

1931 Kenya
No. 17302/c.

SUBJECT

C0533/415.

Estimates, 1932.

Levy on Official Salaries.

Previous

main file.

Subsequent

- 18228/32.

REVISION OF RECORDS SECTION

This file should be returned to
Queen Street when no longer required.

FILE C.

PRESENT TARIFF

CONFERENCE PROPOSALS

Item.	Article.	Duty.	Article.	Duty.	Remarks.
104.	SOAP COMMON, viz. laundry, polishing and soft soaps. (Tanganyika Tariff only).	Per 100-Lbs. Sh. 5/-	SOAP of all kinds, soap powders and extracts. (Kenya & Uganda present Tariff).	Per 100 Lbs. Sh. 5/- (or 20 per cent ad valorem whichever is the greater).	To bring Tanganyika Tariff into agreement with that of Kenya and Uganda.
117.	SILICATE OF SODA, &c., &c.,	Free.	After "Saltpetre" delete "and" after "sulphur" insert "and phosphoric acid paste and similar sugar clarifying agents".		Following representations from the sugar manufacturing industry.
118.	SULPHATE OF COPPER &c., &c.,	Free.	Before "substances" delete "similar" and insert "other".		To facilitate administration.
120.	HOSE, transmission, all kinds.	Free.	(delete this item).		Already provided for under other items.
151.	BAGS, PAPER.	Free.	(delete whole item).		Now provided for under Item 164 as re-drafted.
154.	CARDBOARD BOXES, CARTONS, and discs &c., &c.,	Free.	(delete this item).		
140.	PICTURES, PAINTINGS, ENGRAVINGS, etchings, picture books, and drawings, not elsewhere provided for, including photographic reproductions and enlargements. (a). Imported solely for advertising purposes, and having an advertisement indelibly printed, engraved or lithographed thereon, but not including menu cards or similar advertising stationery. (b). Picture postcards, Christmas, New Year, Birthday, or similar cards, calendars and calendar mounts, menu cards and other forms of stationery imported as such, whether bearing pictures or otherwise. (c). Other, n.e.e.		PICTURES, PAINTINGS, ENGRAVINGS, etchings, picture books, and drawings, &c., &c. (a). Imported solely for advertising purposes, &c., &c... (b). Photographs, including enlargements or reproductions, having only a personal or sentimental value to the importer and not intended for sale. (c). Other, n.e.e., including picture postcards, Christmas, New Year, Birthday, &c., &c.	Free. Free. Ad valorem. 20 per cent.	It is recommended that all pictures, other than those exempted in (a) and (b) and in item 173, should be charged with duty at the basic rate of 20 per cent.
146.	SPORTING AND ATHLETIC GOODS, n.e.e. used exclusively for indoor and outdoor games, &c., &c.	Ad valorem. 10 per cent.	(delete whole item.)		Basic rate of 20 per cent recommended.
164.	PACKING MATERIALS: METAL DRUMS, EMPTY, tin plates and other materials not specially provided for, imported for the packing for wholesale distribution or export of oil, kerosine or motor spirit, or of goods the product of agricultural, manufacturing or industrial operations within the territory. see	Free.	Packing materials: metal drums, and tin empty, tin plates, multiple and waterproof bags, cardboard boxes, cartons and slugs, and other articles, not specially provided for, imported for the packing of oil, kerosine, or motor spirit or of goods the product of agricultural, manufacturing or industrial operations within the territory.		Amplified to incorporate items 58(k), 131 and 154 and to cover requirements of new
171.	UNIFORMS AND EQUIPMENT IMPORTED BY OR on behalf of the Boy Scout, Girl Guide, or other similar Association.	Free.	(delete "equipment" and insert "appointments").		To facilitate administration.

PRESENT TARIFF.

CONFERENCE PROPOSALS.

Item.	Article.	Duty.	Article.	Duty.	Remarks.
37.	<u>SPRITS.</u>				
	(a). Perfumed.	Per Imp. Gall. Sh.60/-	(a). Perfumed.	Per Imp. Gall. Sh.60/- (or 50 per cent ad valorem whichever is the greater).	Alternative rate recommended to cover importations of relatively high value in fancy packing.
	(c). Power Alcohol, not potable.	Per Imp. Gall. Cts.50.	(c). Power alcohol, not potable.	Per Imp. Gall. Cts.45.	Same rate as Item 98. See Par. 9.
42.	(c). Nets for use in games and sports.	Ad valorem. 10 per cent.	(delete this sub item.)		Basic rate of 20 per cent recommended.
44.	<u>AIRSHIPS, AEROPLANES, and other aircraft, and parts and accessories thereof, but not including batteries, magnetos, ignition coils, sparking plugs and rubber tyres and tubes, imported separately.</u>	Free.	<u>AIRSHIPS, AEROPLANES and other aircraft, and completed parts and accessories thereof.</u>	Free.	To extend the exemption to all completed parts and accessories of aircrafts. These are not capable of use on motor vehicles.
45.	<u>BOLTS, NUTS, NAILS, SCREWS, rivets, hinges, dogspikes and washers.</u>	Ad valorem. 10 per cent.	(Omit "dogspikes").		Railway material: should be exempt from duty under item 68.
58.	(h). <u>METALS of all sorts n.e.e. including brazing and soldering alloys, in rods, bars, blocks, ignots or pigs.</u>	Ad valorem. 10 per cent.	(before "rods" insert "plates", sheets").		To correct an omission in the Tariff.
	(k). <u>FOIL, LEAD TIN or aluminium foil for the packing of locally manufactured goods.</u>	Free.	(delete this sub. item).		Now provided for in Item 164 as re-drafted.
61.	(a). <u>MOTOR CARS, motor and steam lorries of a carrying capacity of less than 5000 lbs. motor cycles, &c., &c.</u>	Ad valorem. 15 per cent.	(a). <u>MOTOR CARS, motor and steam lorries of a carrying capacity of less than 5000 lbs. motor cycles, &c., &c.</u>	Ad valorem. 15 per cent.	To bring this item into conformity with recognised trade practice.
	(b). <u>MOTOR AND STEAM LORRIES of a carrying capacity of 5000 lbs and over, &c., &c.</u>	Free.	(b). <u>MOTOR AND STEAM LORRIES of a carrying capacity of 5000 lbs and over, &c., &c.</u>	Free.	
95.	<u>GREASE, axle and lubricating.</u>	Ad valorem. 10 per cent.	<u>GREASE, axle and lubricating.</u>	Per Lb. Cts.10.	Specific rate facilitates administration.
98.	<u>MOTOR SPIRIT and products ordinarily used as such &c., &c.</u>	Per Imp. Gall. Cts.50.	<u>MOTOR SPIRIT, &c., &c.</u>	Per Imp. Gall. Cts.45.	See Par. 9.
102.	<u>OILS, n.e.e., not including edible oils.</u>	ad valorem. 10 per cent.	<u>OILS.</u> (a). Lubricating. (b). Other n.e.e.	Per Imp. Gall. Cts.40. (or 15 per cent ad valorem whichever is the greater). Ad valorem. 20 per cent.	See Par. 10.

PRESENT TARIFF

CONFERENCE PROPOSALS

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Item	Article	Duty	Article	Duty	Remarks
7.(a)	<u>WHEAT</u>		(a) <u>WHEAT</u>		
	(1) In the Grain	Per 100 Lbs. Sh. 5/-	(1) In the Grain	Per 100 Lbs. Sh. 5/- (Plus a suspended duty of Sh. 1/50 per 100 Lbs.)	See Par. 4.
	(ii) Ground or otherwise prepared.	do Sh. 5/- (plus a suspended duty of Sh. 1/50 per 100 Lbs.)	(ii) Ground or otherwise prepared.	Per 100 Lbs. Sh. 5/- (plus a suspended duty of Sh. 2/- per 100 Lbs.)	
7.(b)	<u>RICE</u>		<u>RICE</u>		
	(1) In the Grain.	Per all Lbs. Sh. 4/-	(1) In the Grain.	Per 100 Lbs. Sh. 4/- (plus a suspended duty of Sh. 2/- per 100 Lbs.)	See Par. 5.
17.	<u>MILK</u>		<u>MILK</u>		
	(a) Condensed, desiccated or preserved.	per 100 Lbs. Sh. 10/-	(a) Condensed, desiccated or preserved.	Per 100 Lbs. Sh. 10/- (or 20 per cent ad valorem whichever is the greater)	Alternative ad valorem charge recommended to cover importations of relatively high value.
21.	<u>SALT</u>				
	(a) Rock or crushed rock salt.	Free.	(a) Rock or crushed rock salt imported in bulk.	Free.	To exclude from the exemption salt prepared and packed for table use.
	(c) for curing or dairy purposes.	Free.	(c) curing or dairy, imported in bulk.	Free.	
25.	<u>SUGAR</u>				
	(a) Jaggery.	Per 100 Lbs. Sh. 6/- (plus a suspended duty of Sh. 8/- per 100 Lbs.)	Sugar, refined or unrefined including Jaggery.	Per 100 Lbs. Sh. 6/- (plus a suspended duty of Sh. 6/- per 100 Lbs.)	See Par. 5.
	(b) Refined, imported in packages of more than 28 Lbs net, but not including candy cube, loaf, castor or icing sugar.	Per 100 Lbs. Sh. 6/- (plus a suspended duty of Sh. 6/- per 100 Lbs.)			
	(c) Sugar other.	Ad valorem. 20 per cent.			
24.	<u>TEA</u>	Per Lb. Cts. 40.	<u>TEA</u>	Per Lb. Cts. 50.	See Par. 7.
25.	<u>ALE, BEER, CIDER, PERRY, and STOUT</u> of all kinds, of a strength exceeding 5 per cent of proof spirit.	Per Imp. Gall. Sh. 2/50.		Per Imp. Gall. Sh. 5/-	See Par. 6.
26.	<u>BEVERAGES, CORDIALS, and Syrups</u> n.e.c. not exceeding 5 per cent of proof spirit.	ad valorem. 20 per cent.		Per Imp. Gall. Sh. 4/-	Specific duty recommended to facilitate administration. Rate approximate to former rate of 50 per cent ad valorem.

matter of imposition of Excise Duties &c. The enactment of the proposed Excise Duties Agreement Ordinance will provide a useful step in this direction but the Conference formed the opinion that such questions as the retention of a proper relationship between Customs and Excise duties, and the incidence of taxation on the various sections of the communities scattered over the three territories could only receive the constant and adequate attention they require by the institution of a Tariff Board or by frequent Conferences similar in constitution to the one which has now reviewed the position. The question of the formation of a Tariff Board was examined in detail by the Inter-Colonial Tariff Revision Committee which reported in March, 1950, and the difficulties enumerated in that Report with regard to the constitution of such a body in East Africa remain. The Conference is therefore forced to the conclusion that in existing circumstances the co-ordinating machinery would best be provided by frequent Conferences of officials rather than by the creation of a statutory Tariff Board which must include in its membership unofficial representatives from the three territories.

