
30th June 1896	—	—	—	—	—	—	—	—	—
" " 1897	140,974	8	6	1,942	15	8	139,031	12	9
" " 1898	371,902	0	5	7,788	15	11	364,163	4	6
" " 1899	271,400	1	7	18,126	18	5	253,273	3	2
" " 1900	295,601	12	0	9,377	3	9	286,224	8	3
" " 1901	292,188	1	7	3,819	5	6	288,368	16	1
" " 1902	306,250	10	4	4,316	15	8	301,933	14	8
" " 1903	320,467	5	2	6,364	15	0	314,102	10	2
" " 1904	335,223	16	3	12,976	19	8	322,246	16	7
Totals	2,384,007	15	9	64,663	9	7	2,269,344	6	2

It has to be again noted here that the taxing year for land tax in New South Wales and the State's financial year do not correspond. The taxing year begins on the 1st January, and the financial year on the 1st July. As a result of this, no part of the land tax for 1896 was collected in the financial year 1895-6. The land tax is collected in the second half of the financial year, the income tax in the first half.

The enormous amount of work of various kinds associated with the inauguration of a system of land tax in a country not already possessing any universal form of tax on land or property, either for State or Local Government purposes, prevented the notices for the 1896 Land Tax being issued at such time as would have permitted of the whole of that year's Land Tax being paid in the financial year 1896-7; the next financial year, 1897-8, consequently gains at the expense of its predecessor.

In subsequent years the labour involved in preparing for the collection of the year's land tax was so great that the assessment notices were only issued about the middle of December, although the tax was for the calendar year then current and terminating. The greater part of the land tax for any year is paid during January and February of the calendar year next following, and in the latter half of the financial year.

The collections, therefore, for any of the financial years 1898-9 to 1903-4, shown in the foregoing schedule, consist of—

- (1) The major portion of the land tax assessable and collectable for the taxing year, of which the first quoted portion of the financial year forms the second half (thus the 1903-4 collections consist of the major portion of the 1903 land tax); plus
- (2) any arrears recovered during such financial year of land tax assessed during that or preceding years, and in the last-mentioned case outstanding and unpaid at the beginning of such financial year.

The amount of land tax—all years—outstanding and unpaid on 30th June 1904 was 31,743*l.* 19*s.* 2*d.*, which was reduced to 21,956*l.* 14*s.* 3*d.* by 30th November 1904, just prior to the issue of the land tax notices of assessment for 1904.

In the case of land tax there is always a good security for payment in the land itself. As already stated, section 54 of the Land and Income Tax Assessment Act of 1895 makes the land tax until paid a preferential charge on the land assessed; in this respect the land tax has a decided advantage over income tax, the land is always available, whereas in the income tax the taxpayer may leave the State, die, or become insolvent, thus creating bad debts.

The number of land taxpayers in New South Wales is, approximately, 41,000; but in addition there are about 185,000 owners of land who, by reason either of the general deduction of 24*l.*, or by the operation of the mortgage deduction, or both, are exempt from payment of any land tax.

The total value of land assessed for taxation purposes is 129,178,000*l.*, while 16,440,000*l.* represents the value of land falling below the minimum taxable value (240*l.*), or non-taxable in consequence of mortgage deductions.

As an exemption of 240*l.* is allowed for each owner (whether a company or private individual), the taxable amount is further reduced by 9,840,000*l.* Exemption in respect of mortgages, described in the foregoing pages, still further reduces the taxable balance by 16,800,000*l.*, and balances due on land conditionally purchased from the State by 9,298,000*l.*, so that the actual taxable value is 76,800,000*l.*

#### *Death Duties, New South Wales.*

In the second enclosure to the circular letter of 9th November 1904, it is stated, parenthetically, that it would be convenient if, in connection with the reply to paragraph 3—System of differentiation in force in regard to income tax—it could be shortly stated whether in a country possessing an income tax, any form of death duty . . . . . is also in force, which might be considered an equivalent to the higher taxation by an income tax of income from property or investment, and if so, what is the total yield of such tax or taxes.

There are death duties in force in New South Wales, and that form of taxation existed in this State for many years before an income tax was passed into law.

From time to time there have been changes, hereafter particularised, in the rates of such duties, which, it may be added, are leviable on the total value of the estate (real and personal added together) after deducting all debts.

The Principal Act (44 Vict., No. 3) was passed in 1880, and provided for the imposition of duties from the 1st July of that year.

Under the Amending Act, 50 Vict., No. 10, which came into operation on the 31st August 1886, a gradual scale of duties, ranging from 1 to 5 per cent., was adopted.

Under the provisions of Act, 56 Vict., No. 30, passed in 1893, estates of deceased persons of less than 200*l.* gross value were exempted from duty.

In December 1899, a further Amending Act was passed, and a new scale of duties, ranging from 2 to 10 per cent., was imposed. Estates under the net value of 1,000*l.* were exempt from taxation, and when the estate being under the value of 50,000*l.* passed to the widow, children, and grandchildren of the deceased, one-half the schedule rate only was chargeable.

Under a new Act, however, passed last year—The Stamp Duties (Amendment) Act, 1904—the value of the estate must not exceed 30,000*l.* to secure the half rates provisions of the Act, which, further, were made not to apply to the estates of deceased persons who were not domiciled in the State of New South Wales.

The following schedule sets forth clearly the rates of Death Duties now in force in New South Wales:—

The following three schedules commencing with the next page, taken from Coghlan's "Statistical Register of New South Wales," contain respectively:—

(1) Full information respecting—

(a) The estates of deceased persons; and

(b) Settlements, with the amount of duty paid from the beginning of the year 1894 to the end of the financial year 1903-04 (30th June 1904).

(2) The transactions under the Probate Act of 1899 for the year ended 30th June 1903.

The last Amending Act relating to death duties (The Stamp Duties (Amendment) Act, 1894) only received the Royal assent and became law on

the 13th December 1904, so that no statistics can yet be gathered as to the result of the duties now in force.

Three copies of each of the Acts in force in New South Wales relating to death duties are forwarded herewith should further particulars or closer reference thereto be desired.

SCHEDULE.

Showing the rates of duty chargeable in New South Wales on the estates of deceased persons under the "Probate Duties Amendment Act of 1899," and the "Stamp Duties Amendment Act, No. 24, 1904."

Value of Estate.		Full Rate.	Half Rate.
		Per cent.	Per cent.
Where the total value of any estate, after deducting all debts which may, in pursuance of the "Stamp Duties Act of 1899," be deducted—			
£	£		
Exceeds 1,000 and does not exceed	5,000	2	1
" 5,000	" 6,000	3	1½
" 6,000	" 7,000	3 ½	1 ¾
" 7,000	" 8,000	3 ¾	1 ⅞
" 8,000	" 9,000	3 ⅞	1 ⅞
" 9,000	" 10,000	3 ⅞	1 ⅞
" 10,000	" 12,000	4	2
" 12,000	" 14,000	4 ½	2 ⅒
" 14,000	" 16,000	4 ¾	2 ¼
" 16,000	" 18,000	4 ¾	2 ¼
" 18,000	" 20,000	4 ¾	2 ¼
" 20,000	" 22,000	5	2½
" 22,000	" 24,000	5 ½	2 ⅝
" 24,000	" 26,000	5 ¾	2 ⅞
" 26,000	" 28,000	5 ¾	2 ⅞
" 28,000	" 30,000	5 ¾	2 ⅞
" 30,000	" 32,000	6	
" 32,000	" 34,000	6 ½	
" 34,000	" 36,000	6 ¾	
" 36,000	" 38,000	6 ¾	
" 38,000	" 40,000	6 ¾	
" 40,000	" 44,000	7	
" 44,000	" 48,000	7 ½	
" 48,000	" 52,000	7 ¾	
" 52,000	" 56,000	7 ¾	
" 56,000	" 60,000	7 ¾	
" 60,000	" 64,000	8	
" 64,000	" 68,000	8 ½	
" 68,000	" 72,000	8 ¾	
" 72,000	" 76,000	8 ¾	
" 76,000	" 80,000	8 ¾	
" 80,000	" 84,000	9	
" 84,000	" 88,000	9 ½	
" 88,000	" 92,000	9 ¾	
" 92,000	" 96,000	9 ¾	
" 96,000	" 100,000	9 ¾	
And over the value of 100,000.		10	

*Estates of Deceased Persons and Settlements, with amount of Duty Paid, 1894-1904.*

