

arrack continued to be as keen as ever and the expectations with which the experiment was undertaken were not realized. With a view to stimulate the sale of cashew arrack by marketing it at the same strength and price as molasses arrack the issue strength was subsequently reduced to 35° u.p. and the duty was fixed as Rs. 3-12-4 per gallon. The demand, however, continued to be poor which rendered it unnecessary to undertake further distillation of cashew arrack during the cashew season of 1936. The consumption in the Mangalore circle which amounted to 1,346 gallons of 30° u.p. in April 1935 decreased to 110 gallons of 35° u.p. in March 1936. The introduction of cashew arrack has also had no effect on illicit distillation crime in the district and there is little prospect that cashew arrack will become so popular as to be preferred to molasses arrack. The sale of such arrack from the old stock is however being continued in the year 1936-37.

CHAPTER XIII.

INCOME-TAX AND STAMP REVENUE.

Pages 181 to 184.—For the existing chapter, substitute:— General.

The Income-tax Act of 1886 was passed with a view to relieve Government of the great deficit which resulted from the Burmese War and various other causes, and all incomes of Rs. 500 a year and upwards were made liable to taxation. There were in 1888-89, 1,301 persons assessed to the tax in the South Kanara district and the amount realized from them was Rs. 30,896. The number of assesseees rose in the following year to 1,407 and the amount of tax also advanced by about Rs. 3,500. In 1892-93, the total assessment was Rs. 37,939 and the number of assesseees 1,605. This increase at the end of five years was probably due to greater care in assessment and not obviously to increased prosperity.

The taxable minimum was raised to Rs. 1,000 in 1903 and to Rs. 2,000 in 1919. This was reduced to Rs. 1,000 in 1931 and was again increased to Rs. 2,000 in 1936. The maximum rate of tax was 5 pies in the rupee till 1916 when it was raised to 12 pies. In 1921 the maximum was raised to 16 pies in the rupee. In the meanwhile a Super-tax Act had been passed in 1917 by which an additional tax varying from one anna in the rupee to three annas was levied on incomes in excess of Rs. 50,000. In 1921 the maximum rate of super-tax was raised to 4 annas.

The Income-tax Act was amended in 1918 and the Super-tax Act in 1920. The law relating to income-tax and super-tax as further revised and consolidated by the Income-tax Act of

1922 which with minor alterations is now in force. The rates are not now laid down in the Act but are prescribed from year to year by the Finance Act. In 1922 the maximum rate of income-tax was 18 pies in the rupee and super-tax 6 annas. These were raised to 19 pies and 6 annas 1 pie in 1930, and to 26 pies and 6 annas 3 pies in 1931 which rates still continue. In addition to the above there is also a surcharge in respect of incomes over Rs. 1,999. This was introduced in 1931 at one-eighth of the ordinary rates for 1931-32. For 1932-33 and the following two years the rate of surcharge was one-fourth of the ordinary rates. In 1935-36 it was reduced to one-sixth and in 1936-37 to one-twelfth of the ordinary rates.

The income-tax revenue was till 1922 administered by the Madras Board of Revenue subject to the control of the Local Government. It is now administered directly by the Government of India through the Central Board of Revenue at Delhi and a Commissioner for the province.

Figures relating to Income-tax will be found in Table XXXIII of this volume. There is an Income-tax Officer at Mangalore who has jurisdiction throughout the district.

Classes
assessed.

Of the different classes of people assessed to the tax, the most important are naturally the money-lenders and changers. There were 375 people in Mangalore town and in the rest of the district with money-lending as their principal occupation. There were, of course, several others who had money-lending as a subsidiary occupation besides some principal occupation like agriculture or trade. Of the remaining classes of assesseees, Government employees and servants of local boards and companies are apparently the next most numerous class. There were also several firms assessed to income-tax, though in 1892-93 there was only one company in the district so assessed, the Basel Mission Company at Mangalore.

It is not possible, however, to divide the assesseees now (1936-37) into various classes as several of them follow more than one occupation.

Incidence of
the tax.

The total number of assesseees in 1892-93 was, as stated already, 1,605 which gives one assessee in every 658 of the district population, the ratio for the Presidency as a whole exclusive of the capital town being one in 577. The incidence of the tax then was 6·8 pies per head of the population against 8·2 pies for the Presidency outside Madras. The number of assesseees for the Presidency as a whole in 1934-35 was 83,705 and the amount of demand Rs. 92·58 lakhs. The number of assesseees in that year in South Kanara was 1,800 and the amount of demand Rs. 2,61,631. The district ranked 23rd in regard to the number of assesseees, 16th in regard to the total income-tax demand and 9th in regard to the total super-tax demand among the districts in the Presidency. The

incidence of the tax per head of assessee taking into account the income-tax and super-tax demand was Rs. 145 for South Kanara district while for the Presidency as a whole it was Rs. 156. The incidence of tax is naturally the highest in Mangalore taluk which contains the principal town in the district, which is a port and a place of great trade. The next most important taluk is Kásaragód which has also a large port. Coondapoor taluk comes next; and the remaining three taluks have more or less the same rate of incidence which for the whole district is 3 annas 1 pie. In 1892-93 the incidence per head of the population was 4·9 pies.

In 1934-35, 1,520 assessees paid the tax in the district. Of these 564 or 37·1 per cent had incomes ranging from Rs. 1,000 to Rs. 1,499 and 296 or 19·5 per cent between Rs. 1,500 and Rs. 1,999. There were 159 assessees with incomes ranging from Rs. 2,000 to Rs. 2,500 and 307 assessees between Rs. 2,500 and Rs. 5,000. There were 108 persons with incomes between Rs. 5,000 and Rs. 10,000 and 26 persons with incomes between Rs. 10,000 and Rs. 15,000. There were 12 assessees with incomes ranging from Rs. 15,000 to Rs. 20,000 and 8 between Rs. 20,000 and Rs. 25,000. There were only 9 assessees with incomes ranging from Rs. 25,000 to a lakh and above. These figures indicate the absence of great personal wealth in the district, a feature which is common throughout Southern India. It is true that incomes derived from agriculture are not taxable but even if they were included, the number of persons possessing large incomes would not be appreciably increased.

Very little difficulty is experienced in collecting the tax. In 1892-93 as many as 521 assessees failed to pay the tax within the time allowed but only 3 defaulters neglected to pay after receipt of a formal notice of demand and the highest amount of arrears was only Rs. 90; and only in one case was any property sold for arrears. Coercive processes had to be taken in about 181 cases in 1934-35 and in only 63 cases action under Section 46 (2), (3) and (5) was called for. Government used to pay originally a small commission to companies for collecting the income-tax payable by their employees and remitting the same to Government. There is no provision in the Income-tax Act of 1922 for payment of any such commission.

The statistics of stamp revenue are compiled for periods of three years and the figures for three such periods ending in 1893 are given below:—

	RS.
1884-87	6,24,741
1887-90	6,14,701
1890-93	6,46,516