- Treasurer, Kenya Colony. (Sgd). H.H. RUSHFON.
- Treasurer, Tanganyika Territory. (Sgd). R.W. TAYLOR.
- Treasurer, Uganda. (Sgd). S. MARSTON.
- Commissioner of Customs, Kenya and Uganda. (Sgd). G. WALSH.
- Acting Comptroller of Customs, Tanganyika Territory. (Sgd). J.H. MCQUADE.

NAIROBI.
15TH OCTOBER, 1951.

RESULTS OF PROCEEDINGS OF THE CONFERENCE

Various other minor amendments to the Bill are recommended by the Conference are enumerated and explained in the schedule to this report, the most important being in regard to the rate of 10% ad valorem and now recommended to be changed to 20% ad valorem as it was considered that in these circumstances especially favourable treatment of this class of goods could not be justified. As regards the effects of the proposed alterations in the rate of 10% ad valorem on the revenues of the territories concerned the following additional revenue is estimated to be secured during the year 1951-52:

Item	Kenya Colony	Uganda	Tanganyika Territory
Beer	25000	1500	1500
Liquor	10000	1000	1000
Excise	4000	100	100
Revenue	3000	100	100
Other	3000	100	100
Total	45000	2800	2800

The discussion on Tariff matters so far mentioned in this report is intended to provide a basis for the consideration of the various proposals for an agreement between the territories and the Government of Kenya to be adopted by the various governments in the light of the experience of trading interests in the territories.

value was indefensible and that it reacted to the detriment of the British entrepot trade, this condition becoming more marked if and when a Revenue Tariff on foreign goods is imposed in the United Kingdom.

15. Various other minor amendments of the Tariff recommended by the Conference are enunciated and explained in the Schedule to this Report, the most important being in respect of Sports Goods and "quisites, hitherto charged with duty at the rate of 10% ad valorem and now recommended to be charged at the rate of 20% ad valorem as it was considered that in present circumstances special favourable treatment of this class of goods could not be justified.

16. As regards the effects of the proposed alterations in the Tariff on the Revenues of the Territories concerned, the following additional revenue is estimated to accrue during 1932:-

	<u>Kenya.</u>	<u>Uganda.</u>	<u>Tanganyika T.</u>
Floure. } Sugar. } Rice. }	No alteration in total Revenue yield is anticipated.		
Beer.	£3000.	£ 500.	£5000.
Lubricating Oils & Greases.	£3000.	£1000.	£1500.
Sports Goods, &c.	£ 500.	£ 100.	£ 200.
Beverages.	£ 500.	£ 100.	£ 400.
Tea.	£ 250.	£ 50.	£ 500.
Soap. (T.T.)			£ 200.
TOTAL.	£7250.	£1750.	£5800.

Motor Spirit. (provisional vide Par. 4). £12000. £15000.

17. The discussion on Tariff matters so far as they relate to the three territories forcibly impressed upon the Conference the increasingly close trade connections of the territories and the vital necessity for co-ordination of the methods to be adopted by the various Government, not only in regard to the furtherance of trading interests but also in the matter....

RESULT OF PROPOSALS ON REVENUE.

REVENUE

202P

CAVERNOR'S STORES

than the average basic rate of duty which is now in the tariff. 11. A revision to the average equivalent duty of 30% is recommended in regard to non-industrial goods, a specific rate being imposed for purposes of administrative convenience. The Commissioner of Customs, Kenya and Uganda informed the conference that the alteration in the rate of 30% in April of last year which was not agreed to by the Tanganyika Territory Government at that time had not reacted to the detriment of British interests. This being the case it was agreed to recommend that the tariff on Tanganyika Territory goods should now be brought into line with the tariffs of Kenya and Uganda. 12. By the elimination of this difference, the tariffs of the three territories are now identical with the sole exception of the matter of treatment of stores imported for the use of officers administering the Government of the territories, Uganda and Tanganyika Territory following the admission whereas Kenya does not accord this privilege. 13. A memorandum from the Uganda Government on this question to the property of inclusion in the tariff of authority which would enable Governors of the territories concerned to grant exemptions from Customs duties or formalities in cases in which it was considered in the public interest to do so was read in view of the very definite instructions on this point, given in the Report of the Secretary of State dated 28th November 1931. The conference was unable to recommend acceptance of this suggestion. 14. A slight alteration was recommended in the wording of the Customs tariff ordinance by the deletion of the word "excise" in the last sentence of the section and the substitution thereof of the word "duty". It was felt that the exclusion of excise duties and the inclusion of Customs duties for purposes of assessment of the dutiable goods in value.

relatively slight increase in import duties would have the effect of increasing prices to an extent which could not be fully reflected in revenue receipts and that in consequence the only practical alteration of the present duties would be a considerable increase in the rates chargeable on tobacco and spirits. Having regard to the greatly reduced spending capacity of the population it was considered that the adoption of the latter course would be inadvisable in existing circumstances as it would almost inevitably result in decreased consumption which would result to a large extent in the effects of additional taxation of these articles. It was therefore recommended that no change in the rates of duty chargeable on tobacco should be made.

10. The question of the practicability of incorporating in the Bill the present consumption tax of 10 cents per gallon on motor spirit imposed by the Kenya Government was reviewed. The Tanganyika Territory representatives stated that on general principles they in approval of the imposition of consumption taxes which were in many respects identical with import duties but that if agreement on this point could not be reached the Tanganyika Government would be forced to demand the imposition of a consumption tax. The members of Kenya and Tanganyika Territory considered that the equivalent of the Kenya consumption tax should be incorporated in the Bill but the Treasurer of Uganda was unable to subscribe to this proposal as his Government was at present definitely opposed to an increase in the taxation of petrol. He undertook however to refer the question to his Government.

11. It was agreed to recommend an increase in the rates of duty on lubricating oils and greases from 10 to 15 cents per gallon and the equivalent of 10 to 15 cents per gallon as it was felt that such an increase could be secured in the manner proposed without imposing any burden on individuals. The proposed rate of duty shall be levied on the value of the goods.

ROYAL
MINT

BRITISH
EMPIRE

than the average basic rate of duty chargeable now in the Tariff.

BEVERAGES.

11. A reversion to the average equivalent duty of 50% is recommended in regard to non-intoxicating beverages, a specific rating being imposed for purposes of administrative convenience.

SOAP.

12. The Commissioner of Customs, Kenya and Uganda, informed the Conference that the alteration in the rating of Soap in April of last year which was not agreed to by the Tanganyika Territory Government at that time had not reacted to the detriment of British interests. This being the case it was agreed to recommend that the Tariff of Tanganyika Territory should now be brought into line with the Tariffs of Kenya and Uganda.

GVERNOR'S
STORES.

13. The elimination of this difference, the Tariffs of the three territories are now identical with the sole exception of the matter of treatment of stores imported for the use of officers administering the Governments of the Territories, Uganda and Tanganyika Territory allowing free admission, whereas Kenya does not accord this privilege.

14. A Memorandum from the Uganda Government on the question of the propriety of inclusion in the Tariff of authority which would enable Governors of the territories concerned to grant exemptions from Customs duties or formalities in cases in which it was considered in the public interest to do so was read. In view of the very definite instructions on this point contained in the Despatch of the Secretary of State dated 28th November, 1911, the Conference was unable to recommend acceptance of this suggestion.

15. A slight alteration was recommended in the wording of Section 4 of the Customs Tariff Ordinance by the deletion of the word 'excise' in the last sentence of this section and the substitution therefor of the word 'any'. It was felt that the exclusion of excise duties and the inclusion of Customs duties for purposes of assessment of the current domestic value...

production. It was agreed that although a duty having the practical effect of excluding imports from overseas could not properly be imposed, a reversion to the rate in force prior to April, 1930, should be recommended, the rate of suspended duty on wheat flour being increased from Sh.1/50 to Sh.3/- per 100 Lbs, and provision made for inclusion in the Tariff of a suspended duty of Sh.1/50 per 100 Lbs on wheat imported in the grain. The application in full of these suspended duties was recommended for favourable consideration in respect of Kenya and Tanganyika Territory, application in Uganda not being equally urgent as the geographical position in itself affords a sufficient protection to the wheat industry so far as this market is concerned.

SUGAR. 5. Attention was drawn to the increasing importations of sugar in packages not exceeding 28 Lbs in weight, sugar candy &c which under the Tariff as at present worded is chargeable at the rate of 20% ad valorem as against a charge of Sh.12/- per 100 Lbs on sugar imported in bulk. It was agreed that if an excise duty of 21 per ton on locally produced sugar is imposed the duty of Sh.12/- per 100 Lbs (Sh.6/- per 100 Lbs basic duty plus a suspended duty of Sh.6/- per 100 Lbs) on imported sugar should apply to all imported refined and unrefined sugar including Jaggery and that the Tariff should be amended accordingly.

BEER. 6. Following on the proposed doubling of the excise duty chargeable on locally brewed beer, it was agreed to recommend an increase in the rate of import duty chargeable on ale, beer, &c., from Sh.2/50 to Sh.3/- per Imperial Gallon.

TEA. 7. For a similar reason an increase in the rate of duty chargeable on imported Tea from 40 cents per lb to 50 cents per lb was recommended.

TOBACCO. 8. The proposal on the part of the Uganda Government to impose an excise duty of 75 cents per lb on cigarettes and 50 cents per lb on other imported tobacco was noted, and its probable effect on importation of tobacco was discussed. It was felt that in view of the very small unit of retail sale, a relatively

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SUGAR.

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BEER.

6. Following on the proposed doubling of the excise duty chargeable on locally brewed beer, it was agreed to recommend an increase in the rate of import duty chargeable on ale, beer, &c., from Sh.2/50 to Sh.3/- per Imperial Gallon.

TEA.

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PROPOSED AMENDMENT TO THE CUSTOMS TARIFF.

The question of the amendment of the Customs Tariff common to the three territories was discussed in detail by the Conference of Treasurers and Heads of the Customs Departments held at Government House, Nairobi, on October 10th to 16th, 1951.

2. The most important proposals with regard to amendment of the Tariff had reference to the request on the part of the Tanganyika Government to impose a suspended duty on rice, and to the consequential alterations which would be desirable on application of the principles embodied in the Excise Duties Agreement Bill to which reference is made in the main report of the Proceedings. Advantage of the opportunity was taken to discuss various amendments of relatively minor importance with the object of improving the structure of the Tariff in the light of experience gained since its enactment in April, 1950, and to increase the yield from Customs duties.

RICE.

3. As regards the proposed imposition of a suspended duty of 50.2/- per 100 lbs on rice imported in the grain, it was agreed to recommend the inclusion of this provision in the Ordinance, and the application of the 50% suspended duty in all the territories operating under the common tariff. The provision of a suspended duty on 'rice otherwise prepared' (ground rice, flaked rice, etc.) was not recommended as it appeared to the Conference that such was unnecessary, the danger of active competition between imported and locally produced rice in a manufactured state being extremely remote.

FLOUR.

4. The question of the desirability in the interests of all the territories of increasing the suspended duty leviable on wheat and flour was examined in the light of recent applications from wheat growers in Kenya for further protection of the industry to meet the serious effects consequent upon the fall in the world price of wheat below the actual cost of production.