*Estates of Deceased Persons.*

Year.	Under 200£.		200£. and under 5,000£.		5,000£. and under 12,500£.		12,500£. and under 25,000£.		25,000£. and under 50,000£.		50,000£. and over.		Total Value.	Duty Paid.
	No.	Value.	No.	Value.	No.	Value.	No.	Value.	No.	Value.	No.	Value.		
1894 - - -	538	£ 49,500	1,374	£ 1,294,625	68	£ 540,490	29	£ 494,815	15	£ 563,890	7	£ 1,171,005	£ 4,114,325	£ 119,706
1895* - - -	281	23,290	622	510,165	81	235,075	13	246,855	8	277,875	6	564,955	1,858,215	56,572
1896† - - -	591	53,620	1,485	1,280,980	54	434,090	22	376,065	12	429,175	15	1,670,600	4,194,530	182,971
1897† - - -	610	55,870	1,349	1,105,455	56	452,580	24	439,245	17	588,925	15	1,724,425	4,366,500	143,024
1898† - - -	651	57,620	1,492	1,227,760	71	611,910	22	344,635	5	192,085	10	2,338,475	4,772,485	159,462
1899† - - -	700	64,645	1,496	1,274,215	72	559,895	28	505,360	18	604,860	14	2,016,675	5,025,650	164,129
1899‡ - - -	364	34,410	724	600,715	33	253,145	11	202,305	4	150,740	5	562,985	1,804,300	52,092
1900* - - -	426	39,875	700§	725,405§	33	242,070	22	367,065	8	102,720	2	248,145	1,725,280	41,756
1901† - - -	850	80,230	1,422§	1,414,998§	79	599,537	33	607,259	15	548,450	11	1,378,073	4,628,547	194,745
1902† - - -	898	81,360	1,650§	1,626,806§	109	826,590	39	653,757	12	395,815	18	1,986,390	5,570,718	254,894
1903† - - -	942	87,240	1,643§	1,631,805§	92	690,533	84	607,718	18	653,105	11	1,715,066	5,385,467	237,127
1904† - - -	902	81,168	1,691§	1,677,567§	92	711,975	86	621,416	16	539,590	13	1,573,329	5,205,045	219,321

\* Half year ended 30th June.

† Year ended 30th June.

‡ Half year ended 31st December.

§ Includes estates not exceeding 1,000£., which are exempt from duty under the new Act.

## Settlements.

Year.	Under 5,000 <i>l.</i>		5,000 <i>l.</i> and under 12,500 <i>l.</i>		12,500 <i>l.</i> and under 25,000 <i>l.</i>		25,000 <i>l.</i> and under 50,000 <i>l.</i>		50,000 <i>l.</i> and over.		Total Value.	Duty Paid.
	No.	Value.	No.	Value.	No.	Value.	No.	Value.	No.	Value.		
1894	•	£ 17,625	—	—	—	—	—	—	—	—	£ 17,625	£ 176
1895†	•	22,920	—	—	—	—	—	—	—	—	22,920	229
1896†	•	27,200	—	—	—	—	—	—	—	—	88,539	3,089
1897†	•	19,460	1	10,448	—	—	—	—	1	56,339	29,908	404
1898†	•	19,400	1	6,400	—	—	1	25,175	—	—	50,975	1,329
1899†	•	11,285	1	5,000	2	39,570	1	30,860	—	—	86,715	2,634
1899‡	123	36,079	—	—	1	13,436	—	—	1	88,560	138,075	5,192
1900†	96	20,277	1	6,190	—	—	—	—	—	—	26,467	327
1901†	40	30,090	1	5,905	1	17,100	—	—	1	60,200	113,295	5,687
1902†	36	36,915	6	48,000	—	—	—	—	—	—	84,915	1,260
1903†	9	12,175	2	14,020	1	13,880	1	26,120	—	—	66,195	1,400
1904†	27	25,798	2	16,710	3	52,990	1	38,460	—	—	133,958	2,923

\* Information not available.

† Half year ended 30th June.  
‡ Half year ended 31st December.

‡ Year ended 30th June.

## Transactions under the Probate Act of 1899, for the Year ended 30th June 1903.

Grade in Schedule.	Rate of Duty.	Estates of Deceased Persons.			Settlements.		
		No.	Value.	Duty Paid.	No.	Value.	Duty Paid.
Not exceeding £1,000	Exempt	2,100	£ 639,409	—	6	£ 2,755	—
Exceeding 1,000 and not exceeding 5,000	2·0	485	1,079,636	—	3	9,420	—
"    5,000    "    6,000	3·0	34	187,020	—	—	—	—
"    6,000    "    7,000	3·2	14	91,817	—	1	6,020	—
"    7,000    "    8,000	3·4	16	120,091	—	1	8,000	—
"    8,000    "    9,000	3·6	7	68,690	—	—	—	—
"    9,000    "    10,000	3·8	11	104,300	—	—	—	—
"    10,000    "    12,000	4·0	10	118,615	—	—	—	—
"    12,000    "    14,000	4·2	5	66,501	—	1	13,880	—
"    14,000    "    16,000	4·4	4	59,380	—	—	—	—
"    16,000    "    18,000	4·6	6	100,245	—	—	—	—
"    18,000    "    20,000	4·8	7	110,555	—	—	—	—
"    20,000    "    22,000	5·0	3	62,905	—	—	—	—
"    22,000    "    24,000	5·2	9	208,132	—	—	—	—
"    24,000    "    26,000	5·4	—	—	—	—	—	—
"    26,000    "    28,000	5·6	2	55,615	—	1	26,120	—
"    28,000    "    30,000	5·8	1	29,615	—	—	—	—
"    30,000    "    32,000	6·0	3	91,570	—	—	—	—
"    32,000    "    34,000	6·2	3	100,076	—	—	—	—
"    34,000    "    36,000	6·4	1	35,005	237,127	—	—	1,400
"    36,000    "    38,000	6·6	1	37,850	—	—	—	—
"    38,000    "    40,000	6·8	1	38,460	—	—	—	—
"    40,000    "    44,000	7·0	3	122,285	—	—	—	—
"    44,000    "    48,000	7·2	2	52,839	—	—	—	—
"    48,000    "    52,000	7·4	1	49,790	—	—	—	—
"    52,000    "    56,000	7·6	1	52,880	—	—	—	—
"    56,000    "    60,000	7·8	1	58,055	—	—	—	—
"    60,000    "    64,000	8·0	—	—	—	—	—	—
"    64,000    "    68,000	8·2	—	—	—	—	—	—
"    68,000    "    72,000	8·4	1	69,635	—	—	—	—
"    72,000    "    76,000	8·6	1	74,445	—	—	—	—
"    76,000    "    80,000	8·8	1	76,765	—	—	—	—
"    80,000    "    84,000	9·0	—	—	—	—	—	—
"    84,000    "    88,000	9·2	1	85,248	—	—	—	—
"    88,000    "    92,000	9·4	—	—	—	—	—	—
"    92,000    "    96,000	9·6	—	—	—	—	—	—
"    96,000    "    100,000	9·8	—	—	—	—	—	—
"    100,000	10·0	5	1,298,038	—	—	—	—
		2,740	5,385,467	237,127	13	66,195	1,400

NOTE.—When the estate is under the value of 50,000*l.*, and passes to the widow, children, and grandchildren of the deceased, one-half the schedule rate is charged.Note also that—Under the 1904 Act these half rates are chargeable only when the estate is under the value of 30,000*l.*

(4) *System of Assessment of Income Tax—New South Wales.*

- (a) Is the tax in any case levied at the source (e.g., on companies which thereafter deduct the tax in paying dividends, or on salaries before payment to the recipient), or is it assessed on a direct return by the individual taxpayer of his income from all sources?

In the case of companies, the incomes of which are liable to pay income tax, the tax is levied at the source; the dividends of such companies are usually declared and paid free of income tax—which is equivalent to a deduction of the tax from the individual shareholder. The shareholder in such a company must specify in the income tax return made by him what income he received from that source, and include it in his gross income; but he also shows the same sum in his deductions; tax is therefore not paid twice, and the Department is advised of the existence of new companies.

In all other cases the tax is assessed on a direct return by the individual taxpayer of his income from all sources.

All Government Departments, and all employers, must furnish lists of their employees with particulars of their emoluments, but there is not any power to collect the income tax on such salaries, &c., at the source.

Section 22 of the Land and Income Tax Assessment Act of 1895 would enable the commissioners of taxation to collect at the source the income tax on debentures issued by a company.

In practice, however, it was found a saving in every way to assess the individual taxpayer directly, using the section as a means of securing particulars of the existence of such sources of income for purposes of checking.

The section referred to is as follows:—

(22) In any case where a company has at any time heretofore, or shall at any time hereafter, borrow money on debentures, such company shall be deemed to be the agent of every holder of such debentures.

- (b) Are the returns and assessments generally made on the estimated income of the current year, or on the actual income of the preceding year, or on an average of years?

The returns and assessments for income tax in New South Wales have up to the present year been made on the basis of the estimated income of the current year, i.e., the year of tax, taking for such basis the amount of the income of the preceding year, but henceforth owing to an alteration of the law made last year both returns and assessments for any year are to be on the basis of the actual income of the preceding year.

The authority for the practice hitherto in force is contained in section 27 combined with section 53 of the Land and Income Tax Assessment Act of 1895.

The relevant parts of those sections are as follow:—

27. For the purpose of ascertaining the sum, hereinafter termed the "taxable amount," on which (subject to the deductions hereinafter mentioned) income tax is payable, the following directions and provisions shall be observed and carried out:—

(1) The amount of taxable income from all sources for the year immediately preceding the year of assessment shall be taken as the basis of calculation.

