

E. AFRICA
44030

C.O.
44030
17

Treasury
1917
14 Sept.
Last previous Paper.
40966
Next subsequent Paper.
49958

Rebate of Customs duty on goods purchased locally for troops

Submits items on principle involved. Points out that similar relief is granted by Dept. for. in the case of goods purchased in this country for Dominion troops. Points therefore that Co. will agree to rebate now proposed in case of goods purchased locally for troops in E.A.

Mr. Butler.

You agreed that I might try my hand at a final effort, & I submit draft accordingly.

What I is particularly worrying is that the W.O. seek to extract cash from us, or bind burdens on us, in advance of the general wrangle over the E. A. war bill. The matter will be so difficult that the only reasonable course is to keep all points open, if we can.

We have agreed to buy from Prote funds, in addition to the cost of our peace establishments, the necessary Prote units round for our service, but as one expected 37 years ago that the operations would still be going on in the Protectorates

Shod cur 13 Sept 17
copy above to HQ 15 Sept 17 etc

indefinitely. I think we are justified in
staying where, as in $\frac{5}{1}$ last year: of any
doubt, for the protection of the operations.

6.48-7/9/17

W. Read,

I think we are bound to write in
this strain. If we part with cash now, we
shall not be any the better off for
the final division of expenditure. We
had better keep what we have got,
and, if we must sacrifice it at all,
let it fall in the final division.

W.R.

7917.

at once
H. 2.R
11/18/17

Any reply to this letter should be addressed to—

THE SECRETARY,
TREASURY,
WHITEHALL, LONDON, S.W., 1,
and the following number quoted.

TREASURY CHAMBERS

44030

4 September, 1917.

23392

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Sir,

I have laid before the Lords Commissioners of His Majesty's Treasury your letter of the 20th ^{July} ~~ultimo~~ (35536/1917) respecting a proposal that the Protectorates in East ^{no} Africa should refund to the Common Charges Account a rebate equal to the duty paid on all goods purchased locally for the military forces.

The practice already adopted in Nyasaland appears to be broadly in conformity with that proposed, but as regards the East Africa Protectorate, Mr. Secretary Long states that he would have the greatest reluctance in imposing "a liability which would be in effect a forced contribution towards the cost of the war over and above all the military expenditure which will ultimately have to be borne by Protectorate Funds". My Lords do not, however, understand how such could be the effect of accepting the proposal of the Army Council. That proposal is that in the case of certain goods on which duty has been paid to the Protectorates by importers who in turn pass the charge on to the Army Authorities, the ultimate purchasers, the Protectorates should refund to those authorities the amount of duty received, so far as it can be ascertained. Indeed the principle of making good the tax paid upon goods which, if imported direct, would have entered duty free is recognised in Mr. Read's letter ³⁰⁰ 37132/17 of the 26th July last.

Mr.

The Under Secretary of State,
Colonial Office.

C. O.
44030

Re: -

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Mr. Long is no doubt aware that My Lords have complied with every request made to Them by a Dominion Government for remission of duty on rations issued by that Government to its contingents while serving in the United Kingdom whether the goods comprised in these rations have been directly imported or purchased in this country. A similar measure of relief has been accorded in regard to goods intended for supplies to military hospitals controlled by a Dominion Government. Their Lordships see no good reason why tax should not similarly be remitted upon goods purchased in any of the African Protectorates for the use of the common military forces. They observe indeed from correspondence which has passed between your Department and the War Office that considerable practical difficulties in assessment are adduced as a ground for not refunding duty upon the goods in question, but it appears to Them that there should be no insuperable obstacle to forming an approximate estimate of the amount so paid in duty.

Mr. Long will recognise that the effect of charging the expenditure on locally purchased goods to the Common Charges Account will be a tendency, on the ultimate division of that account, to mulct the Imperial Exchequer, which will have received no part of the sum paid in duty, while leaving the Protectorates, each of which will be called upon to repay only a portion of the original amount received by them in duty, with a net gain. Their Lordships trust, therefore, that he will agree with Them that the Common Charges Account or other military fund should, so far as practicable, be relieved of the expenditure involved in the payment of duty.

I am, Sir,
Your obedient Servant,

John Lubbock

JL

Treasury/44030.

E. AFRICA.

[Handwritten signature]

DOWNING STREET,

13 September, 1917

Sir,

I am directed by Mr. Secretary

Long to acknowledge the receipt of your letter No. 23592/17 of the 4th of

September, regarding the proposal that the Protectorates in East Africa should

refund to the Common Charges Account

a rebate equal to the duty paid on all goods purchased locally for the military

forces.

2. With regard to the statement

in the letter from this Department of

the 20th of ~~August~~ ^{July} that the refund would

be in effect a forced contribution

towards the cost of the war over and

above all the military expenditure which

will ultimately have to be borne

by

4888

3553

67/10-14/17

DRAFT.

THE SECRETARY,
TREASURY.

MINUTE.

Mr. Bottomley 7/9/17
Mr. Butler)
Mr. [unclear]

Mr. Grindle.

Mr. Lambert.

Mr. Read 11/15

Mr. G. Fiddes.

Mr. A. Steel-Maitland.

Mr. Long.

for consideration.

*Conf 6250.4.
Wed 13.9.17 done*

[Handwritten notes and scribbles]

by Protectorate funds, I am to point out that the amount of the war burden to be borne by the various Protectorates is a matter for further consideration, while the proposed refund of duty would be an immediate and definite reduction of the Protectorates' resources. Even under the alternative proposal, made by the War Office, that if no change is made in the present procedure the fact should be borne in mind on the final division of military expenditure, it is implied that this refund, which has no justification in the laws of the Protectorates, must be regarded as additional to the war expenditure which the Protectorates would otherwise have to bear.

3. The view that the rebate should be allowed in the Protectorates because it is allowed in South Africa, where it is provided for by law, has

already

(Cont. para: of cont.
done in 35336)

already been dealt with. As regards the reference in your letter to the case of imported goods bought by the Government ~~of~~ ^{locally} of Nyasaland in the absence of facilities for importation, Mr. Long's representations were based on the hardship ~~of~~ inflicted on Sir C. Smith by shipping difficulties and restrictions. In the one case it is sought to relieve an individual of expense due to Imperial causes; in the other the Imperial military authorities ^{(to be relieved by the R.F.C. of the position of the} ask that they may enjoy ~~without~~ cost ~~of~~ the convenience of supplementing their facilities for importation by local purchase of stores.

*Govt 3/1/32
Nyasaland*

4. Mr. Long ventures to think, also, that the circumstances in which a rebate of duty is allowed to Dominions troops and hospitals in this country have little analogy

to

to those of the case now under consideration. In each case the troops are employed on Imperial service, but ~~the~~ the surrender of revenue falls in the one case on the Imperial, and in the other on the Protectorate Government.

5. In these circumstances he ~~considers~~^{would} that he has no alternative but to ask ~~the~~^{L.C. of the Treasury} Their Lordships to agree to the matter being left over until the general allocation of military expenditure, but without any implication, as ~~the~~^{the} War Office appear to suggest, that the refund is one which the Protectorates can properly be called upon to make. He is anxious that the final discussion of the incidence of the cost of the operations in East Africa should not be prejudiced in one way or the other, but these operations have unfortunately been so protracted that he fears that it is more probable that he will be obliged

to reopen the question of the cost of the Protectorate forces (other than regular troops) employed in German East Africa than that he will be able to ~~accept any liabilities~~^{agree to} or the refund of part of the ~~ordinary~~ revenue of the Protectorates.

I have, etc.,

(Signed) H. J. READ