(b) for the use of tickets covering the admission of more than one person and the calculation of the tax thereon, and for the payment of tax on the transfer from one part of a place of entertainment to another, and

(c) for controlling the use of barriers or mechanical contrivances (including the prevention of the use of the same barrier or mechanical contrivance for payments of a different amount), and for securing proper records of admission by means of barriers or mechanical contrivances.

If any person acts in contravention of or fails to comply with any regulations he shall be liable in respect of each offence to a penalty not exceeding fifty pounds.

(2) Any European police officer of and above the rank of assistant inspector, and any officer of the Government duly authorized by the Governor for the purpose may enter any place of entertainment while the entertainment is proceeding, and any place ordinarily used as a place of entertainment at any reasonable times, with a view to seeing whether the provisions of this Ordinance or any regulations made thereunder as to entertainments tax are being complied with.

(3) If any person prevents or obstructs the entry of any officer so authorized he shall be liable on summary conviction to a fine not exceeding twenty pounds.

(b) for the use of tickets covering the admission of more than one person and the calculation of the tax thereon, and for the payment of tax on the transfer from one part of a place of entertainment to another, and

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(3) If any person prevents or obstructs the entry of any officer so authorized he shall be liable on summary conviction to a fine not exceeding twenty pounds.

Sh. etc.

- exceeds Sh. and does not exceed Sh.
- exceeds Sh. and does not exceed Sh.
- exceeds Sh. and does not exceed Sh.
- exceeds Sh., Sh. for the first Sh. and cents for every Sh. or part of Sh. over Sh.

Mode of imposing tax.

4. No person shall be admitted for payment to any entertainment where the payment is subject to entertainments tax except with a ticket stamped in the prescribed manner denoting that the proper entertainments tax has been paid; unless the proprietor of the entertainment has made arrangements approved by the Treasurer for furnishing returns of the payments for admission to the entertainment and has given security up to an amount and in a manner approved by the Treasurer for the payment of tax.

Penalty.

5. Any proprietor who is found to have admitted any person for payment to his entertainment without complying with the provisions of the previous section commits an offence and shall be liable on conviction to a penalty not exceeding fifty pounds and in addition shall be liable to pay any tax which should have been paid.

Mode of collection.

6. Entertainments tax shall be calculated and paid on the number of admissions on payment and shall be recoverable from the proprietor by the Treasurer as a civil debt.

Subscription and season tickets.

7. Where payment for admission to an entertainment is made by means of a lump sum paid as a subscription or contribution to any club, association or society or for a season ticket or for the right of admission to a series of entertainments or to any entertainment during a certain period of time the entertainments tax shall be paid on the amount of the lump sum.

Exemption of certain forms of entertainments.

8. Entertainments tax shall not be charged on payments for admission to any entertainment where the Treasurer is satisfied—

- (a) that the whole of the takings are devoted to philanthropic or charitable purposes without any charge on the takings for any expenses of the entertainment; or

- (b) that the entertainment is of a wholly educational character (any question as to whether an entertainment is of a wholly educational character shall be referred to the Director of Education, whose decision on the point shall be final); or
- (c) that the entertainment is provided for scientific purposes by a society, institution or committee not conducted or established for profit; or
- (d) that the entertainment is an agricultural horticultural or poultry exhibition held under the auspices of a society or association approved by the Director of Agriculture; or
 - (i) that the entertainment is provided by and on behalf of a school or other educational institution; and
 - (ii) that the school or institution is not conducted or established for profit; and
 - (iii) that the entertainment is provided solely for the purpose of promoting some object in connexion with the school or institution; and
 - (iv) that all the persons taking part as performers in the entertainment are persons who are under the age of sixteen years and who are receiving or have received instruction in the school or institution.

When the Treasurer is satisfied that the whole of the net proceeds of an entertainment are devoted to philanthropic or charitable purposes, and that the whole of the expenses of the entertainment do not exceed twenty per cent of the receipts, he shall repay to the proprietor the amount of the entertainments tax paid in respect of the entertainment

9. (1) The Governor may make regulations for securing the payment of entertainments tax and generally for carrying out the provisions of this Ordinance as to entertainments tax. ^{Supplemental provisions as to entertainments tax.}

- (a) for the supply and use of stamps or stamped tickets or for the stamping of tickets sent to be stamped; and for securing the defacement of stamps when used; and

Sh. cts.

exceeds Sh. and does not exceed
 Sh.
 exceeds Sh. and does not exceed
 Sh.
 exceeds Sh. and does not exceed
 Sh.
 exceeds Sh., Sh. for the first Sh.
 and cents for every Sh. or part of
 Sh. over Sh.

Mode of
 imposing tax.

4. No person shall be admitted for payment to any entertainment where the payment is subject to entertainments tax except with a ticket stamped in the prescribed manner denoting that the proper entertainments tax has been paid; unless the proprietor of the entertainment has made arrangements approved by the Treasurer for furnishing returns of the payments for admission to the entertainment and has given security up to an amount and in a manner approved by the Treasurer for the payment of tax.

Penalty

5. Any proprietor who is found to have admitted any person for payment to his entertainment without complying with the provisions of the previous section commits an offence and shall be liable on conviction to a penalty not exceeding fifty pounds and in addition shall be liable to pay any tax which should have been paid.

Mode of
 collection.

6. Entertainments tax shall be calculated and paid on the number of admissions on payment and shall be recoverable from the proprietor by the Treasurer as a civil debt.

Subscription
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 tickets.

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Exemption
 of certain
 forms of
 entertain-
 ments.

8. Entertainments tax shall not be charged on payments for admission to any entertainment where the Treasurer is satisfied—

(a) that the whole of the takings are devoted to philanthropic or charitable purposes without any charge on the takings for any expenses of the entertainment; or

A Bill to Impose a Tax on Admission to Entertainments.

BE IT ENACTED by the Governor of the Colony of Kenya, with the advice and consent of the Legislative Council thereof, as follows:—

1. This Ordinance may be cited as "the Entertainments Tax Ordinance, 1931." Short title.

2. In this Ordinance— Interpretation.
"entertainment" means any exhibition, performance, dance, amusement, game or sport to which persons are admitted for payment; and "admission to an entertainment" includes admission to any place in which the entertainment is held;

"payment on admission" includes any payment made by a person who having been admitted to one part of a place of entertainment is subsequently admitted to another part thereof for admission to which a payment involving tax or more tax is required;

"proprietor" includes any person or body of persons responsible for the management thereof.

3. There shall as from the Tax on payments for admission to entertainments.
be charged, levied and paid on all payments for admission to any entertainment as defined by this Ordinance a tax at the following rate—

Where the payment, excluding the amount of the tax		Sh. cts.
exceeds	cents but does not exceed	.....
.....	cents	.....
exceeds	cents and does not exceed	.....
.....	cents	.....
exceeds	cents and does not exceed	.....
Sh. ....	.....	.....

A Bill to Impose a Tax on Admission to Entertainments.

BE IT ENACTED by the Governor of the Colony of Kenya, with the advice and consent of the Legislative Council thereof, as follows: -

1. This Ordinance may be cited as "the Entertainments Tax Ordinance, 1931." Short title.

2. In this Ordinance

Interpretation

"entertainment" means any exhibition, performance, dance, amusement, game or sport to which persons are admitted for payment; and "admission to an entertainment" includes admission to any place in which the entertainment is held.

"payment on admission" includes any payment made by a person who having been admitted to one part of a place of entertainment is subsequently admitted to another part thereof for admission to which a payment involving tax or more tax is required;

"proprietor" includes any person or body of persons responsible for the management thereof.

3. There shall as from the date hereinafter provided be charged, levied and paid on all payments for admission to any entertainment as defined by this Ordinance a tax at the following rate:

Tax on payments for admission to entertainments.

Where the payment, excluding the amount of the tax		Sh. cts.
exceeds	..... cents but does not exceed	.....
	..... cents	.....
exceeds	..... cents and does not exceed	.....
	..... cents	.....
exceeds	..... cents and does not exceed	.....
Sh.	.....	.....

COLONY AND PROTECTORATE OF KENYA



A BILL TO IMPOSE A TAX ON ADMISSION
TO ENTERTAINMENTS.

in which event the Uganda official would be penalised still further. It should also be borne in mind that the depreciation of the pound was tantamount to a decline in salaries, as the cost of living would certainly increase.

The Treasurer explained that the Government of Uganda was in no way opposed to officials financially able to contribute more to the State revenue doing so, but in common with other sections of the community, and to this end active steps were being taken to introduce income tax by 1933, under which everyone able to do so would contribute to the State revenue on an equitable basis. In justification of this policy, he referred to the fact that the investigations of this Conference in regard to raising revenue from non-officials known to be able to bear additional taxation, constantly led the Conference to recognise that the only scientific and equitable method of doing so was through the medium of income tax.

NAIROBI,

14th October 1931



LEVY ON OFFICIAL SALARIES.

Memorandum by the Treasurer of Uganda.

The Treasurer of Uganda expressed the opinion that a levy on salaries should only be adopted as a last resort and, as this necessity had not arisen in Uganda, it was unreasonable to penalise Uganda officials for an emergency peculiar to Kenya and Tanganyika. Consequently it was impossible to apply with equity a common financial policy to three territories whose resources were dependent upon entirely different factors. The draft Kenya legislation shows that the levy was regarded as purely temporary and if it were essential for the Government of Uganda to co-operate, it was equally necessary for the three Governments to agree that the levy should remain in force until all three were financially able to dispense with the measure. If this principle is admitted, and unless it is the case for Uganda's co-operation must fail, it would also be necessary to arrange for similar co-operation in the future, e.g., a series of bad cotton seasons might make it necessary for the Government of Uganda to impose a salary levy and to be logical the Governments of Kenya and Tanganyika should also adopt the same procedure even if their financial positions did not justify the adoption of such a course.

The Treasurer mentioned that Uganda officials were already penalised as compared with their colleagues in Kenya and Tanganyika, by reason of the long railway haul to Uganda. This makes imports, upon which Uganda residents depend to a much greater extent than Kenya residents, very expensive. It was also probable that owing to financial difficulties the Railway would find it necessary to increase rail freight, in which

- 9. The proceeds of the tax shall form part of the general revenue of the Colony.
- 10. The provisions of this Ordinance shall not apply to:
 - (a) the official emoluments of the officer administering the Government;
 - (b) any chargeable salary which does not exceed £2 per month;
 - (c) the salary of any servant of the High Commissioner for Transport.
- 11. This Ordinance shall continue in force until the thirty-first day of December, 1932, and shall then expire.

Provided that the Governor may, by proclamation, with the approval of the Legislative Council and the Secretary of State declare that this Ordinance shall remain in force until a date to be fixed in such proclamation.

Cap. 84.
No. XX
of 1927.

"Widows' and Orphans' Pensions Scheme" means the schemes established under the Widows' and Orphans' Pensions Ordinance and the Asiatic Widows' and Orphans' Pensions Ordinance 1927, and includes any approved scheme as defined in the former.