53. If it is proved to the satisfaction of the commissioners that the amount paid by any taxpayer as income tax is in excess of the amount properly chargeable under this Act, or that the amount charged as land tax is in excess of the amount properly chargeable thereunder, the commissioners shall give a certificate to that effect, on production whereof the Colonial Treasurer shall refund the proper amount in each case to the taxpayer or person entitled to receive the same; and if any taxpayer proves to the satisfaction of the commissioners that his income during any year fell short of the sum in respect of which the tax for that year was paid, the commissioners shall cause the assessment to be amended accordingly, and the overcharge to be refunded as aforesaid; and if it be proved to the satisfaction of the commissioners that income tax has been claimed or paid in respect of any income which by reason of the smallness of the income of the person finally beneficially entitled thereto would be exempt from taxation if it had been included in a return made by such person of his income, the commissioners may exempt such income from payment of the tax, or if already paid shall cause the amount of such tax to be refunded as aforesaid: Provided that the commissioners shall not certify for any

refund under this section unless the claim is made within two years of the date when the over-payment was made.

These sections, it will be seen, make the income of the preceding year the basis of the estimated income for the current year, *i.e.*, the year of tax; subject to amendment and refund if after the close of the current year it be found that the actual income fell short of the income so estimated. If on the other hand the actual income exceeded the income so estimated there was no correlative power conferred on the Commissioners to amend the assessment and increase the tax to that leviable on such greater sum.

This one-sided condition of things was permitted to exist until last year when Parliament passed a measure, the Land and Income Tax (Amendment) Act, 1904, which contained the following provisions, repeated here for reference purposes:—

3.—(1) The first of the directions and provisions contained in section twenty-seven of the principal Act is repealed as from the first day of January one thousand nine hundred and five.

(2) In assessing the income tax for the year one thousand nine hundred and five or any subsequent year the amount of taxable income from all sources for the year immediately preceding the year of assessment shall, subject to the provisions of section twenty-seven of the principal Act, be the taxable amount, for the year of assessment.

4.—(1) Section fifty-three of the principal Act is hereby repealed.

(2) If the amount paid by any taxpayer as land tax or income tax is in excess of the amount properly chargeable under the principal Act or any Act amending the same the commissioners shall give a certificate to that effect, on production whereof the Colonial Treasurer shall refund the proper amount in each case to the taxpayer or person entitled to receive the same: Provided that the commissioners shall not certify for any refund under this section unless the claim is made within three years of the date when the tax was due.

The effect of these sections will be that from 1st January 1905 the tax for any year will be assessed on the actual income of the preceding year, without any further ado in the shape of amendments, refunds, &c.

The saving effected by this means or net gain to the revenue (by whatever name it may be termed) will amount to at least 15,000*l.* per annum; in addition, a large amount of clerical work will be abolished.

- (c) Are the assessments made (as in England) by bodies of local commissioners unconnected with Government, or by Government officials? What provision is there for appeals? Some account should be given of the process of assessment.

The whole administration of the Acts of Parliament relating to income tax in New South Wales is vested in permanently appointed salaried Government officials, and, unlike the practice in England, neither the making of the assessments nor any other step in the process of fixing the taxpayer's liability or collecting the tax is carried out either by bodies of local commissioners or by other persons unconnected with Government.

The same condition of things obtains in regard to the Land Tax Acts, which are administered by the same commissioners of taxation controlling one general staff, with this one slight difference, that occasionally the services of a local land and estate agent are engaged to assist the permanent salaried valuers of the commissioners in assessing the unimproved values of a particular town or municipality; the local man's particular knowledge of local conditions, recent sales, reserve prices, &c., is availed of, but he does not make the whole of the valuations, and any work done by him is reviewed by the salaried valuers.

The sections of the Land and Income Tax Assessment Act of 1895 dealing particularly with the administration of the Taxation Acts in New South Wales are sections 2 to 8, set forth hereunder for convenience of reference:—

1. For the administration of this Act, the Governor may, as soon as it may be conveniently practicable, appoint three "commissioners of taxation," on whom shall devolve and be imposed all the powers, duties, and functions by this Act conferred and imposed upon "the commissioners," and who shall have such other powers and perform such other duties as may from time to time be conferred or imposed on

them under such designation by or under any regulations hereafter made in pursuance of this Act or by any amending Act.

3.—(1) The present collector of customs and the present commissioner of stamp duties shall be appointed first and third commissioners respectively, and some fit and proper person shall be appointed second commissioner, whose salary shall be such sum as Parliament may vote, not exceeding eight hundred pounds per annum, and such second commissioner, if not already a contributor to the superannuation fund under the provisions of the Civil Service Act of 1884, shall not be called upon to pay any contribution to the said fund, and shall not be entitled to any pension or gratuity under the said Act upon his retirement.

(2) Any two of the commissioners shall, subject to the next following provision, have all the powers and authority by this Act and the regulations conferred upon the commissioners.

(3) If at any meeting of the commissioners, at which two commissioners only are present, such commissioners shall differ in opinion upon any matter, the determination of such matter shall be postponed until all the commissioners are present.

(4) In case of the illness, suspension, or absence of any commissioner, the governor may appoint a deputy to act for such commissioner during his illness, suspension, or absence; and every such deputy shall, during the time he shall act as deputy, have all the powers and authority of such commissioner.

4. The governor may appoint such assessors and other officers as may be deemed necessary for carrying out the provisions of this Act.

5. The commissioners may, with the approval of the governor, delegate to any public officer such powers, duties, and functions by this Act or the regulations hereunder conferred or imposed upon them as it may be considered expedient by the commissioners so to delegate.

6. A notification in the "Gazette" that any person therein named has been appointed a commissioner, or other officer for the purposes of this Act, shall be conclusive evidence of such appointment.

7. Every person appointed or employed under this Act shall preserve and aid in preserving secrecy with regard to all matters that may come to his knowledge in his official capacity, and shall not communicate any such matter to any other person except in the performance of his duties under this Act.

8.—(1) The commissioners shall, before acting in the execution of their office, take and subscribe, before a police magistrate or justice of the peace, such oath of fidelity and secrecy as may be prescribed; and such oath also shall be taken and subscribed by every other person appointed or employed under this Act before so acting, which may be administered to him by a commissioner or any justice of the peace.

(2) Every person who, in contravention of the true intent of such oath, and without lawful excuse, reveals any matter or thing which has come to his knowledge in his official capacity, shall be guilty of a misdemeanor, and shall be liable to imprisonment for any term not exceeding two years, with or without hard labour.

(3) If any person acts in the execution of his office before has taken the prescribed oath, he shall be liable to a penalty of not less than ten and not more than one hundred pounds.

This Act was assented to on 12th December 1895, but the Public Service Act of 1895 (since consolidated in the Public Service Act No. 31, 1902) assented to on the 23rd December 1895, practically repealed section 4 hereinbefore set forth; by the Public Service Act all powers of appointment to the public service are vested in the Governor with the advice of the Executive Council acting on the recommendation of the Public Service Board—the latter body being a board of three appointed under the Public Service Act.

Since the federation of the Australian States the collector of customs has become a Commonwealth official, and has ceased to be a commissioner of taxation in the State; the post thus rendered vacant has been filled by the constitution of another salaried commissionership at 800*l.* per annum. For this purpose a special Act was not passed, but the necessary provision was made by Parliament on the estimates-in-chief, and became law under the Appropriation Act.

The number of officers employed and the rates of salary paid may be of interest, and therefore the following return is given showing the numbers of officers of each grade or class, and the total annual amount paid as salaries.



to all those employed at the present date in the assessment, levying, and collection of the land tax and the income tax :—

Number of Officers.	Position.	Rate of Salary per Annum.		Total.	
		£	s.	£	s.
2	Commissioners of taxation - - - -	800	0	1,600	0
1	Commissioner of taxation * - - - -	-	-	-	-
1	Secretary and chief clerk - - - -	475	0	475	0
1	Chief assessor—income tax - - - -	475	0	475	0
1	Chief assessor—land tax - - - -	475	0	475	0
1	Registrar—land tax - - - -	475	0	475	0
1	Accountant - - - -	325	0	325	0
1	Receiver - - - -	299	0	299	0
1	Assessor—land tax - - - -	400	0	400	0
3	Assessors—land tax - - - -	350	0	1,050	0
4	Clerks - - - -	300	0	1,200	0
5	Do. - - - -	280	0	1,400	0
1	Do. - - - -	260	0	260	0
1	Do. - - - -	250	0	250	0
2	Do. - - - -	240	0	480	0
4	Do. - - - -	230	0	920	0
1	Do. - - - -	220	0	220	0
1	Do. - - - -	210	0	210	0
10	Do. - - - -	200	0	2,000	0
8	Do. - - - -	190	0	1,520	0
9	Do. - - - -	180	0	1,620	0
1	Do. - - - -	175	0	175	0
23	Do. - - - -	170	0	3,910	0
25	Do. - - - -	160	0	4,000	0
12	Do. - - - -	156	10	1,878	0
39	Do. - - - -	150	0	5,850	0
3	Do. - - - -	145	0	435	0
2	Do. - - - -	140	17	281	14
3	Do. - - - -	140	0	420	0
1	Do. - - - -	130	0	130	0
1	Do. - - - -	125	4	125	4
3	Do. - - - -	125	0	375	0
1	Do. - - - -	115	0	115	0
3	Do. - - - -	110	0	330	0
5	Do. - - - -	109	11	547	15
1	Do. - - - -	100	0	100	0
1	Do. - - - -	95	0	95	0
1	Do. - - - -	90	0	90	0
1	Do. - - - -	80	0	80	0
6	Do. - - - -	65	0	390	0
2	Do. - - - -	50	0	100	0
5	Messengers - - - -	59	10	297	10
1	" - - - -	26	0	26	0
1	Porter - - - -	80	0	80	0
7	Cleaners - - - -	50	0	350	0
207	Grand total of salaries per annum	-	-	£35,835	3

\* Is paid salary as commissioner of stamp duties.

