1918.

DOWN GRADED
Vide M/S/... By No. H111/557/1/85
21-XI-85

Foreign and Political Department.

Frontier - B

Progs. June 1918, Nos. 63-65.

12. pages, with Notes.

Subject.

Refusal to grant a compensatory increase in the allowances of Sardar Muhammad Yusuf Khan, Alidur Rahman Khan & Alidur Rahim Khan to enable them to pay income tax

For references to former and later cases see within the cover.

NATIONAL ARCHIVES OF INDIA

F. & P. 24.

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References to former cases.

Branch, date and Nos.	Brief title of file.
F. A May '16 26/31.	Same subject
F. B. May '16 .148.	- ditto -
F. A ~~May~~ '16 27/30	Affairs of Abdur Rahman Khan.
F. A June '16 ~~1~~ 1/6	Case of Yusuf Khan
F B. May 13 30/50	Affairs of Abdur Rahman Khan

NATIONAL ARCHIVES OF INDIA

F. B. June 1913 63/65

Section.

Heading.

File No.

Serial No.

NOTES.

For & Pol DEPT.
Front BRANCH.

Pros. 19 . Nos.

Subject.

Proposed grant of a compensatory increase in the allowances of Sardars Muhammad Yusuf Khan, Abdur Rahman Khan and Abdur Rahim Khan to enable them to pay incometax.

From P.O. in charge of the Ex-Amir.

(Pro no 63)

No. 201 Dated the 17th Recd. the 20th April 1918.

~~General~~ Diary ~~Register~~ No. AR/70-F Enclos. Spare Copies.

Brief Abstract of Letter.

States that Sardars Muhammad Yusuf Khan, Abdur Rahman Khan and Abdur Rahim Khan have continued to draw their allowances free of income-tax. Requests sanction to a corresponding increase in their allowances so that income-tax may be recovered per them in future.

Notes and Orders.

Page 2 of notes in F.A. May 16, nos 26-31 Slip T.

Ibid Pro no 26. cor h-1-2-

Please see Finance Member's note of the 5th March ~~1916~~ and our letter to the P.O. in charge of the Ex-Amir No 60 F, of the 17th March 1916. It has been decided that the sons and followers of

The

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the late Sardar Muhammad Ayub Khan should not be exempted from the payment of income-tax, and a compensatory increase has been granted in their allowances.

We may bring Sardars Muhammad Yusuf Khan, Abdur Rahman Khan and Abdur Rahim Khan on the same footing as other Members of their family, and sanction a corresponding increase in their allowances with the concurrence of the Finance Dept.

2. The allowances of Sardars Yusuf Khan and Abdur Rahman Khan ~~will~~ may be increased from Rs 100 to Rs 102-2-0 each and not to Rs 102-1-4 as shown in the P.U.C. Similarly the allowance of Sardar Abdur Rahim Khan ~~will~~ may be increased to Rs 112-5-4

× Income tax on Rs 102-2-0 at the rate of 4 pie a rupee is Rs 2-2-0

FINANCE DEPARTMENT
RECEIVED
1 MAY 1918
DY. No 602 CS
GOVERNMENT OF INDIA

RR
29-4-18.

30/4/18

30/4/18

Finance Dept

Routine Notes.

3 S. 3.

(5)

(Not to be sent out of the Office or Printed.)

(Inc. notes from p.1)

Subject.

In view of the H.M's notes dated the 5th March 1916 in the proceedings cited on the margin, the allowances of the three Sardars mentioned in the Political Officer's letter of the 17th April 1918 should no doubt be subject to deductions on account of income-tax. The question is whether a corresponding increase should be permitted in those allowances as proposed by the Political Officer.

(I/2/2) A.Frontier, May 1916, Nos.26-31.
A. Frontier, Aug 1916, Nos. 27-30
(II/2/2) P.U.C.

pre

2. The late Sardar Ayub Khan was specially exempted from payment of income-tax and accordingly when his followers were made to pay it in 1916, a compensatory increase in their allowance was sanctioned. The Sardars here in question do not however seem to be regular followers and dependents of the late Sardar. Complete papers relating to the grant of allowances to these Sardars are not in the file, but it will be seen that their names were not mentioned in connection with the distribution of allowances sanctioned on the death of Sardar Ayub Khan, while Sardar Md.Yusuf Khan clearly belonged to another party(cf.para.3 below). In any case the proposed increase (i.e. the amounts stated in the F.& P.Department note dated 30.4.18 which have been correctly calculated) in their allowances cannot be agreed to unless it is established that these allowances were fixed on the assumption that no income-tax would be payable. The mere fact (on account of which, apparently ~~in connection~~ income-tax has not so far been deducted from their allowances) that they are related to Sardar Ayub Khan ~~or were under the administration of the Political Agent in charge of that Sardar~~, does not seem to afford a sufficient justification for the grant of the concession proposed.

cf.Statement in C.Pen.Dec.1915, Nos.1076-79
W

p. 2 ant.

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Routine Notes.

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(6)

~~(Not to be sent out of the Office or Printed.)~~

Subject.