3. In ascertaining the chargeable salary of an officer, there shall be allowed a deduction of the amount which such officer contributes to the Widows' and Orphans' Pensions Scheme.

4. There shall be payable by every officer in the public service or in the service of a local authority a tax at the rate of five per centum of his chargeable salary.

5. It shall be lawful for the Treasurer and his Agents at the time of payment to deduct from the salary of each officer in the public service the amount of tax payable by such officer in respect of the period for which chargeable salary is then due and payable.

6. In the case of officers employed by a local authority the powers conferred on the Treasurer by section 5 of this Ordinance shall be exercisable by the treasurer or other authorised officer.

7. All tax collected from officers employed by a local authority shall be paid forthwith by such local authority to the Treasurer.

8. The Governor in Council by order may suspend the operation of this Ordinance for any specified month or months or may by order reduce the rate leviable in respect of any specified month or months; or may by order direct that any person or class of persons may be exempt from the provisions of this Ordinance.

To be revised

BE IT ENACTED by the Governor of the Colony of Kenya, with the advice and consent of the Legislative Council thereof, as follows:-

Short title and commencement.

1. This Ordinance may be cited as "the Tax on Officials Salaries Ordinance, 1931" and shall come into operation on the 1st day of January, 1932.

2. In this Ordinance -

Interpretation.

"Salary" means the salary paid to an officer in respect of services rendered after the 31st December, 1931 and includes duty allowance, personal allowance and acting allowance but does not include any other allowance paid to an officer;

"Chargeable salary" means salary after allowing the deduction prescribed in Section 3 of this Ordinance;

"Personal allowance" means a special addition to salary granted personally for the time being to an officer;

"Acting allowance" means the allowance paid in accordance with the regulations to an officer while he is acting in a senior office.

"Duty allowance" means an allowance paid to an officer in respect of specified duties by the authority which pays his substantive salary;

"High Commissioner for Transport" means the High Commissioner for Transport established under the Kenya and Uganda (Transport) Order in Council, 1927;

"Public Service" means the service of the Government of Kenya and includes service with Governors' Conference Establishment and in the Joint East African Meteorological Service;

"Local authority" means a local authority established under any Ordinance;

Widows.....

4. Where any goods upon which a duty of excise has been collected in the territory of one party to this agreement are subsequently removed into the territory of the other party (hereinafter called "the consuming territory") the Governor of the territory in which such duty has been collected shall cause the full amount of the duty collected in such territory to be paid to the public revenue of the consuming territory.

5. Either party to this agreement, or any of his successors in office, may determine the same by giving to the other party, or to any of his successors in office, six months' notice at any time of an intention to withdraw therefrom and at the expiration of six months from the date of such notice this agreement shall be deemed to have determined.

6. This Agreement shall come into operation on the day of 19

Signed by the aforesaid

in the presence of -

Signed by the aforesaid

in the presence of

APPENDIX 4.

DRAFT AGREEMENT RELATING TO EXCISE DUTIES.

AN AGREEMENT made the _____ day of _____ one thousand nine hundred and thirty _____ BETWEEN His Excellency _____ Governor and Commander in Chief of _____ in the presence of and having taken the advice of the Members of the Executive Council of the said _____ for and on behalf of the said _____ under and by virtue of the powers conferred upon him by the Excise Duties Agreement Ordinance, 1931, of the said _____ on the one part AND His Excellency _____ for and on behalf of the said Colony/Territory/Protectorate under and by virtue of the powers conferred upon him by the Excise Duties Agreement Ordinance, 1931, of the said Colony/Territory/Protectorate on the other part:

WHEREBY IT IS AGREED as follows:-

1. Any system of export on drawback or under bond of goods subject to a duty of excise shall apply only to goods exported beyond the limits of the territories subject to this agreement.

2. No duty of excise not already existing shall be imposed by one party to this agreement without prior consultation with the other party to this agreement as to its imposition and the rate of duty to be imposed.

3. Subject to the provisions of the preceding section the parties to this agreement shall impose duties of excise in the same manner and at the same rates on articles manufactured in the territories of both parties to this agreement.

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duty of excise received in respect of such article
or commodity to be paid over to the Government of such
Dependency.

Agreements: A copy of every agreement entered into under the authority
to be published of section 3 of this Ordinance shall be published in the
Gazette.

3. The Governor in Council may enter into an agreement with the Government of any East African Dependency providing -

- (1) that no duty of excise not already existing shall be imposed by one party to the agreement without prior consultation with the other party to the agreement as to its imposition and the rate of duty to be imposed;
- (2) that the parties to the agreement shall forthwith impose duties of excise in the same manner and at the same rates on articles or commodities manufactured in the territories of both parties to the agreement;
- (3) that one party to the agreement shall transfer to the other party the duties of excise imposed in respect of articles or commodities which having been manufactured in the territory of one party are removed into the territory of the other party to the agreement;
- (4) that where such article or commodity is subsequently exported from the territory of such other party to the agreement to any other East African Dependency such other party shall cause the full amount of the

/duty

66

3. The Governor in Council may enter into an agreement with the Government of any East African Dependency providing -

- (1) that no duty of excise not already existing shall be imposed by one party to the agreement without prior consultation with the other party to the agreement as to its imposition and the rate of duty to be imposed;
- (2) that the parties to the agreement shall forthwith impose duties of excise in the same manner and at the same rates on articles or commodities manufactured in the territories of both parties to the agreement;
- (3) that one party to the agreement shall transfer to the other party the duties of excise imposed in respect of articles or commodities which having been manufactured in the territory of one party are removed into the territory of the other party to the agreement;
- (4) that where such article or commodity is subsequently exported from the territory of such other party to the agreement to any other East African Dependency such other party shall cause the full amount of the duty

APPENDIX B.

DRAFT OF
EXCISE DUTIES AGREEMENT BILL.

BE IT ENACTED by the Governor of the Colony of Kenya, with the advice and consent of the Legislative Council thereof, as follows:-

- Short title. 1. This Ordinance may be cited as "the Excise Duties Agreement Ordinance, 1931."

- Interpretation 2. In this Ordinance and in any agreement made under this Ordinance -
 - "duties of Excise" means the internal duties imposed on goods manufactured within the territory, but shall not extend to licence fees and the like;
 - "East African Dependency" means any territory in East Africa being a portion of the British Dominions or under the protection of the Crown or which is administered by a mandate held by His Majesty and which is a party to an agreement with the Government of the Colony under section 263 of the Customs Management Ordinance, 1926.

- No. 25 of 1926.

CONDITIONS.

1. The person importing the motor vehicle shall :—

(a) at the time of importation deposit with the officer at the port of importation the full amount of duty chargeable on the vehicle, accessories and equipment ;

(b) at the time of importation deliver to the proper officer in duplicate a statement in the form contained in the above Schedule ;

(c) export the motor vehicle, accessories and equipment before the expiration of six months from the date of importation or before the expiration of such further period as the Commissioner of Customs may allow in that behalf.

2. One copy of the said form so to be delivered as aforesaid shall be returned forthwith by the officer to the importer, duly signed and stamped and the importer shall, on making entry of the motor car for exportation, deliver to the officer at the port of exportation the copy so returned, together with a claim in writing for the repayment of the amount so deposited by him on the importation of the motor car.

3. If the officer is satisfied that the motor vehicle with accessories and equipment entered for exportation corresponds in all particulars with the details enumerated in the said copy form, and that it will be forthwith exported, the amount so deposited as aforesaid shall be repaid to the importer.

CONDITIONS.

1. The person importing the motor vehicle shall :
 - (a) at the time of importation deposit with the officer at the port of importation the full amount of duty chargeable on the vehicle, accessories and equipment ;
 - (b) at the time of importation deliver to the proper officer in duplicate a statement in the form contained in the above Schedule ;
 - (c) export the motor vehicle, accessories and equipment before the expiration of six months from the date of importation or before the expiration of such further period as the Commissioner of Customs may allow in that behalf.
2. One copy of the said form so to be delivered as aforesaid shall be returned forthwith by the officer to the importer, duly signed and stamped and the importer shall, on making entry of the motor car for exportation, deliver to the officer at the port of exportation the copy so returned, together with a claim in writing for the repayment of the amount so deposited by him on the importation of the motor car.
3. If the officer is satisfied that the motor vehicle with accessories and equipment entered for exportation corresponds in all particulars with the details enumerated in the said copy form, and that it will be forthwith exported, the amount so deposited as aforesaid shall be repaid to the importer.

necessaries and equipment which are liable to duty under the Customs Tariff, subject to the conditions stated on the back hereof.

Dated this day of 19.....

Signed
(4) Owner or Agent.

Signed in my presence

.....
Collector or Officer of Customs.

- (1) Name of owner or agent.
- (2) State whether motor car, motor bicycle or motor tricycle, &c.
- (3) Insert "i" or "ho."
- (4) Delete the words inapplicable.

II. DECLARATION ON EXPORTATION.

I (1) do hereby declare that I am the owner (or duly authorized agent of who is the owner) of the (2) which is about to be exported to in the ship that the said (3) is the vehicle described in the within Schedule, and that the accessories and equipment also specified therein remain intact as at the time of importation, and I request repayment of the sum deposited on the importation of the said (3)

Dated this day of 19.....

Signed
(3) Owner or Agent.

Signed in my presence

.....
Collector or Officer of Customs.

- (1) Name of owner or agent.
- (2) State whether motor car, motor bicycle or motor tricycle, &c.
- (3) Delete the words inapplicable.

III. RECEIPT FOR REPAYMENT OF DEPOSIT.

Received this day of 19..... of the Commissioner of Customs the sum of shillings and cents in repayment of the deposit specified above.

(Schedule mentioned in Declaration (iffent))

Motor vehicles (with or without camp equipment) imported into the Colony and Protectorate of Kenya by persons intending to make only a temporary stay therein, on deposit of the duty chargeable under the Customs Tariff, which will be repaid on the conditions shown at the foot hereof.

Port of importation Number
Date of importation Available on (6)

SCHEDULE

Description (Motor Car, Motor Lorry, Motor Bicycle or Motor Tricycle)

List of articles of camp equipment, etc.

FRAMEWORK :-

Make
Number

ENGINE :-

Make
Number
Horse-Power

BODY :-

Type (a)
Marks, if any
Colour
Number of seats

(a) Whether Tonneau, Limousine, Landalette, &c.

Value
Amount of Deposit

Name and address of owner of vehicle

to him by the approved automobile club or association of which he is a member, and in respect of which all the rules and conditions relating to pass books have been complied with, and in which the description and value of the motor vehicle and sleeping and camping equipment are fully detailed;

- (b) at the time of importation satisfy the officer that the motor vehicle imported corresponds in all respects with the motor vehicle described in the pass book and that the value thereof is correctly stated in the pass book;
- (c) export the motor vehicle before the expiration of the period for which the pass book is valid, and before exportation produce the pass book and satisfy the officer that the motor vehicle to be exported corresponds with the motor vehicle described in the pass book.