The other expenses of the Department (both taxes, land and income) as voted for the financial year 1904-5 are as under :—

	£
Contingencies—	
Travelling and other expenses in connection with land and income tax assessments, legal expenses (including expenses of courts of review), and miscellaneous expenses - - - -	4,000
Postage and telegrams - - - -	1,600
	<u>£5,600</u>

Under the reply to the sub-heading 5 of the circular asking for this return will be found additional information respecting the cost of collection. The expenditure is there sub-divided as between the land tax and the income tax, and the percentage cost of collection of each is given over the various years since the commencement of the taxes in New South Wales.

The provisions of the New South Wales Land and Income Tax Assessment Act of 1895 for appeals against income tax assessments are contained in sections 9, 44, 45 and 46, hereunder set forth :—

9. The governor may, by notice in the "Gazette," declare that the Land Appeal Court or any judge of a district court or any police magistrate shall be a court of review within the meaning of this Act: and thereupon every court of review, constituted as aforesaid, shall have jurisdiction within such limits and in such cases as the governor may prescribe in the said notice to hear and determine subject to the provisions of this Act appeals from assessments made under this Act.

44.—(1) Any taxpayer may, within thirty days after the notice of assessment for land or income tax or of any altered, corrected, or additional assessment has been given, appeal therefrom to the court of review, upon the ground that he is not liable for the tax, or for any part thereof, or that the amount of such assessment is excessive. Every appeal shall be commenced by such notices and in such manner as may be prescribed.

(2) Public notice shall be given of the time and place appointed for the hearing of appeals, and such hearing may be adjourned from time to time to any time and place that may seem convenient.

(3) The sittings of the court of review for the hearing of appeals shall not be deemed to be public, and the said court shall at any time on the application of the appellant exclude from any such sitting, or require to withdraw therefrom, all or any persons whomsoever.

(4) The commissioners, or any persons authorised by them, may appear in support of the assessment on the hearing of any appeal: and the appellant or any person who is interested in such appeal may appear in person, or by his counsel, solicitor, or agent.

(5) All appeals shall be heard and dealt with in alphabetical order; but where two or more appeals in any list of appeals relate to the same matter, they may be heard together.

(6) The court of review may alter or order the alteration of the assessment book in accordance with the decision given on any appeal, but may only make an order as to costs when the claim of the commissioners shall be held to be unreasonable, or the grounds of appeal therefrom to be frivolous.

(7) The assessment book, so altered or corrected, shall be the assessment book for the district to which it relates.

(8) No member of any court of review shall, solely on account of his liability to be assessed under this Act, or of his liability to tax under any Act for the time being in force, be deemed to be interested in any matter upon which he may be called upon to adjudicate or determine.

(9) The said court shall be a court of record, and shall have and possess for the hearing and determination of appeals within the limits of the jurisdiction hereinbefore defined the same authority, rights, powers, privileges, and status as are by the provisions of subsections (vii), (viii), and (ix), of section eight, and by section nine of the Crown Lands Act of 1889, conferred upon the land court, as fully and effectually as if such provisions were re-enacted herein *mutatis mutandis* with reference to the said court of review and the constitution thereof.

(10) The provisions with regard to matters of procedure of the Crown Lands Act of 1889 and the regulations made thereunder, and of the District Courts Act of 1858 and the Acts amending the same and the rules made thereunder, and of the Acts and rules in force relating to procedure in petty sessions respectively, shall, so far as they may be declared by regulations hereunder to be applicable, regulate the practice and procedure in connection with such appeals before the Land Appeal Court or the district court judge or the police magistrate appointed to a court of review respectively.

45. Whenever any question of law shall arise in a case before the court of review, the said court shall, if required in writing by any of the parties within the prescribed time and upon the prescribed conditions, or may of its own motion state and submit a case for decision by the Supreme Court thereon, which decision shall be conclusive: and the procedure with reference to a case submitted under this section shall be the same as that provided by subsection (vi) of section eight of the Crown Lands Act of 1889, with reference to cases submitted by the land court. The Supreme Court, for the purposes of this section, may consist of two judges only and shall have power to deal with the costs of, and incidental to, any case submitted under this section as it may think fit.

46. The obligation to pay, and the right to receive and recover, land or income tax shall not be suspended by any appeal, but if the appellant succeeds on such

appeal the amount (if any) of the tax received by the commissioners in excess of the amount which, according to the decision of such appeal, was properly payable by him, shall forthwith be repaid to him by the commissioners.

These provisions apply equally to land tax and income tax. Subsection (vii.) of section 44 is irrelevant and unnecessary; it is the accidental survival owing to a draughtsman's oversight of a provision in a prior Bill which contemplated the division of the State into taxing districts: it does no harm, and no good where it is, but its existence might be misleading unless explained.

The only courts of review constituted under section 9 to date are the district court judges: copies of the proclamations so constituting them will be found at the end of the set of Acts, regulations, &c., transmitted herewith.

There are 85 towns in the State at which sittings of the district court are held, and at those places only are courts of review held. The court of review does not hold regular sittings like the district court, but when there are cases to be decided a date is appointed for the sittings of the court. Speaking generally and from the experience of the past nine years, about two sittings of the court are held in Sydney annually, and one each year at each other centre; at the majority of these other than Sydney, however, there are not any cases for decision, and the holding of the court is a mere formality.

The Act itself only provides for an appeal by the taxpayer to the court of review, but the Commissioners of Taxation considered that there might be a number of cases in which matters of fact only might be in dispute—questions which although impossible of settlement before assessment, might be capable of explanation and adjustment in an interview between the taxpayer and an officer of the Department, and they consequently designed a system of "objections" which was authorised by regulation to meet the particular class of cases indicated.

Under this system the taxpayer who is dissatisfied with his assessment forwards to the Commissioners of taxation an "objection" on a prescribed form setting forth his grievance; the case is inquired into by the commissioners, and any personal explanation which the taxpayer offers is considered: possibly a request is made that the commissioners will cause an examination to be made of the taxpayer's books; after full consideration of everything adduced the commissioners give their decision on the objection; if this decision be accepted by the taxpayer the assessment is settled; if, on the other hand, the attempt to secure an amicable settlement without recourse to the court of law does not satisfy the taxpayer, his objection becomes an appeal and is sent on to the court of review for adjudication.

Some question has been raised as to the legality of this system of "objections," and as a consequence some taxpayers, in order to make assurance doubly sure, lodge both an appeal and an objection, with a request that the appeal shall not be heard until the objection shall have been settled.

At the present time very few direct appeals are lodged with the courts of review—over 90 per cent. of the total disputes on assessments are commenced by objection; taxpayers, it will be thus seen, appreciate the methods devised for their benefit, and rely on their own good faith and the good faith of the Commissioners of Taxation in settling their taxation differences.

On the land tax side of the Department, where in the matter of assessed unimproved values of land there is such wide scope for difference of opinion, the method of objection is almost universal.

It might be convenient to set forth in this place the regulations constituting this system of objections; they are—

#### *Objection to Assessment.*

27. Any person feeling aggrieved by reason of any assessment of land or income may, within thirty days from the date of the posting to, or other service upon, such person of the notice of assessment forward to the commissioners a notice of objection in the Forms G or H respectively, signed by the person objecting.

#### *Assessments may be Altered.*

28. The commissioners shall consider the objections, and may make such inquiries thereon or relating thereto as they think fit, and if they think that any objection should be allowed, they may alter or amend the assessment accordingly: but if not,

the notice of objection shall be treated as a notice of appeal, and the commissioners shall thereupon transmit the same to the court of review having jurisdiction to hear and determine such appeal, and shall inform the person making the objection that the same has not been entertained, and has been referred for determination to the court of review.

**Land and Income Tax Assessment Act of 1895.**

The Treasury, New South Wales,

18th November 1896.

The following regulations having been made by his Excellency the Governor, with the advice of the Executive Council, under the Land and Income Tax Assessment Act of 1895, are published in accordance therewith.

(Signed) G. H. Reid.

Regulations under the Land and Income Tax Assessment Act of 1895. [Approved 19th November 1896.]

The regulations made on the 12th February 1896, and published in the Government "Gazette" on the same date, are hereby amended as follows:—

1. Clause 28 is hereby repealed, and the following provisions shall stand as clause 28, in lieu thereof:—The commissioners shall consider the objections, and may make such enquiries thereon or relating thereto as they think fit, and if they think that any objection should be allowed, they may alter or amend the assessment accordingly. Unless a mutual agreement between the commissioners and the taxpayer is arrived at, or the taxpayer accepts the assessment of the commissioners, the notice of objection shall be treated as a notice of appeal, and the commissioners shall transmit the same to the court of review, and shall inform the person making the objection that the same has been referred for determination to the court of review.