Frontier-A-June 1914, Nos. 1-6
Y
L 6+8

*cf. para. 1 of F.& P. Dept. office noted d. 12.2.1916, in Progs. Frontier. A. May 1916, Nos. 26-31.
I
n/1

Frontier-A-June 1914, Nos. 1-6
Y
L 6

Frontier A-May 1916, Nos. 26-31
I
n/1

Frontier-B-May 1913, K/ Nos. 30-50

3. Taking the case of Sardar Mohd. Yusuf Khan; Attention is invited to Viceroy's telegram to the Secy. of State, dated the 19th February 1914 and the F.& P. Department letter No. 265-F, dated the 26th May 1914. It will be seen that the Sardar was originally an adherent of the late Hashim Khan who (as also his followers) was specially exempt from payment of income tax. Latterly he joined Yukub Khan and forfeited the allowance of Rs 100 p.m. he was in receipt of as a follower of Hashim Khan. After about 24 years the allowance was restored under the circumstances mentioned in the telegram cited above, but we do not seem to be bound to again exempt him from payment of income tax as the grant under the new conditions was treated as a fresh grant and his position as a follower of Hashim Khan had ceased. It will also be seen from para. 1 of F.& P. Dept. office note dated the 12th Feby. 1916 that on the death of Sardar Hashim Khan in 1902 the redistributed allowances of his dependents and followers were made subject to any taxation that was or may thereafter be imposed by law.

4. As regards Sardar Abdur Rahman Khan, there is nothing in the papers to show whether ~~be~~ he belonged to the party of Hashim Khan or to that of Ayub Khan. It will at the same time be seen from the Progs. cited on the margin that in 1913 he forfeited his allowance ~~in 1913~~ and a portion of it only was restored to him, the rest being distributed among certain members of his family including his son Sardar Abdur ~~Rahman~~ Rahim Khan, whose name too is included in the recommendation in the present case. About this Sardar, it may be added that the allowance of Rs 110 p.m. he is drawing includes an allowance of Rs 50/- a month (which was given-

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Routine Notes.

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(7)

~~(Not to be sent out of the Office or Printed.)~~

Subject.

given to enable him to join a cavalry regiment which he never did) only as a mere concession and it will be eventually withdrawn.

5. The allowances which the Sardars in question are in receipt of already exceed the limit laid down in Note 1 to Rule III(8) of the Audit Resolution, and any increase thereto, however small, would require the sanction of the Secy. of State. Apart from the fact that the allowances of the Sardars in question do not seem to have been granted ~~fixed~~ on the ~~impressed~~ express understanding that they would be exempt from deduction on account of income tax, the amounts involved are too small to be made the subject-matter of a reference to the India Office. In the circumstances, we should perhaps indicate our reluctance to accept the proposal and ask the F.& P. Department to ~~recondier~~ reconsider it.

SLB 20.5.18

BK 20/5/18

We may ask F.&P. Dept. to reconsider

S Lamy 20/5/18

D.S.

F.&P. Dept. 21/5 N.R.

Ind. no. 1. no. 602, C.S.R. 21/5/18

We may agree with the decision of the Finance Dept. It will certainly be convenient to continue to restrict the income tax

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NATIONAL ARCHIVES OF INDIA

concession to the immediate following of the late Sardar Ayub Khan and to rule out relatives etc. who have become severed from that party. As Finance Deptt. point out, the three persons referred to on this file were granted allowances under conditions which have nothing to do with the conditions governing the grant of allowances to the members of Ayub's party proper, and they had no reason to think that their allowances would be free of income tax. As a matter of fact, Yusuf Khan and Abdur Rahman are lucky to have been granted any allowances at all.

2. But there is a point on which we shall have to refer back to Finance Deptt. The P.O. says in his letter under consideration that these three allowances have

NATIONAL ARCHIVES OF INDIA

(9)

been free of income-tax since the Sardar's death in 1914. There is no justification for this exemption but it would be a hardship to call upon the persons concerned to pay arrears of tax since 1914. We may therefore ask Finance Dept. to condone the irregularity which has occurred, and to agree to the persons being liable to income tax on their present allowances with effect from the date of the orders which we shall issue on return of the file.

23/5/18

23/5/18

DSE

Finance Dept

U.O. No. AR/70-F of 25.5.18.

FINANCE DEPARTMENT
RECEIVED
27 MAY 1918
No. 714 CSR
GOVERNMENT OF INDIA
27/5/18

(This Department last saw on pp. 3-5 ante. The point now for consideration is stated in para.2 of the note above.)

We may agree to income tax being levied in these cases from the date of orders, nothing being ~~[illegible]~~ said about the arrears.

Income tax cannot be legally recovered on the arrears of the allowances in question as in accordance with an opinion given by the Madras Advocate General in 1900, income tax could not be recovered under the old income tax Act from pas salaries

A.S.R., Nov. 1900, No. 334-5

NATIONAL ARCHIVES OF INDIA

Routine Notes.

(16) S. 3.

(Not to be sent out of the Office or Printed.)

in question
apparently apply to the allowances here/
salaries. (The same remark would /). The defect has now been partially removed by section 25 of the present Act under which income escaping assessment in one year can be taxed in the following year.