Provided that the motor vehicle shall be exported before the expiration of six months from the date of importation or before the expiration of such further period as the Commissioner may allow in that behalf.

8. If the person importing the motor vehicle is not a member of any approved automobile club or association or if being a member he does not desire to avail himself of the provisions of Regulation 4 of these Regulations he shall—

- (a) at the time of importation deposit with the officer at the port of importation a sum equal to the duty chargeable on the motor vehicle under the Customs Tariff for the time being in operation in the Colony;
- (b) at the time of importation deliver to the proper officer in duplicate a claim for exemption in the form set out in the Schedule hereto setting forth the grounds and conditions on which the person signing the form claims exemption under these Regulations;
- (c) export the motor vehicle before the expiration of six months from the date of importation or before the expiration of such further period as the Commissioner may allow in that behalf.

6. One copy of the said form so to be delivered as aforesaid shall be returned by the officer to the importer duly signed and stamped, and the importer shall on making entry of the motor vehicle for exportation, deliver to the officer at the port of exportation the copy so returned together with a claim in writing for the repayment of the amount so deposited by him on the importation of the motor vehicle.

7. If the officer is satisfied that the motor vehicle entered for exportation corresponds in all particulars with the motor vehicle described in the said copy form, and that it will be forthwith exported the amount so deposited as aforesaid shall be repaid to the importer.

By Command of His Excellency the Governor in Council.

Nairobi;
This day of 1931.

Clerk to the Executive Council.

SCHEDULE.

THE MOTOR VEHICLES (TEMPORARY IMPORTATION) REGULATIONS, 1931.

I. DECLARATION ON IMPORTATION.

I (1) do hereby declare that I am the owner (or duly authorized agent of who is the owner) of the (2) described in the within Schedule, and that (3) normally reside abroad and intend to make only a temporary stay in the Colony and Protectorate of Kenya, and I request to be allowed to deposit the sum of shillings and cents in respect of the said vehicle together with

to him by the approved automobile club or association of which he is a member, and in respect of which all the rules and conditions relating to pass books have been complied with, and in which the description and value of the motor vehicle and sleeping and camping equipment are fully detailed;

- (b) at the time of importation satisfy the officer that the motor vehicle imported corresponds in all respects with the motor vehicle described in the pass book and that the value thereof is correctly stated in the pass book;
- (c) export the motor vehicle before the expiration of the period for which the pass book is valid, and before exportation produce the pass book and satisfy the officer that the motor vehicle to be exported corresponds with the motor vehicle described in the pass book;

Provided that the motor vehicle shall be exported before the expiration of six months from the date of importation or before the expiration of such further period as the Commissioner may allow in that behalf.

5. If the person importing the motor vehicle is not a member of any approved automobile club or association or if being a member he does not desire to avail himself of the provisions of Regulation 4 of these Regulations he shall—

- (a) at the time of importation deposit with the officer at the port of importation a sum equal to the duty chargeable on the motor vehicle under the Customs Tariff for the time being in operation in the Colony;
- (b) at the time of importation deliver to the proper officer in duplicate a claim for exemption in the form set out in the Schedule hereto setting forth the grounds and conditions on which the person signing the form claims exemption under these Regulations;
- (c) export the motor vehicle before the expiration of six months from the date of importation or before the expiration of such further period as the Commissioner may allow in that behalf.

6. One copy of the said form so to be delivered as aforesaid shall be returned by the officer to the importer duly signed and stamped, and the importer shall on making entry of the motor vehicle for exportation, deliver to the officer at the port of exportation the copy so returned together with a claim in writing for the repayment of the amount so deposited by him on the importation of the motor vehicle.

7. If the officer is satisfied that the motor vehicle entered for exportation corresponds in all particulars with the motor vehicle described in the said copy form, and that it will be forthwith exported the amount so deposited as aforesaid shall be repaid to the importer.

By Command of His Excellency the Governor in Council.

Nairobi,

This

day of

1931.

Clerk to the Executive Council.

SCHEDULE.

THE MOTOR VEHICLES (TEMPORARY IMPORTATION) REGULATIONS, 1931. I. DECLARATION ON IMPORTATION.

I (1) do hereby declare that I am the owner (or duly authorized agent of who is the owner) of the (2) described in the within Schedule, and that (3) normally reside abroad and intend to make only a temporary stay in the Colony and Protectorate of Kenya and I request to be allowed to deposit the sum of shillings and cents in respect of the said vehicle together with

GOVERNMENT NOTICE NO.

THE CUSTOMS MANAGEMENT ORDINANCE, 1926.
REGULATIONS.

IN EXERCISE of the powers conferred upon him by the Customs Management Ordinance, 1926, as amended by the Customs Management (Amendment) Ordinance, 1931, His Excellency the Governor in Council has been pleased to make the following Regulations:—

1. These Regulations may be cited as "the Motor Vehicles (Temporary Importation) Regulations, 1931."

2. In these Regulations—

"pass book" means the *Carnet de Passage en Douane* or Customs Passport issued under the guarantee of the Royal East African Automobile Association or other approved automobile club or association, and a reference to a pass book includes a reference to the single pass sheet known as the "triplique" issued under the said guarantee.

"approved" means approved by the Governor.

3. If any person importing any motor vehicle into the Colony, being a person usually resident outside the limits of the territory, and intending to make only a temporary stay in the Colony, complies either with such of the conditions contained in Regulation 4 of these Regulations, or with such of the conditions contained in Regulation 5 of these Regulations as relate to things to be done by the importer at the time of importation, the duty charged on imported motor vehicles shall not be required to be paid on that motor vehicle at the time of importation, and if that person complies either with all the conditions contained in Regulation 4 of these Regulations or with all the conditions in Regulation 5 of these Regulations so far as those conditions relate to things to be done by the importer, that motor vehicle shall be and shall be deemed always to have been exempt from the said duty payable on the said importation.

4. If the person importing the motor vehicle is a member of an approved automobile club or association he shall—

(a) at the time of importation produce to the officer for the purpose of the same being duly signed and stamped by him a pass book which has been issued

Appendix 2

GOVERNMENT NOTICE NO.

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3. If any person importing any motor vehicle into the Colony, being a person usually resident outside the limits of the territory, and intending to make only a temporary stay in the Colony, complies either with such of the conditions contained in Regulation 4 of these Regulations, or with such of the conditions contained in Regulation 5 of these Regulations as relate to things to be done by the importer at the time of importation, the duty charged on imported motor vehicles shall not be required to be paid on that motor vehicle at the time of importation, and if that person complies either with all the conditions contained in Regulation 4 of these Regulations or with all the conditions in Regulation 5 of these Regulations so far as those conditions relate to things to be done by the importer, that motor vehicle shall be and shall be deemed always to have been exempt from the said duty payable on the said importation.

4. If the person importing the motor vehicle is a member of an approved automobile club or association he shall—

(a) at the time of importation produce to the officer for the purpose of the same being duly signed and stamped by him a pass book which has been issued

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APPENDIX I.

DRAFT OF
A BILL TO AMEND THE CUSTOMS MANAGEMENT
ORDINANCE, 1926.

BE IT ENACTED by the Governor of the Colony of Kenya, with the advice and consent of the Legislative Council thereof, as follows:-

Short title. 1. This Ordinance may be cited as "the Customs Management (Amendment) Ordinance, 1931", and shall be read as one with the Customs Management Ordinance, 1926, hereinafter referred to as "the Principal Ordinance."

No. 25
of 1926.

Interpretation. 2. In this Ordinance, unless the context otherwise requires, "motor vehicle" means a motor car, motor lorry, motor caravan, trailer, motor bicycle or motor tricycle with or without a side car.

Exemption of motor vehicles imported for temporary stay in Colony. 3. Notwithstanding anything contained in any Ordinance the Governor in Council may make regulations providing for the total or partial exemption for a limited period from import duty of any motor vehicle brought into the Colony by persons making only a temporary stay therein with or without a reasonable quantity of equipment for camping purposes which is included to be used in conjunction with such motor vehicle and to be carried therein.

Commencement. 4. This Ordinance shall come into force on the first day of January, 1932.

33.

CONCLUSION AND ACKNOWLEDGMENT.

In conclusion, the Members of this Conference wish to express their keen appreciation of the help in their deliberations given to them by Mr. A.D.A. MacGregor, K.C., the Attorney General of Kenya. In connection with the preparation of their report, Members desire to thank the Treasurer's staff, particularly Mr. G.R. Sandford, Deputy Treasurer, and Mr. K.S.J. Chamberlain. Their thanks are also due to Mr. F.H. Wilson, the Stenographer, and to Mr. E. Bird of the Governor's office, for the assistance he has rendered.

Nairobi, 15.10.31.

Signed

Treasurer, Kenya Colony

H. H. Stanton

Treasurer, Tanganyika Territory

D. W. Taylor

Treasurer, Uganda Protectorate

B. Thurston

Commissioner of Customs,
Kenya and Uganda

C. Walsh

Acting Comptroller of Customs,
Tanganyika

J. W. Woodhouse

NAIROBI.

15th October, 1931.

Tanganyika the members of the Conference desire to record their view that these discussions of their common problem and matters of common interest have been of great mutual assistance and they trust that it will be possible to arrange for a conference of this nature to take place annually at a more convenient time of year at such place as may be considered convenient.

Owing to the short time at the disposal of the visitors to Nairobi and to the fact that the Treasurer and Commissioner of Customs of Kenya are occupied on the Select Committee on the 1952 Budget, the conference has necessarily been a very hurried one, but they hoped not unfruitful.

32.

FINANCIAL YEAR OF TANGANYIKA.

It is considered that as Kenya and Uganda have a financial year ending the 31st of December, it would help discussions if Tanganyika would change over to the calendar year instead of having a financial year ending the 31st of March. This change would facilitate comparison of finances and dates of Legislative Council meetings would then coincide, particularly when the budget and taxation legislation is under consideration.

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Nairobi and Tabora. The Conference understands that the Inspector General is shortly visiting East Africa, and with a view to economy, ventures to offer the suggestion that opportunity might be taken of discussing with him a proposal that, instead of instituting one Reserve Battalion which would be divided between Nairobi and Tabora, the present Reserve should be reduced by a Company each and the remaining Companies absorbed in the 5rd, 4th, 2nd and 6th Battalions, thus saving a Battalion headquarters and decreasing overheads generally.

30. TRADE AND INFORMATION OFFICE.

The Conference had the advantage of seeing the draft report of the sub-committee of the Select Committee of the Kenya Legislative Council on the subject of the Trade and Information Office. The Tanganyika and Uganda representatives are in agreement with the lines on which the Sub-Committee has dealt with the question. They are of opinion that the East African Trade and Information Office in London is being conducted on the wrong lines, that it is costly, and that it has never achieved the objects for which it was constituted.

31. FUTURE CONFERENCES.

In submitting their recommendations for the consideration of the Governments of Kenya, Uganda and
/Tanganyika

C. GENERAL.

27.

COASTAL AIR SERVICE.