*Registrar of Court of Review.*

29. The registrar of the court of review shall receive from the commissioners and file of record in the court all transmitted notices of objection and all direct notices of appeal, and shall, on the appointment of a day for the hearing of appeals in pursuance of such notices, notify the appellants thereof at least fifteen clear days before the day so appointed.

The decision of the court of review is final and binding on all parties on all matters of fact.

On questions of law, however, there is (*vide* section 45 *ante*) an appeal to the Supreme Court of New South Wales, in addition to which the court itself may state a case for the decision of that tribunal.

The regulations governing such appeal are set forth hereunder—

61. The registrar of the court of review shall, on the termination of every sitting of the court of which he is a registrar, at which any appeals from assessment under the provisions of the Land and Income Tax Assessment Act of 1895 shall have been finally determined, transmit to the Commissioners of Taxation in Sydney particulars of the decision of the court of review and of the order on appeal subscribed to the certified extract from the assessment book in the form specified in the last preceding regulation.

62. Within twenty-eight days, or such further time as may have been allowed by the court of review for the purpose, from the making of any order or the hearing of any matter by the said court, any party may lodge with the registrar a notice in writing requiring the court of review to state and submit a case for decision by the supreme court. Every such notice shall, except when given by the Commissioners of Taxation, be accompanied by a deposit of 20*l.* as security for any costs that the person giving the notice may be ordered to pay. Within fourteen days thereafter such person shall serve the registrar with a draft of the case to be thereafter settled by the court of review, and shall also serve the other party with a copy of such draft.

63. If a person requiring the court of review to state a case as aforesaid fails to bring the case before the court of review to be settled without unnecessary delay, or to perform any condition or matter prescribed by the last preceding regulation, the court of review may refuse to state such case, and may order the deposit or any part thereof to be forfeited; and the other parties concerned may thereafter proceed as if the application for a statement of a case had not been made.

64. As soon as the case has been settled and signed by the court of review, the registrar shall transmit the same together with two additional copies thereof to the Prothonotary and shall at the same time forward to each party a copy of the case as transmitted to the Prothonotary.

65. When the court of review desires of its own motion to state and submit a case for decision by the supreme court, a copy of the case proposed to be stated shall on application be furnished by the registrar to each of the parties concerned, and the registrar shall give not less than seven days' notice to the parties of the day appointed by the court of review for the settling thereof, and the court of review shall thereafter proceed to hear the parties and to settle the terms of such case.

*Process of Assessment of Income Tax in New South Wales.*

As stated elsewhere, returns of income must be furnished in New South Wales by the taxpayers, and such returns must be forwarded to the Commissioners of Taxation at their office. Thirty clear days' notice of the date whereby such returns have to be furnished must be given by the commissioners by notice published in two consecutive issues of the Government "Gazette," in addition to which advertisements are inserted in almost every newspaper published in the State.

Blank forms of return may be obtained by taxpayers at the office of the Commissioners of Taxation, or at any railway station, custom house, police station, or office of petty sessions throughout the State. Returns are compiled for the calendar year ending the 31st December, and the last date for furnishing such returns is usually fixed for the first Friday in February. Returns begin to arrive at the office of the commissioners from the first week in January, but the bulk of the returns do not come to hand until the first week in February.

In order to secure the payment of the income tax in the financial year ending 30th June, the "due date" for the payment of the year's tax must be fixed, and the assessment notices must be dated and issued by such a date as will allow the sixty clear days' grace for payment without penalty of fine to elapse before the 30th June. In practice, the "due date" is usually fixed for a Friday between the 9th and 16th April—the notices being dated and issued on the preceding Tuesday. Under this arrangement the income tax must be paid between the 9th and 16th June to escape the 10 per cent. fine, and time is thus also allowed for the issue of reminders to defaulting taxpayers before the 30th June should the payments fall short of what should be expected.

These preliminaries are mentioned here because they must all enter into consideration before the commencement of the work of assessing the "due date" is decided upon beforehand, and all requisite forms, &c., are printed bearing the dates so fixed.

The Department having thus been bound to accomplish its work within a certain time must not waste a day, and as the returns arrive after the first or second week in January, the work of assessment begins in earnest.

As the returns arrive, they are stamped to show the date of receipt, and are at once sorted into alphabetical order prior to being compared with the official list of income taxpayers.

The official list is a register in alphabetical order of all those persons who have furnished an income tax return at any time—taxable or not. It is designed to contain the records of (10) ten years, and shows the surname and Christian names in full of the taxpayer, his occupation and address, with the capacity in which the return is furnished. Then in the columns for the respective years are shown a record of the receipt of each year's return, as well as the departmental number assigned for the year to that return. When the new returns are compared with the official list, the officer doing that work marks on the new return the reference number of the previous year's return.

If no previous return be recorded, an inquiry is at once made of the taxpayer (if the return itself does not disclose a sufficient reason) as to why he did not furnish returns for prior years.

If the reply or explanation be sufficient (*e.g.*, only arrived in the State during the previous year, or only started business in that period, having previously been on a salary less than the exemption) the return is recorded in the official list as a new one and sent on to the assessors with others.

If it happen that the taxpayer ought to have furnished returns for previous years, and that he had omitted to do so through ignorance, he is compelled to make the returns, and assessments are then prepared charging him income

tax for such past years. The return for the current year in such case is assessed at the same time, and the reference numbers assigned to the various years' returns are entered in the official list.

Returning, however, to the usual case, that of a prior existing return; on the new return the number of the last year's return is endorsed, and the batch of new returns then passes to the record clerk, who places inside the new return the previous year's returns and papers. All the returns and correspondence of the one taxpayer are thus kept together, and form an increasing bundle with the earliest year on the inside.

Including the present year, 1905, there are thus ten years' income tax returns, together with copies of the assessment notices, inwards correspondence, &c.

The next step is to divide the returns, which are now ready for the assessors, amongst those officers. The assessors are a trained staff of selected officers whose services are utilised all the year round either on assessing income tax returns or in inspecting the books of taxpayers.

To the junior assessors are handed the returns of taxpayers whose sole source of income is their salary, a more experienced class take the smaller business concerns, whereas the larger business returns, together with the companies' returns and those of graziers are dealt with by the highest skilled and most experienced of the officers.

Taking the simpler class first, the assessor knows that the only permissible deduction from a salary is the sum allowable under section 28 (11) for life assurance or fidelity guarantee, with the addition, in the case of a civil servant, of any contribution to the Civil Service Superannuation Fund. The return is compared with the previous year's return, and if anything excites the doubt of the assessor he notes the case for inquiry.

The accuracy of the amounts returned are checked after the issue of the assessment (the time prior to assessment being too limited for that purpose). When satisfied as to the return the assessor writes out on a sheet which is thereafter enclosed in the return, the particulars of the assessment he has determined, under the following headings, which are also the headings of the income tax assessment book, viz. :—

- (1) Gross income.
- (2) Taxable amount.
- (3) Income chargeable.
- (4) Amount of tax.

The returns, with these sheets now containing the new assessment, are then handed to a branch where the remainder of the work, which is of a purely clerical nature, is performed.

The several operations in their order are—

- (1) The return is numbered with a consecutive number for the current year.
- (2) The consecutive number is recorded on the official list (already described).
- (3) The particulars of the assessment are entered up in the assessment book. As to the assessment book, *see* sections 41 and 42 of the Land and Income Tax Assessment Act of 1895, set forth hereunder :—

41. Upon completion of every assessment book in respect of income tax, such book, or a copy thereof, shall be deposited in the office of the commissioners. Such book or copy shall not be open to public inspection, but every taxpayer shall be entitled to a copy of the entries therein relating to the assessment of his income certified by or on behalf of the commissioners.

42. Upon the completion of the assessment books the commissioners shall give notice every year to every taxpayer whose name appears therein, with such particulars of the assessment as shall be considered necessary, and the amount of the tax which is payable. Such notice shall be designated the "Notice of assessment of land and income tax."

- (4) The assessment notice is next written. These notices are prepared in duplicate, the duplicate being a carbon copy obtained from an ink original by using a very hard pen and a fine typewriter

carbon sheet; the original ink notice is for issue to the taxpayer, and the carbon copy is retained in the return in the office of the commissioners as a proof of what was actually issued to the taxpayer; the cost of the copy is practically only the cost of the paper, and the possession of an exact copy is of the greatest use in the office.

- (5) The receipt for the tax is prepared in anticipation.
- (6) The ledger debits are entered up from the sheets.
- (7) The notices are enclosed and despatched.

On the arrival of the date which the notices bear, the commissioners have to be able to certify, and have to certify, that the assessment book for the income tax of the particular year is complete so far as the information at their disposal will permit, and they then appoint, by notice in the Government "Gazette," the "due date" upon which the income tax for the year is due and payable. As has already been explained, these dates have already been decided upon months before. The publishing of the "Gazette" notice fixing the due date, and the posting of the notices of assessment, occur on the same day.