(This Finance Dept.)
R.N.
29.5.18

30/5
D.S.

29/5/18

Yes. I think these allowances would be "salary" under the old Act, and in that case there is no question of waiving recovery of arrears, since no arrear payments are legally due. D.S may take to see.

A.D.L. Parsons
30-5-18

S. Lamy 30/5/18

(Please send Finance Dept. a copy of the pps. for record.)

F. & C. Dept. [illegible]

F.D. no. 1. no. 714, C.S.R., dt 30.5.1918.

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(notes from ... p. 5 ante)

A draft to the P. O. in ch: of the Ex-Amir is submitted also ent. to the Fin: Dept.

(11)

[signature]
5.6.18.

[signature]
5/6/18

[signature]
6/6/18

~~DSF~~

(Pro no 64)

To the P. O. in ch: of the Ex Amir, No 286-F, of the 6th June 1918.

Informs him that income tax should be charged on the allowances of Sardaro Muhd: yusuf Khan Abdur Rahman Khan & Abdur Rahim Khan.

(Pro no 65)

Ent. to the Finance Dept. No 287-F, of the 6th June 18.

Finds: a copy of the foregoing corrs:

NATIONAL ARCHIVES OF INDIA

(10)

No. 201 (Pro no 63)

Political Agency.

Dated, Dehra Dun, the 17th April 1918.

In any reply to this communication, its number and date should be quoted.

A.R. 90-F. no RR 20/4

(12)

From H.S.Crosthwaite , Esq., I.C.S.,
POLITICAL OFFICER IN CHARGE OF THE
EX-AMIR MUHAMMAD YAKUB KHAN OF KABUL.

To

The Deputy Secretary to the Government of India ,
Foreign and Political Department ,
Simla.

Sir,

The Political Officer in charge of the Ayub Khan Agency ,Lahore , has just brought to my notice that the Foreign Department in its letter No.60 F dated 17th March 1916 ordered that the family and followers of the late Sardar Ayub Khan should cease to be exempt from Income Tax but should receive a corresponding increase in their allowances by way of compensation.

Pro no 26 in F. A. May 1916, No 26-31- Stip T.

2. Sardar Muhammad Yusuf Khan, brother of Sardar Md. Hashim Khan and cousin of Sardar Md.Ayub Khan ,(2) Sardar Abdur Rahman Khan ,half brother of Sardar Ayub Khan ,and (3) Sardar Abdur Rahim Khan ,son of Sardar Abdur Rahman Khan above, have continued to draw allowances ,the 2 former at Rs.100/- each and the last named at Rs.110/- per mensem free from Income Tax through this Agency since Sardar Ayub Khan's death in April 1914. If it is considered desirable to place them on the same footing as other members of their family, their allowances may be raised ,Nos.1 & 2 to Rs.102/1/4 and No.3 to Rs.112/4/8 per mensem , and income tax may be recovered in future.

I have the honour to be,
Sir ,
Your most obedient servant,

H.S. Crosthwaite I.C.S.,
Political Officer in charge
of the ex-Amir of Kabul.

NATIONAL ARCHIVES OF INDIA

For: & Pol. DEPARTMENT.

Frontier BRANCH.

File No.

Serial No.

Argue 6/6 (11)

(3)

General, Diary or Regr. No. of letter replied to } 708

Whether a reply is required or not }

List of Enclosures

HEADING— A.R.

Memo. No. 286-F

(Promotion)

Simla 6th June 1918.

To the P. O. in charge of the Ex-Amir Dehra Dun.

A. T. Mookerjee 6. 6. 18

Despo. R.B. 6/6/18

P. N.C.

Your letter No. 201, dated 17th April '18. Govt: of India see no reason to ~~raise~~ enhance the allowances of Sardars Muhd: Yusuf Khan, Abdur Rahman Khan + Abdur Rahim Khan ~~as they do not belong~~ in view of their liability to income tax, as they do not come ~~to the immediate following~~ within same category as persons specified in enclosures of letter from ~~of the late Sardar Muhammad~~ P.O. in charge of ex-Amir No. 138 dated 20th April 1916.

Ayub Khan. Income tax ~~on their~~ should be charged on their existing allowances ~~should however be charged~~ from the date of these orders.

Slip T.

Recd by A.T. } 6/6/18

Rd. pro 8th June } 6.6.18.

Recd B 7/6

Sd. A. H. Grant

Proceedings for

No.

J. S.

Attested Sd. A. Peachy Supdt F & P Dept

S. 6.

NATIONAL ARCHIVES OF INDIA

Issue 6/6

Dcd/pd.

Dt. 6/6/18

(Proceeds) (14) No. 287. I. (12)

A copy of the foregoing letter together with a copy of the letter to which it is a reply is forwarded to the Fin: Dept for information & further necessary action.

By order etc

Sd Denys Bray,

D. D. S.

NATIONAL ARCHIVES OF INDIA

References to later cases.

(15)

Branch, date and Nos.	Brief title of file.
F. no. 596-F/25.	

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