The Treasurer of Tanganyika raised the question of the proposed Coastal Air Service between Mombasa and Dar-es-Salaam and expressed the hope that the possibility of improving the Mombasa Aerodrome site would be explored. The difficulties at present experienced were due mainly to flooding of the present aerodrome. It was stated that this matter would be looked into with a view to effecting an improvement in the conditions.

28.

HOUSING ACCOMMODATION.

The Conference discussed the procedure now being adopted in Dar-es-Salaam of requiring a senior officer who is a bachelor, or whose wife is not with him, to live in a smaller house, the more commodious house vacated then becoming available for the accommodation of a number of junior officers. This results in economy in the housing of officers and enables the junior officers concerned to live more cheaply by sharing household expenses.

29.

KING'S AFRICAN RIFLES RESERVE.

The possibility was discussed of effecting economy in military expenditure by combining into one Reserve Battalion the reserves at present separately maintained at

/Nairobi

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mentioned that the Uganda Government is contemplating the suspension of travelling allowances from the 1st January, 1932, but that when an officer is obliged to stay in an hotel, Government would pay the full cost of his board and accommodation and also the cost of his wife's accommodation if travelling with him. This latter provision does not apply in either Kenya or Tanganyika.

In dealing with the proposed levy on official salaries the Conference has already expressed the hope that the imposition of a levy will lead to the partial restoration of travelling allowances in Kenya and Uganda with a view to avoiding hardship among junior officers.

It was considered that, having regard to the different conditions prevailing in the three territories, no recommendation could be made in regard to mileage allowances, particularly as all three Governments have recently introduced revised rates which have received their careful consideration.

26. LOCAL CIVIL SERVICE.

The Treasurers of Tanganyika and Uganda consider it improbable that a Local Civil Service for Europeans can for the present prove feasible in those territories but they would support the idea if the occasion were to arise and add that if a Local Civil Service is instituted in Kenya there is reason to suppose that suitable vacancies might be found to exist in Tanganyika and Uganda which would open further fields of employment to members of the Kenya Local Service.

The Conference recommends that the European Officers Pensions Ordinances be amended so as to provide that the gratuity payable to the legal personal representative of a pensionable officer who dies while in the service should be one year's pensionable emoluments or the gratuity in commutation of one quarter of his pension (if the option has been so exercised) which would have been payable if he had retired before his death, whichever is the greater.

24. RATES - PROPOSAL THAT OFFICIALS SHOULD PAY.

The Treasurer of Uganda stated that the unofficial opinion in Uganda was that officials themselves should pay the rates on Government houses occupied by them. The Conference was informed that in Kenya the owner is responsible for the rates, except in the case of Crown lands; interest in land held by the Crown is not rateable, but Government makes a contribution in lieu of rates to the Municipality concerned. There are therefore in Kenya certain legal difficulties in the way of calling upon officials to pay rates in respect of Government houses and plots occupied by them and it is understood that legal difficulties also exist in Uganda. The Conference considers, however, that this question might be further examined with the Legal Advisers of the Governments concerned.

25. TRAVELLING AND DETENTION ALLOWANCES, MILEAGE RATES.

With regard to travelling and detention allowances, it was recommended that uniform terms should be introduced in the three territories as at present the privileges differ to an appreciable extent. It was

mentioned

23. PENSIONS.

The Conference feels that in all three Territories the prospective pension commitments are now very large and that the list of offices carrying free pension privileges requires careful scrutiny and revision. It is also felt that the greatest caution should be exercised in dealing with any suggestion to add to the pensionable staff.

The Conference recommends that the Government of each of the Territories should aim at the establishment of a pensions reserve fund, as soon as financial circumstances permit, the object in view being to place annually to this reserve fund an amount calculated as representing one year's pension commitment in respect of the pensionable staff borne on the Estimates for that year.

The Conference recommends that the age at which future entrants into pensionable offices in the three Territories should be permitted to retire voluntarily should be 55 years or after 30 years service, the Government retaining its present right of calling upon an officer to retire on pension on attaining the age of 50 years.

The Conference recommends that pension when due, should be computed on the average pensionable emoluments payable during the last five years of the officers pensionable service, except in cases of invaliding or when an officer has held one office in the same Colony for a period of five years immediately preceding the date of his retirement in which case pension should be computed in respect of the full pensionable emoluments payable to him on that date.

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should take effect immediately or on renewal of agreement as the case may be.

The Conference considers that the system of free passages to officers recruited from overseas should be continued and that, whatever steps may eventually be taken to consolidate salaries or allowances, passage privileges should be retained as a separate condition of service as it is, for obvious reasons most important that a ticket should be provided and utilized.

The Conference considers that a further grading of passage accommodation should be introduced for future entrants into the Services and recommends, generally, that B 3 Union Castle Line or Grade B British India Line should be allowed only to officers drawing £840 per annum and over, while officers entitled to first class passages who draw £400 per annum and under should be allowed B 5 accommodation by Union Castle Line or, failing that, 2nd class accommodation by British India Line. Officers drawing between £400 and £840 should be allowed B 4 accommodation by Union Castle Line and Grade C by British India Line. Officers entitled to 2nd class accommodation if travelling by Union Castle Line should be allowed B 5 accommodation if drawing over £450 per annum; B 6 accommodation if drawing more than £300 per annum and not more than £450 per annum and 3rd class accommodation if drawing £300 per annum or less.

The Conference realizes that difficulties may arise owing to the scarcity of accommodation in certain grades and that it may be necessary in special cases to depart from the grading recommended above.

were in a different category in that they drew the approved rates of pay for the work actually performed. In these cases it was agreed that no revision of the arrangements was necessary.

The Conference desires to make it quite clear, however, that their recommendation should only apply during the present emergency and that, when conditions improve, the payment of acting allowance, with which they agree in principle, should be reconsidered with a view to introducing a satisfactory scheme.

22. LEAVE AND PASSAGE REGULATIONS.

The Conference considers that when an official proceeds on leave to India or South Africa, the cost of his passage should only be provided to the nearest port and the official himself should be required to pay the cost of his fare inland.

It is considered also that, in future, the time necessarily taken on the voyage to England should be the time necessarily taken by the journey via Marseilles and then across France, the period of leave commencing on the date of arrival in England or two days after arrival at Marseilles, whichever comes first. Similarly on return from leave, voyage time should be held to commence two days before the ship in which the officer travels leaves Marseilles. Where officials travel via South Africa to England, the Conference recommends that the period of the voyage should be fixed at 22 days from the port of embarkation for all officials from the three territories.

The Conference considers that all future entrants to the Service, whether European or Asian, including those at present on agreement, should have the period of their passages incorporated in leave and that this should

ECONOMY PROPOSALS AND TERMS OF SERVICE.

20. RETRACEMENTS AND ECONOMIES.

Efforts towards economy in all three Territories have proceeded on similar lines the object in view being to keep expenditure as low as practicable while preserving the essential features in the Government structure and avoiding the displacement of existing services.

21. ACTING ALLOWANCES.

The Treasurer of Tanganyika gave his opinion that, at a time when a number of officials were being retrenched from the service, it was most inequitable that others (often very senior officers on high pay) should draw substantial acting allowances which might be used to retain the services of such officials.

Certain revisions in the system of granting acting allowances are under consideration by the Ugandan Government and by the Kenya and Uganda Railway Administration.

The matter was fully discussed by the Conference and the unanimous opinion was expressed that in normal times the payment of acting allowances in cases where increased responsibility or expenditure were involved is fully justified but that, in the exceptional circumstances of the present day obtaining in Kenya and Tanganyika, all such allowances should be suspended and that officers affected should be expected to perform higher duties without extra remuneration. The foregoing recommendation should not apply in the case of the officer administering the Government but it is considered that in no other case should any allowance be paid.

The General Manager of the Kenya and Uganda Railway mentioned that the artisan class in the Railway

suitable for imposition in East Africa, where the taxation of liquor is already comparatively heavy.

19) TAX ON MORTGAGES.

The tax is not recommended since it involves a charge on one class of capital whilst other classes remain untaxed.

submit information in regard to a proposed scheme of taxation on the cattle wealth of natives and methods of stopping soil erosion which may lead to a considerable increase in the activities of Meat Rations Ltd Mwanza, particularly as regards meat extract, for which there is an unlimited demand.

The Uganda Government is contemplating a tax on each head of cattle owned. There are difficulties in the way of a similar tax in Kenya, particularly as applied to the Masai Reserve where quarantine restrictions prevent a free market for the sale of stock.

16. STAMP DUTIES.

Certain proposals were made by the Tanganyika Government in regard to an increase in Stamp Duties. It was not considered necessary to pursue this matter as far as Kenya and Uganda were concerned. In regard to the proposal to increase the stamp duty on affidavits, it was pointed out that in Kenya there was a Sh. 2/- Court fee for filing in addition to the Stamp Duty of Sh. 2/-. The view expressed by the Kenya and Uganda Representative was that the changes suggested by the Tanganyika Government (apart from the increase in stamp duty on cheques which brought all three territories into line) were not likely to be acceptable to their respective Governments and, even if adopted, would not add substantial sums to the revenue.

17. LICENCE TO EMPLOY DOMESTIC SERVANTS.

This was considered to be productive of little revenue, difficult to administer, and not a suitable form of taxation.

18. LICENCE TO CONSUME LIQUOR.

This form of taxation, which has been adopted in certain other parts of the Empire, is not considered to be suitable.

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in each year. The licensee is required to pass a driving test before the original licence is issued. A duplicate licence also costs Sh.5/-.

It is recommended that an annual driving licence of Sh.5/- per annum should be introduced in Kenya and Tanganyika. The estimated yield to the Kenya Government is £2,500 per annum.

13. FIREARMS LICENCE.

The Uganda Government is contemplating increasing the annual licence fee for the possession of firearms to £1 for each firearm and the Treasurer of Uganda offered to submit a copy of the proposals for the consideration of the Governments of Kenya and Tanganyika. It is understood that the Tanganyika Government also is considering an increase of revenue from this source.

The opinion was expressed that a fee of £1 per firearm might prove unduly burdensome in Kenya. It was thought, also, that the registration of firearms was a matter of greater importance than the revenue yield and that, therefore, any imposition that might encourage non-registration should be discountenanced. The Kenya Representative said that he would confer with the Police Authorities in regard to the application of a proposal of this kind in Kenya.

14. COURT FEES.

The Uganda Government has asked the Chief Justice in Uganda to explore the possibility of increasing the fees and the Conference recommends that similar action should be taken in Kenya and Tanganyika as it is considered that additional revenue from this source might reasonably be obtained.

15. CATTLE TAX AND STOCK INDUSTRY.

The Treasurer of Tanganyika offered to submit

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prescribed. In this connection it is understood that legislation is in the course of preparation in Kenya.

11. CAPITAL TAX ON COMPANIES.

It was considered that a capital tax on companies which was the subject of correspondence between the Governments of the three Territories in January 1950 should be introduced and it is a recommendation of the Conference that early consideration be given to the matter by the three Governments.