Returning, now, to the more difficult classes of assessment, and omitting the details from the completion of the assessor's task, which apply alike to all assessments, the first case taken will be the business concern, other than companies. The principles of assessment are the same, whether the business be a large or a small one, and any one competent to deal with one should be able to deal with another. In practice, however, it is better to entrust the assessing of the more important returns to the more experienced and more careful officers. The first thing done is to check the statement of stocks held, and to see that the return for the latest year starts with exactly the same stock as the previous year was declared to have finished with.

Next, the gross profit on the turnover is scrutinised; the assessors, from their experience both inside and outside the Department, know the usual rate of profit in each particular class of business. If anything out of the common be observed, the case is noted for inspection of the taxpayer's books. The deductions are next scrutinised, and any deductions claimed which are not allowable by the Acts are struck out. In case of doubt or difficulty, the assessor may refer to the chief assessor, and he in turn may consult the commissioners.

If from any reason the return be considered unsatisfactory, *e.g.*, that the figures are estimated only instead of being arrived at by properly kept books, the commissioner, on the matter being submitted to him, may exercise the discretion conferred by section 39, and make a default assessment on an arbitrary amount. In such case taxpayer may object, in which case the onus is thrown on him of proving the correctness of his figures, or the case may be noted for an inspection of the taxpayer's books.

In the case of companies a special form of return is provided, and copies of the balance-sheet or balance-sheets for the year must accompany the return.

The assessor must see under what section the company is charged, or may be charged, and after scrutinising the income returned and the deductions, he proceeds to make the assessment.

The assessor must know what deductions are allowable, and what are not, and where there is any established departmental practice of dealing with a matter of discretion, he must be aware of it.

It can be readily understood that it is impossible to describe all the mental operations which result in an assessor's estimate of the income tax to be paid; the accuracy of his work will depend on his knowledge of the Acts of Parliament and regulations relating to income tax, combined with his powers of analytical accountancy, and his general business tact and judgment.

The last class of returns to be considered is that of graziers, who own and use lands leased from the Crown in conjunction with freehold lands.

The income derived from the Crown lands is liable to income tax, whereas the income derived from the ownership, direct use, or cultivation of the freehold lands is not liable to income tax.

In the majority of cases, the lands are used for raising sheep, and the proportion of freehold to Crown lands varies in almost every possible way; in some cases the owner of 50,000 acres of freehold land may have a few small Crown leases totalling 1,000 acres or thereabouts. On the other hand, in the Western District, where the freehold lands are only purchased to secure the ownership of the necessary residences, shearing sheds, and dams, the freehold lands will not amount to one per cent. of the lands leased from the Crown, in some cases not one-tenth per cent.

Graziers, in addition to the ordinary returns, must furnish a special return showing the gross transactions on the whole of their property, freehold and leasehold, the areas and the respective carrying capacity of each class of land, beside sundry other information.

From the gross expenses are deducted—

- (1) The expenses, &c., peculiar to the freehold land; and
- (2) The expenses, &c., peculiar to the Crown leased lands. The balance of income is then divided between the two classes of land in the compound proportion of (1) the area, and (2) the carrying capacity.

From the sum thereupon found to be attributable to the lands leased from the Crown, there is then deducted the expenses, &c., peculiar to these lands, which had been taken out of consideration prior to the apportionment; the balance (subject to any right to deduction on account of life assurance) is the taxable amount.

(NOTE.—On second thoughts it might appear desirable to have this method of apportionment considered in the reply to the subhead 3 of the circular hereinbefore set forth.)

After all the returns furnished have been dealt with, the official list is examined to ascertain the persons who have previously made returns but have omitted to do so for the current year. If time permits a circular letter is sent reminding them of their negligence, and the penalties to which they have rendered themselves liable. Those who send in returns in reply to such a circular are assessed on their returns (even though received out of time).

Those who do not furnish returns at all are then considered, and the commissioners decide whether or not to assess them arbitrarily under the powers conferred by section 39 of the Land and Income Tax Assessment Act of 1895.

If the taxpayer were liable to pay a tax for the previous year, he would in all cases be made the subject of a default assessment for the current year; usually the default assessment is made on a higher amount than the income of the preceding year.

- (d) What powers does the Government possess of checking the return made by the individual taxpayer, and for penalising either the neglect to make such returns, or the making of incorrect or fraudulent returns?

There is not any specific power conferred on the Government to inspect the books of taxpayers, but on the other hand there is not any specific prohibition of such a necessary course.

The Commissioners of Taxation consequently took upon themselves the power (and in this course they have been supported by a subsequent decision of the court of review) to send officers (salaried officials) around from time to time inspecting returns where the commissioners for any reason suspect that there is good reason for an inspection. Their action in this respect is assisted by the fact that in the case of some disputed assessments, and particularly in the cases of assessments made in default of returns, taxpayers ask the commissioners to call and inspect their books so as to save the trouble of going into details before the court of review.

In the case of taxpayers in receipt of salaries the commissioners can claim a fairly complete check.

All Government Departments, and all employers of labour must furnish, annually, lists of all salaries paid. As the general exemption is 200*l.* it is not customary to ask for the names of those receiving 160*l.* or less; a list of those on small salaries would be of no practical use, and the policy of the commissioners is to relieve the taxpayers and general public as far as possible of unnecessary labour and trouble. If a taxpayer disputes the claim of the



Commissioners of Taxation to inspect his books, a note is made of the fact, and on the succeeding assessment the income tax is charged on an arbitrary amount—on such an amount as would provoke an appeal; the commissioners do not give any consideration to such an appeal, and force the taxpayer to go to the court of review; there the onus of proof is on the taxpayer, and he must produce (at loss of time and expense to himself) the books, production of which he refused to the commissioners.

The Land and Income Tax Assessment Act of 1895 contains specific provisions for penalising both the neglect of individual taxpayers to make returns and the making of incorrect or fraudulent returns.

Sections 60, 61, and 62 of that Act are as follows:—

60. If any person—

- (1) Fails or neglects to furnish any returns within the prescribed time;
- (2) Knowingly and wilfully makes any false statement in any returns, or makes any false answer for the purpose of evading or enabling any other person to evade assessment or taxation; or
- (3) By any falsehood, wilful neglect, fraud, art, or contrivance whatsoever evades or attempts to evade assessment or taxation,

he shall be liable to pay for each offence under subsection (1) a penalty not exceeding twenty pounds, and for each offence under subsections (2) or (3) a penalty not exceeding one hundred pounds; and in any case where the offence was an evasion of assessment or taxation, or an attempt to evade assessment or taxation, the person offending shall be liable to be assessed and charged treble the amount of the tax to which such person would otherwise be liable.

61. Any person who obstructs or hinders any officer acting in the discharge of his duties under this Act or the regulations thereunder or refuses or wilfully neglects to answer or gives any false or evasive answer to any lawful question put by such officer relating to any land, mortgage, property, or income belonging to such person, shall be liable to a penalty not exceeding fifty pounds.

62. Any person who in any declaration authorised or prescribed by this Act, or the regulations thereunder, knowingly and wilfully states any matter or thing which is untrue, shall be guilty of perjury, and shall be dealt with accordingly.

Unfortunately the power to inflict penalties for neglect to furnish returns is somewhat hampered by the provisions for the recovery of penalties contained in section 65 of the same Act taken in conjunction with the Justices Acts of the State. Under that section all penalties imposed by the Act or by the regulations may be recovered summarily before a stipendiary or a police magistrate without any special provision as to the time in which such penalties may be recovered. Under the Justices Acts of New South Wales when penalties are recoverable before a magistrate, the time within which action must be instituted for such recovery (unless otherwise specifically provided in the Act imposing the penalties) is six months.

Returns of income are due about the end of the first week in February, and consequently penalties for the failure to furnish returns must be instituted by the end of the first week in August; the Department charged with the administration of the Act has thus to cram into six months the whole assessment and collection of the income tax of the year as well as the discovery and punishing of defaulters. A special power is needed extending to two or even three years the right to recover penalties for neglect in furnishing returns.

So far there have not been many prosecutions for failure to furnish returns; before instituting any such proceedings the Commissioners of Taxation address a threatening circular to the defaulting individual, and rarely is the neglect persisted in. In those cases in which the commissioners have taken proceedings they have secured verdicts with costs. In the earlier years of direct taxation in this State the provisions of the measures were but little understood by the general body of the public, and in the state of unrest and excitement created by the change in the fiscal system, the Commissioners of Taxation did not deem it prudent to adopt punitive measures until all other methods had failed; the wisdom of their judgment has been clearly exemplified since, and now that the system of taxation is better understood they are in a position to take stronger steps. In those earlier days a taxpayer could allege ignorance of the Act (not a justification certainly at law), but an excuse which might have the effect of producing a minimum penalty—a result

to a Government Department taking proceedings for a strong moral effect which is only a shade removed from an absolute failure.

The Land and Income Tax Assessment Act of 1895 contains another provision to meet the case of those who fail to furnish returns or whose returns are not considered satisfactory; it is contained in section 39, which is as follows:—

39.—(1) If any person makes default in furnishing any return of lands or income, or if the Commissioners are not satisfied with the return made by any person, they may make an assessment of the value or amount of which, in their judgment, tax ought to be charged, and the tax shall be payable accordingly.