The tax should follow the lines of the capital tax on Companies in force in England, the details of which are as follows:-

Capital Duty (Share). Companies and corporations with limited liability, on every £100 of the nominal capital

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Statement of amount of any increase of registered capital shall be delivered duly stamped within fifteen days after the passing of the resolution (3 Edw. VI. c. 46. s. 5)

Capital Duty (Loan). - On issues by Local Authorities

Companies and Corporations, etc. on every £100 of amount secured (62 and 63 Vict. c. 9. s. 8)

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2/- In the £ is repayable if the Capital is applied in conversion of an existing loan (s. 10 Fin. Act. 1907).

It is considered a matter of importance that the introduction of this tax be made in all three territories as, otherwise, the registration of Companies would tend to concentrate in the territory in which the tax is not operative.

12. ANNUAL DRIVERS LICENCES.

In Uganda at present a driver is required to take out an annual licence costing Sh. 5/- to drive a motor vehicle and this licence is renewable on the 1st January

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9. TAX ON STEAMER FARES OF PERSONS LEAVING THE COLONY.

This proposal was considered but it was thought to be an undesirable form of taxation. The position has altered somewhat since the proposal was originally made as a result of the depreciation of the pound and it is thought probable that Shipping Companies may increase their fares.

10. TRADE LICENCES.

It is considered that very early attention should be given to the possibility of introducing the Tanganyika Trades Licensing Ordinance in Kenya and Uganda, as it is believed that considerable additional revenue would accrue. The Treasurer of Tanganyika has offered to submit copies of all rulings and amendments relating to the Tanganyika Ordinance. In this connection the Conference is of the opinion that whether or not the Ordinance be introduced in Kenya and Uganda, Banks in all three territories should pay an annual licence fee of £500 per annum in respect of the principal or only place of business in each territory and an additional fee of £25 per annum for each branch. This represents an increase in the fee prescribed in the Tanganyika Ordinance. Shipping Agencies in Kenya and Uganda should also be licensed on the same basis as in Tanganyika at a fee of £50 per annum for a principal agency and £5 for each sub-agency. High-tarage Companies at Mombasa are now practically non-existent and Stevedoring Companies are licensed under the Port Ordinance and it was therefore thought that they should be excluded from the Trades Licensing Ordinance in Kenya.

The possibility of licensing Insurance Companies should be explored and suitable licence fees prescribed./

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7. ENTERTAINMENT TAX.

A bill, a copy of which is attached as Appendix 7, is in the course of preparation to provide for the imposition of this tax in Kenya. The estimated yield is £8,000 per annum and the proposed scale is as follows:-

Where the payment, excluding the amount of the tax is Sh. 1/-	15 cents
exceeds Sh. 1/- and does not exceed Sh. 2/-	25 "
exceeds Sh. 2/- and does not exceed Sh. 4/-	50 "
exceeds Sh. 4/- and does not exceed Sh. 8/-	Sh. 1/-
exceeds Sh. 8/-; Sh. 1/- for the first Sh. 8/-, and 50 cents for every Sh. 4/- or part of Sh. 4/- over Sh. 8/-	

It was recognised that a similar tax in Tanganyika and Uganda would probably yield less revenue than in Kenya but it was considered that the possibility of introducing this form of taxation in Uganda and Tanganyika should be explored.

8. NON-NATIVE HOUSE-TAX

It was suggested that this tax might be introduced in Kenya. A valuation of house property would be necessary and the tax would then be based upon the annual value of the house. A tax of this kind is in force in Tanganyika Territory but conditions in Kenya are somewhat different in that separate Municipal taxation has been imposed which includes the rating of residential properties situated in municipal areas. A Non-Native House Tax was therefore considered unsuitable for introduction in Kenya.

Power to collect the levy should be obtained by means of an Ordinance on the lines of the draft Bill attached as Appendix 5 to this report, to be enforced for a period of 12 months with effect from the 1st January, 1932, and the Conference considers that the Ordinance should empower the Governor in Council to reduce the rate or suspend the operation of the levy at any time during the twelve months of its operation. The Attorney General, Kenya, stated that separate ordinances would have to be passed by the Legislative Councils of Kenya and of the Kenya and Uganda Railways and Harbours Administration.

If the recommendations of the Conference are accepted, the Kenya and Uganda Representatives consider that some revision of the travelling and house allowances should be made, in order to remedy real hardships caused by the recent reductions.

It is estimated that the levy proposed will yield a sum of £50,000 to the Kenya Government and £27,000 to the Kenya and Uganda Railways and Harbours.

6. APPLICATION OF NON-NATIVE POLL TAX TO FEMALES.

The Conference discussed this matter in all its aspects and the conclusion arrived at was that, although the principle was sound, in view of the numerous objections raised and the inequity in many instances of the incidence of such a tax on women, it should not be recommended.

It was considered, however, that the possibility of introducing such a tax on unmarried women of over 21 years of age should be further explored as the difficulties of collection would be largely minimised if Collecting Officers were given wide discretionary powers of exemption in cases of hardship. In the case of Kenya it is thought that this would be productive of considerable revenue.

only of partial application. They trust, therefore, that the Uganda Government will see its way to adopting the levy recommended.

For the purpose of ascertaining the amount of levy to be deducted, it is suggested that the monthly salary drawn (less contributions to the Widows' and Orphans' Scheme or Provident Fund) plus acting allowance, duty allowance and personal allowance, but no other allowance should be taken into account and the levy at the rate of 5% of the chargeable emoluments then drawn from the revenue of the respective Administrations will be deducted and credited to special subheads of revenue. Overtime allowances will be excluded but it is suggested that a revision of the rates may be considered necessary.

The Conference recommends that salaries or wages that do not exceed a sum of Sh. 40/- per month be exempted from the operation of the levy on the ground that subordinate employees drawing wages of Sh. 40/- per month and less are usually engaged at market rates current at the time of engagement. It is considered also that the levy should not apply to the official emoluments of the officer administering the Government.

Consideration was given to the suggestion of making partial exemptions in respect of wives and children, but the unanimous opinion was recorded that such a distinction was undesirable, for the reasons that the levy was intended to be applicable to salaries, not to individuals, that any discrimination of the nature suggested would tend to confine the levy to European salaries only, and that partial remissions of this kind would not only lead to the necessity for imposing a higher rate to attain equivalent revenue but would also fail to achieve the desired result of spreading the burden as widely as possible over the Service.

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Governors' Conference. Various methods of exacting a reasonable contribution from official salaries have been examined in detail and the Conference is unanimous in the opinion that the best method of achieving the desired result is by a flat rate levy of 5%, as it is considered that this rate would obviate the many anomalies that would be created by a sliding scale. In recommending this levy, the members of the Conference have borne in mind the recent reductions made in the salaries of Civil servants at home, which they understand do not affect the main body of officials who draw pre-war rates of salary augmented by a cost of living bonus. They have also taken into consideration both the effect of the recent monetary changes resulting in the depreciation of the pound with the consequent reduction in the purchasing power of official salaries which sooner or later will be felt and the increases in taxation which may arise as a result of the steps the various Governments are taking to increase their revenue.

Whilst fully appreciating the position of the two adjacent territories and agreeing to the principles expressed above, the Treasurer of Uganda is of the opinion that the state of Uganda's finances does not justify, at this stage, the imposition of a levy on official salaries in Uganda. His views are attached as Appendix 6 to this report. The Kenya and Tanganyika Representatives consider that since all officials are subject to the uniform conditions of the East African Service it is a matter of importance that any levy on official salaries shall apply equally to all three territories, particularly in view of the fact that the combined postal, customs and military services of Kenya and Uganda would present exceptional difficulty if the levy were only/

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It was agreed that the imposition of poll taxes was a domestic matter and that the form which such taxation should take need not be the same in each territory.

The need for exploring means of imposing additional direct taxation on the wealthier members of the Community, e.g. bankers, wealthy merchants and professional men, was, however, fully recognised. The Tanganyika Representative hoped that the Graduated Poll Tax would achieve this purpose in Tanganyika.

5. LEVY ON OFFICIAL SALARIES.

The Secretary of State has stated in the case of Kenya and Tanganyika Territory that a cut in official salaries would be approved as a temporary measure pending the effective introduction of an income tax. The question of an income tax has already been dealt with and the opinion of members of this Conference in regard to a cut in salaries is that, if the financial position of the territories renders a reduction of official salaries imperative, the reduction should take the form of a tax enforced temporarily to meet the situation and that the levy should be imposed only for so long as the emergency exists. The Conference is of the opinion that a direct contribution from officials, as a distinct class, to the revenue of the country can be justified only by very exceptional circumstances such as exist at the present time in Kenya and Tanganyika and that (except in the case of employees drawing £2 per mensem and under) the sacrifice should be borne by all Europeans, Asiatics and Natives employed by Government, Railways and Harbours, Municipal and Township bodies, and also from those officials connected with the Joint East African Meteorological Services and Governors

It is considered that, in principle, an income tax is the most equitable form of taxation and it is understood that the Uganda Government contemplates introducing legislation to give effect to the tax in 1953.

The Kenya and Tanganyika Representatives are strongly opposed to the measure both on political and administrative grounds. They consider that the tax would act as a deterrent to development and that the difficulties of collection in countries where there is a considerable diversity of race and language with primitive methods of trading and bookkeeping are likely to necessitate an expensive organisation. There is also the difficulty of drafting an Ordinance which will provide for equitable incidence amongst mixed populations having vastly different standards of living and of framing a schedule which would secure the requisite amount of revenue. They are desirous, therefore, of exploring the possibility of other forms of taxation which will give an immediate yield of revenue and tide them over the exceptional financial difficulties of the present period.

GRADUATED POLL TAX

The suggested graduated poll tax proposed by the Tanganyika Government as an alternative to income tax was carefully considered. The opinion was expressed that the collection of a modified form of income tax, such as this was felt to be, presented a number of difficulties and both the Kenya and Uganda Representatives were opposed to its introduction in their respective territories. The Uganda Government is contemplating doubling the poll tax in Uganda. The position in Kenya is that both Poll and Education Taxes at present are collected from non-Europeans and there are political objections to consolidating the two taxes on the lines proposed by the Tanganyika Government.

Sugar. It is not proposed to attempt to levy any duty on jaggery as this is a raw product and the difficulties of collection would be insuperable.

Tea. The collection of the duty on tea would not present any great difficulty since tea factories would be licensed and suitable records maintained.

Tobacco. It is considered that, as the tobacco industry is in its early stages of development, the duty should be small at the outset and that an increase may be justifiable later when the effect of the tax on the market is known and development extended.

In regard to excise duties generally, the General Manager of the Kenya and Uganda Railways, who was consulted in the matter, stated that the Railway carried certain products at Country Produce Rates unprofitable to the Railway in order to assist development and that by imposing excise duties, the Government in effect would be depriving the Railway of the opportunity of making a legitimate increase in its freights. The Conference was of the opinion that state taxation should in no way be influenced by the policy of the transportation system.