(2) Every such assessment shall be subject to appeal.

This section is in practice very largely availed of. In other Australian States the provision as to appeal against these default assessments (as they are termed), vide subsection 11 above, prohibit the granting of costs to the appellant under any circumstances if the appellant did not furnish any return. Such a provision is desirable in a well-drawn Act. In no case have the Commissioners of Taxation in this State been mulct in costs on appeal against such an assessment, but that is owing to the rather special and peculiar provisions contained in the Act re costs on appeal—vide section 44, subsection VI., which is as follows:—

(VI.) The court of review may alter or order the alteration of the assessment book in accordance with the decision given on any appeal, but may only make an order as to costs when the claim of the commissioners shall be held to be unreasonable, or the grounds of appeal therefrom to be frivolous.

#### (5) *System of Collection.*

Is this by Government officials paid by fixed salaries? And can the percentage cost of calculation be given?

In the State of New South Wales the income tax is collected by Government officials paid by fixed salaries. The course of procedure laid down by the Land and Income Tax Assessment Act of 1895 is as follows:—

- (1) Assessment of tax.
- (2) Fixing and notification of due date for payment of tax.
- (3) Issue of notices of assessment.
- (4) Collection of tax.

The one staff is employed in the assessment and collection of both land and income tax. From this it must be understood that some officers, either from their special training or from the extent of their particular duties, are exclusively occupied either on one tax or the other, but the rank and file are detailed for duty wherever they are required. The income tax is assessed and called for in the first part of the year and the land tax in the second half. It is therefore possible to utilise the services of some officers all the year round, whereas if preparation for and collection of both taxes had to be made concurrently, a large number of additional officials would be required for a part only of the year, and for the remainder they would have to be turned adrift; the advantages of a permanent trained and skilled staff of known and limited number over a changing body, some of whom, owing to obtaining better employment elsewhere, might not be available when next wanted, are too obvious to need demonstration, entirely leaving out of the question the fact that in the administration of an Act demanding secrecy, the fewer employed the less are the chances of leakage of confidential information.

The one receiver (with staff) deals with both land and income tax, and there is also only one accountant for both. As the two taxes are called for and collected at different periods of the year it will be seen that this division of dates of collection permits of the one staff being engaged all through the year. On the other hand it is difficult to dissect exactly the expenditure on land tax from that on income tax; the same officers will frequently be performing land tax and income tax duties on the same day.\*

An approximate division of cost can, however, be made, and that has been done. The result is set forth in the attached schedule, which is forwarded with explanatory notes thereon.

It would not be correct, however, to state that the income tax as assessed could have been collected for the sum thereon shown if the land tax had not existed. The existence of each has permitted of a saving being made in the cost of collection of the other.

To give a few details connected with the collection of the income tax as distinct from other operations in the raising of that source of revenue, it might be stated that the assessment notices are usually issued and dated from one day to three days before the "due date," i.e., a date which has to be proclaimed by notice in the Government "Gazette" as that on which a tax shall be due and payable. The taxpayers have by Statute (60) days' grace from the "due date" wherein to pay the amounts assessed without any penalty in the shape of a fine.

A footnote to the notice of assessment conveys to taxpayers an intimation as to where and how payments of taxes may be made. Such footnote, although contained in the whole assessment notice transmitted herewith as an annexure, is reproduced hereunder for readier reference. It is as follows:—

Collectors will not call for payment of taxes; but the taxpayer should (a) pay the tax at the Taxation Office, Custom House, Sydney, in cash or banknotes, cheques, or postal notes, payable in New South Wales; or (b) remit the same to the Commissioners at Sydney by bank draft, payable on demand, or cheque payable in New South Wales, or by postal note or money order; or where the amount is under 5s., by New South Wales duty stamps.

All payments of taxes must be made at the office of the Commissioners of Taxation, Sydney, either personally or by post. The majority of taxpayers prefer the latter method. Collectors, in the sense of men who go round from house to house, or town to town, are not employed, and there is not any provision for payment to be made through any of the various Government officials scattered throughout the State, who are in many instances charged with the receipt and collection of financially larger sources of revenue. The amount of the payment would convey such information *re* the taxpayers' income that it was no doubt deemed advisable to centre the possession of all such information in one staff.

Those taxpayers who call at the office of the Commissioners may pay by any of the means specified. In their case a receipt is handed the payer immediately. Those who remit by post receive a receipt by return post. A hard and fast departmental rule, to which there is no exception, is that all moneys received must be accounted for *and receipted* on the day of payment.

The major part of the payments of tax, both in number and amount, is by cheque—receipts are issued before such cheques are cashed at the respective banks—a saving clause in case of dishonour of a cheque forming payment being printed on all receipts. Smaller amounts are remitted through the post by means of money order, postal note, or stamps of the State of New South Wales.

About 80 per cent. of the tax assessed in amount, representing about 75 per cent. of the number of assessments, is paid before the expiry of the 60 days of grace. All those who have not then paid up are liable to a statutory penalty of a fine of ten per centum of the amount of tax assessed. (Note carefully, ten per centum of the tax once and for all, not ten per cent. per annum.) The last amending Act conferred on the Commissioners of Taxation power to remit fines in any cases wherein the reasons tendered were in their opinion sufficient to justify such a course.

As soon as possible after the debiting of the fines, a reminder is sent by post to each taxpayer notifying him of his additional indebtedness, and warning him that unless payment in full be forthcoming within a period sufficient to allow him to reply—say a fortnight—legal proceedings would be instituted for the sum declared to be due. This course enables any taxpayer who has merely overlooked payment, or who has erroneously held over payment owing to a misunderstanding as to the effect of a pending appeal suspending the necessity for payment, to remedy his omission or error without the additional charge of legal expenses.

Failing payment within a fortnight of such reminder the collection of unpaid taxes is placed in the hands of the Crown Solicitor—in this State a Government official—to recover the amount due according to process of law.

Items under 10*l.* are sued for in the Petty Debts Court, sums from 10*l.* to 30*l.* in the District Court, and amounts in excess of 30*l.* in the Supreme Court of New South Wales.

Strange as it may seem, the procedure for the recovery of large amounts is speedier and less troublesome than that of items for a pound or two.

Little difficulty is experienced in and around the city of Sydney in the recovery of unpaid taxes—beyond, perhaps, the delay caused by the migratory habits as to residence peculiar to many of the residents. In remote parts of the country some difficulty in recovery is occasionally caused by a defence being entered—the cost of proceeding from the centre at Sydney then makes the amount sued for not worth the expense.

Very few cases have been defended during the ten years of the tax, although some taxpayers, possibly in order to gain time for payment, have forced the Crown to go through all steps to signing judgment before paying up. The piling up of legal expenses, however, in such a case is usually no compensation for the small amount of interest on the debt.

The Commissioners of Taxation have always contended that in an action by them for taxes due the defendant taxpayer cannot question the assessment itself in his defence; they claim that a special court has been created for the express purpose of dealing with differences between them and the taxpayers, and that taxpayers, failing to avail themselves of such specially constituted court, cannot raise the question of accuracy of the assessment in an action for money due.

This contention of the Commissioners has been allowed several times by the courts in which it was raised, but steps have been taken by a taxpayer during the last few months to have the point settled by the higher courts. If decided in favour of the Commissioners of Taxation it will practically abolish any material or difficult defence in an action for payment of taxes.

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DEPARTMENT OF TAXATION.

Return, showing in relation to Income and Land Taxes, Receipts and Expenditure for Various Periods from December 1894 to 30th June 1904, with Percentage of Expenditure to Receipts.

Period.	Receipts.			Expenditure.			Percentage of Expenditure to Receipts.		
	Income Tax.	Land Tax.	Total.	Income Tax.	Land Tax.	Total.	Income.	Land.	Total.
From December 1894 to 30th June 1896.	£ 27,657 19 10	£ Nil.	£ 27,657 19 10	£ 1,610 7 9	£ 17,058 5 4	£ 18,668 13 1	5·82	—	67·50
From 1st July 1896 to 30th June 1897.	305,364 2 10	140,974 8 5	446,338 11 3	7,612 16 0	50,048 0 9	57,655 16 9	2·49	35·49	12·90
From 1st July 1897 to 30th June 1898.	180,070 17 7	371,902 0 5	551,972 18 0	7,360 3 0	38,218 14 10	40,578 17 10	4·09	8·93	7·35
From 1st July 1898 to 30th June 1899.	182,447 7 11	271,400 1 7	453,847 9 6	10,329 6 11	27,261 4 1	37,590 11 0	5·66	10·04	8·28
From 1st July 1899 to 30th June 1900.	194,365 0 3	295,601 12 0	489,966 12 3	8,582 3 10	27,177 12 7	35,759 15 5	4·41	9·19	7·29
From 1st July 1900 to 30th June 1901.	222,453 9 8	292,188 1 7	514,641 11 3	7,622 6 2	24,998 1 8	32,615 7 10	3·43	8·55	6·33
From 1st July 1901 to 30th June 1902.	211,871 3 7	306,250 10 4	518,121 13 11	9,285 0 7	28,791 5 4	38,076 5 11	4·38	9·40	7·36
From 1st July 1902 to 30th June 1903.	224,305 19 7	320,467 5 2	544,773 4 9	9,010 12 4	31,242 17 10	40,253 10 2	4·01	9·74	7·38
From 1st July 1903 to 30th June 1904.	216,655 1 2	335,223 16 3	551,878 17 5	9,083 16 6	31,389 14 5	40,473 10 11	4·19	9·36	7·33
Total -	£1,765,191 2 5	£2,334,077 15 9	£4,099,268 18 2	£70,496 13 1	£271,175 16 10	£341,672 9 11	3·99	11·61	33

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No. 11.

NEW ZEALAND.

GOVERNOR LORD PLUNKET to MR. LYTTELTON.

(Received May 22nd, 1905.)

Wellington,

8th April 1905.

SIR,

WITH reference to your circular despatch of the 9th November 1904, I have the honour to transmit herewith the information desired concerning the established system of graduated income tax and income tax levied at different rates on earned and unearned incomes, together with Acts, forms, &c.,\* relating to income tax, land tax, and death duties.

I have, &amp;c.

PLUNKET,

Governor.

Enclosure in No. 11.

*Memorandum as to the Income Tax in New Zealand.*

In this Memorandum I have followed the headings of the Enclosure No. 2 attached to the circular letter of the Secretary of State for the Colonies, dated 9th November 1904.

1. *General Description.*

In New Zealand there is a combined land and income tax in force. The income tax is generally assessable on all income, with the exceptions of the rents or profits derived from the direct use or cultivation of land, and interest from mortgages of land. The reason for these two important exceptions is that the income tax is levied in conjunction with a land tax and a graduated land tax on the unimproved value of land, and a tax on the capital value of mortgages. This exemption from income tax is therefore necessary in order to avoid duplicate taxation on the principle that where the capital is taxed the income earned by such capital is exempt.

The other exemptions are income of:—

The Crown.

His Excellency the Governor.

Local authorities or statutory public bodies.

Friendly societies.

Public charitable or public educational institutions.

Savings banks.

Commissioners of public sinking funds.

Religious societies (so far as the income is devoted to supporting aged or infirm clergy and their dependents).

Imperial pensioners, provided that they have been charged income tax already in Great Britain or in any British possession.

Public societies not carrying on business for pecuniary profit.

Co-operative dairy companies.

NOTE.—Dividends from public companies are not assessable to the recipient, but the companies are assessed on their total net income, including of course all dividends paid, and do not deduct the tax when paying dividends or salaries. The income of gold mining companies is deemed to be one-half of the dividends paid. The reason for this is that as the dividends from these companies represent the return of the original capital as well as annual profits, to assess the full dividends it is held would be to levy a tax on more than income.

The income of a banking company is deemed to be a sum equal to ten shillings in every hundred pounds of the average total assets and liabilities for the four quarters of the year.

The income of life insurance companies is deemed to be the total income of such company from its investments of any kind other than investments in or on land.

The income of taxpayers engaged in shipping is deemed to include income derived or received from business originating and carried on in New Zealand, and also business originating in New Zealand and carried on outside New Zealand, but not income derived or received from business originating outside New Zealand although carried on in New Zealand.

(a) *Rates of Tax.*

Income tax :—

On the first 1,000 <i>l.</i> of taxable income after allowance of exemption of 300 <i>l.</i> and life insurance premiums up to 50 <i>l.</i>	-	-	-	-	-	6 <i>d.</i> in the £.
On incomes in excess of 1,300 <i>l.</i>	-	-	-	-	-	1 <i>s.</i> " "
Companies (no exemption)	-	-	-	-	-	" " "

Land tax :—

Ordinary land tax	-	-	-	-	-	1 <i>d.</i> " "
Graduated land tax (in addition to ordinary land tax)	-	-	-	-	-	$\frac{1}{16}$ th of a 1 <i>d.</i> to 3 <i>d.</i> in the £.
Mortgages	-	-	-	-	-	$\frac{3}{4}$ <i>d.</i> " "

(b) *Total yield of Tax.*

The income tax for the year just closed (ending 31st March 1905) amounts to 255,000*l.* As this seems a small sum the many exempted sources of income already enumerated must be borne in mind. The land tax, which takes the place of income tax on use or produce of land, yielded 352,000*l.*

(c) The net assessed income after allowing all exemptions is 5,522,200*l.* The total capital value of land in the Colony is 182,796,241*l.* The net assessed value of land and mortgages after allowing all exemptions is 70,117,760*l.*

(d) The number of income taxpayers is 8,500. The number of land taxpayers is 22,778. A number which would be inclusive of the families of taxpayers cannot be given.

2. *Principle of Graduation.*

All incomes are exempt up to 300*l.* with the exceptions given afterwards. This amount is taken off the income of all taxpayers, so that a person with a net income of 300*l.* would pay nothing, while one with an income of 350*l.* would pay tax on 50*l.* only, and so on. As explained under heading 1 (a) incomes of persons over a thousand pounds after allowing the 300*l.* exemption pay a double rate so the system of graduation may be described as :—The total exemption of small incomes up to 300*l.*, a tax of 6*d.* in the £ on moderate incomes between 300*l.* and 1,300*l.*, and at the rate of 1*s.* in the £ on larger incomes over 1,300*l.*

The exemption is not allowed to companies or to taxpayers whose domicile is outside the Colony.

The land tax is assessed on the unimproved value, i.e., the capital value (or gross saleable value), less the value of all improvements.

An owner of land the unimproved value of which, together with mortgages owing to him, does not exceed 1,500*l.* (after deducting mortgages owing by him) is allowed an exemption of 500*l.*, but where such value exceeds 1,500*l.* the exemption diminishes by 1*l.* for every 2*l.* that such value increases, so that no exemption is allowable when 2,500*l.* is reached.

If the total unimproved value of land in any assessment amounts to 5,000*l.* or over graduated land tax is payable thereon (in addition to ordinary land tax) in graduations, beginning at the rate of  $\frac{1}{16}$ th of a 1*d.* in the £, and increasing by sixteenths to the maximum rate of 3*d.* in the £. Mortgages are not chargeable with graduated tax, but on the other hand they are not deductible in assessments for graduated land tax.

Owing to the deductions and exemptions allowable, the number of land taxpayers is only 22,778, as compared with the number of land owners, 115,000.

Fifty per cent. of the graduated tax payable is added in the case of absentees not domiciled in the Colony.

Banking companies are exempted from the tax on mortgages.

3. In New Zealand we have not attempted to differentiate between "earned" and "unearned" income from property or investments (other than from the use or produce of land), and that earned from personal exertion. Indeed in the case of a person in business I have grave doubts as to whether it is possible to arrive at the actual amount which is earned by his capital and that which is the product of his business capacity and management.

As already explained under heading 1, a land tax, a graduated land tax, and a mortgage tax, are levied in conjunction with the income tax. Property is also liable to death duties; the rates are as given in the attached copy of the Deceased Persons Estates Duties Act. The yields of these duties respectively are:—

Land tax, graduated land tax, and mortgage tax -	-	-	352,000 <i>l.</i>
Death duties (including deeds of gift)	-	-	100,000 <i>l.</i> to 150,000 <i>l.</i>

#### 4. *Assessment.*

(a) The only income which is assessed at the source is that derived from public companies either as dividends or interest on debentures. In all other cases income, including salaries, is assessed direct to the taxpayer who has to make a return of income from all assessable sources (such returns do not, of course, include income from dividends of public companies, or interest from mortgages and debentures).

(b) Income returns and assessments are in all cases made on the actual income of the preceding year. Returns and assessments for land tax, graduated land tax, and mortgage tax are made on the value as at noon on the 31st day of March in each year.

(c) The assessments are made by a "commissioner of taxes" solely, who is assisted by a "deputy commissioner of taxes" and a staff; all are Government officials. Appeals against the commissioner's assessments are made in the first instance to a stipendiary magistrate. In cases where questions of law arise there is a further right of appeal to the supreme court, the court of appeal, or if necessary His Majesty's Privy Council.

The assessments are all made in the office of the commissioner. A notice of assessment, together with a detailed account of the amount payable, is posted to the taxpayer, who has the right of appeal as before described, but payment of the tax is not held over pending the decision of the appeal.

#### (d) *Process of Assessment.*

Forms of return are posted direct to taxpayers about one month before they are returnable; forms may also be obtained at any post office in the Colony.

Returns of land and mortgages are made, by companies annually and by persons biennially, and must be posted to reach the commissioner's office in Wellington not later than the 1st of May. The returns contain particulars of all land and mortgages as owned at noon on the 31st March; the commissioner must also be notified from time to time of sales or purchases of land and alterations in mortgages.

Returns of income are made annually, and must be posted to reach the commissioner's office in Wellington not later than the 1st of June; they contain particulars of all income liable to taxation actually earned during the year ending 31st March immediately preceding.

All returns (both land and mortgages, and income) are critically examined by a permanent and experienced staff of Government officials; all inaccuracies and obscure items are the subject of correspondence during examination.

Land tax assessments are made, and the accounts posted about the 1st of November; they are made payable about the 30th November, and a period