3. INCOME TAX. The Secretary of State has recommended the introduction of Income Tax in all three territories. He realizes, however, that if an income tax were to be introduced as an emergency measure it could probably be collected effectively at the outset only from Government officials and he has agreed, if circumstances necessitate immediate action, to cuts being made in official salaries in Kenya and Tanganyika as a temporary measure pending the introduction of the tax. The question of a tax on official salaries is dealt with elsewhere in this report.

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The draft of the proposed Regulations under the Ordinance forms Appendix 2 to this report.

2. EXCISE DUTIES.

The general principles of Excise duties were discussed and agreement was reached in regard to the imposition of duties in the three territories and the manner in which the revenue derived from excise duties should be distributed between the territories. A draft of the proposed Excise Duties Agreement Ordinance and the Form of Agreement governing the imposition of duties and the allocation of revenue are attached as Appendices 3 and 4 to this report and the terms thereof have been approved by members of the Conference. It is considered that following this legislation excise duties imposed should be made effective as from the 1st January, 1952.

The Kenya Government proposes to introduce excise duties on sugar and tea and to increase the duty on beer and the Uganda Government is considering the imposition of an excise duty on tobacco. It is estimated that the proposed duties will yield additional revenue as shown hereunder:-

Amount of Duty	Kenya Revenue	Uganda Revenue	Tanganyika Revenue	Total
Sugar £1 per ton	11,000	8,000	3,000	22,000
Tea 10 cents per lb.	3,500	700	800	5,000
Beer Increase from £1 to £2 per Standard Barrel	2,000	250	250	2,500
Tobacco 75 cts. per lb. on Cigarettes 50 ct. per lb. on tobacco	500	3,500	1,000	5,000
Totals	£17,000	12,450	5,050	34,500

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REVENUE MEASURES.

1. CUSTOMS.

The proposal to raise the customs tariff by a flat percentage surtax was given consideration but the view held was that the depreciation in the value of the pound resulting from the recent departure from the gold standard would have the effect of raising the value of imported goods, particularly goods imported from foreign countries, and consequently increasing the duty payable as expressed in sterling. In the circumstances, it was thought that a general increase in the tariff was not justified at the present time, particularly as the diminished purchasing power of the community would lead to a reduction in importations which would necessarily be accentuated by an increase in the tariff. Apart from this, it may be mentioned that the proposal for a Customs surtax was considered prior to the fall in the value of the pound and that it was definitely opposed by the Uganda Government and the Commissioner of Customs of Kenya and Uganda.

The Customs Tariff schedule however has been reviewed by the Conference and recommendations in this regard form the subject of a separate memorandum. If the proposals mentioned in that memorandum are approved by the three Governments, it is suggested by the Conference that arrangements should be made for the simultaneous enactment of an amending Ordinance at a date suitable to the territory first introducing its Appropriation Ordinance.

The Conference agrees to the draft amendment of the Customs Management Ordinance, a copy of which is attached as Appendix 1 to this Report, to allow the application of the Triptyque system to East Africa.

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faced with a deficit estimated at the least £200,000. The Railways will need help.

It has been suggested that the Railway liability in respect of Stores should be paid over to the Territory from Loan Funds. Given payment of this liability the Territory may just last out the year, but the alternatives for 1932-1933 are either a balanced budget or outside assistance, and in this connection the deficit on the Railways has to be borne in mind.

It is clear, therefore, that every possible method of increasing revenue and decreasing expenditure must be explored in an attempt to balance the Budget.

UGANDA.

The Uganda Government expects to have a surplus of at least £1,000,000 at the end of 1931 and that over 75% of this sum would be in liquid assets.

As regards 1932 the position will depend upon the size of the cotton crop, and the price of cotton, and at this date a reliable forecast cannot be given. The Uganda Government, however, had recently made a careful survey of the next few years and based its expenditure for that period upon a revenue derived from an average crop of 180,000 bales and pre-war prices. If, therefore, expenditure exceeded revenue in any year, the position would be rectified in a year when the crop or price was above the average, e.g. the 1932 crop is estimated at 250,000 bales, i.e. 70,000 in excess of the average. As the result of the survey certain staff have become redundant and steps are being taken to dispense with the services of these officials but, until the task is accomplished, the cost will be met from surplus balances.

FINANCIAL POSITION

KENYA.

A deficit of approximately £200,000 is anticipated on the working of the year 1931 and at the close of the year it is estimated that the Colony's Surplus Balances will be in the neighbourhood of £310,000.

The Draft Estimates for 1932 are at present under consideration by the Legislative Council (Select Committee). As originally drafted they provided for an estimated surplus of £62,000. It is intended that the 1932 Budget should balance with a reasonable margin of revenue over expenditure.

TANGANYIKA.

The Treasurer of Tanganyika stated that he estimated there would be a deficit in Tanganyika this year (1931-1932) of £370,000 which would bring the surplus balance of £580,000 at 31st March, 1931 down to £210,000 at 31st March, 1932.

He considered a minimum surplus of £325,000 was essential; namely:-

Stores	£75,000
Working cash balance	100,000
Railway liability for Stores	150,000
	<u>£325,000</u>

It is hoped that the Tanganyika Railways will be able to meet this year's deficit of between £150,000 and £200,000 by using up previous surplus balances augmented by the transfer to Loan Funds of certain works paid for from revenue. At the 31st March, 1932, however, reserves will have been exhausted and in 1932-1933 the Railway will be

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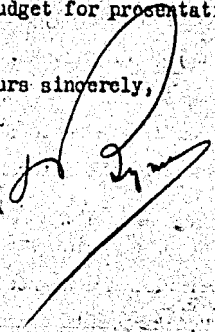
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therefore let me know what the Secretary of State's wishes are in the matter?

Personally I wish the Colonial Office could issue some general instruction to Colonies regarding temporary reductions of Salaries throughout the Colonial Empire. I think we should all during 1932 at least reflect some of the sacrifices now being made by the Services at home. It makes it so much easier for us if the sacrifice is universal (and few Colonies can afford to do without some extra revenue during this critical time). ^{As the former is done} This is a matter of some urgency as I shall shortly be completing my Budget for presentation to Council.

Yours sincerely,



Sir W.C. Bottomley, K.C.M.G., C.B., O.B.E.
The Colonial Office,
LONDON, S.W.1.

CONFIDENTIAL

REPORT OF AN INFORMAL CONFERENCE OF EAST
AFRICAN TREASURERS AND COMMISSIONERS OF CUSTOMS
AT NAIROBI, OCTOBER, 1931.

The Conference was arranged in order that various revenue measures and economy proposals suggested by the Governments of the three Territories might be discussed with a view to taking common action as far as possible in regard to the existing budgetary difficulties. It is recognised that the measures adopted must vary in some respects to suit the particular circumstances of each territory and discussions have accordingly been confined generally to measures that may be of benefit to the three Governments. It is considered that the report of the Conference should take the form of a series of recommendations, supported briefly where necessary by short explanations of the main considerations involved.

His Excellency Sir Joseph Byrne opened the Conference.

He referred to some of the questions requiring consideration and wished the Conference success in its deliberations which he hoped would be of benefit to each of the three Territories concerned.

PERSONAL & CONFIDENTIAL

By Air-Mail

31
GOVERNMENT HOUSE

KENYA

EAST AFRICA

20th October, 1951.

My dear Bottomley,

19/10/51
In my last letter I told you that we were having a meeting of the Treasurers and Customs Commissioners of the three Territories.

Well, the meeting took place last week and proved to be a most satisfactory gathering especially as our Attorney General attended voluntarily during all the sittings and his advice on the legal side was very valuable. I now enclose a copy of the Report in two parts, one containing the general recommendations, and the other the secret recommendations on the subject of Customs.

I think these will be of use to you especially should we have to cable to you about the Budget when we can merely refer to the relevant paras of the reports.

I hate worrying you just now but there is one matter on which I want immediate guidance. Whether a tax on Salaries or an Income Tax is introduced I understand that it is the invariable practice for the emoluments of the officer administering the Government to be exempt. Now personally I should like to bear my share during the crisis but if I do this it may put other Governors in an awkward position. Could you therefore...

19/10/51
G.D.
Bottomley
C.S.
2/11

20

of Kenya. Scope of Bill will include Kenya Service in Northern Brigade King's African Rifles Governor's Conference Establishment Joint East African Meteorological Service and employees of local authorities.

While exempting emoluments of Officer Administering the Government I propose to make it clear that I intend to subject myself to provisions of Bill.

In the case of Transport Administration separate action will be taken.

Legislation would be effective for one year and could be at any time suspended.

Thirdly. Entertainment Tax (7) £6000. Bill already published.

Fourthly. Bank Tax £1900 and on Shipping Agencies 2500. (10) I am also considering licensing Insurance Companies £1500. All these would be imposed by amending Traders Licenses Ordinance. Fifthly Annual Drivers Licenses (12) £2500.

I am in addition considering action on the lines of (11) capital tax on Companies as to both shares and loans.

I have repeated this telegram to Governors of Uganda and Tanganyika Territory. I should be glad to have telegraphic reply as soon as possible.

BYRNE.

PARAPHRASE telegram from the Governor of Kenya to the Secretary of State for the Colonies.

(Dated 2nd November 1931. Received, Colonial Office, 5.50 p.m. 2nd November 1931).

Secret and Personal.

My Personal and Confidential letter to Bottomley 20th. Owing mainly to reduction in revenue estimates an estimated deficit of approximately thirty-one thousand pounds is shown in draft estimates for 1932 which are still under consideration by Select Committee.

Subject to your approval I propose to introduce measures ensuring a surplus of approximately fifty-six thousand pounds as follows:- (References are to sections of Treasurers Conference Report) Firstly. Customs Duties. (1) £7250 and Excise Duties (2) £17000 in regard to both of which I am in consultation with Governments of Uganda and Tanganyika. The latter has agreed with the exception of the proposal respecting Motor Spirit vide paragraph 9 of Secret Report as to which therefore no action is necessary in Kenya.

Secondly. As regards tax on official salaries (3) I propose to follow recommendations of Report of Treasurers Conference with one modification namely that I propose that tax should be at rate of 7 1/2% on that part of any officers salary which exceeds £1000 per annum. On this basis tax is calculated to bring in £51000.

Bill has been drafted to empower the imposition of the tax by Governor in Council on salaries (including duty personal and acting allowances) paid in respect of services rendered after December 31st 1931 to Government of

Kenya representative said he would confer with Police authorities on the matter.

VII. Court Fees. Conference recommended that the possibility of obtaining additional revenue from this source should be explored.

VIII. Cattle Tax. Tanganyika and Uganda have under consideration a scheme for taxing the cattle wealth of natives. There are difficulties in such a case in Kenya, particularly in the Masai Reserve, where quarantine restrictions prevent a free market.

IX. Stamp Duties. Minor changes discussed and negatived.

X. Licence to employ Domestic Servants considered undesirable.

XI. Licence to consume Liquor considered undesirable.

XII. Tax on Mortgages considered undesirable.

and administrative grounds. They wished, therefore, to explore the possibility of other forms of taxation to give an immediate yield of revenue, and tide over the exceptional financial difficulties of the present period.

II. Graduated Poll Tax. i.e. a modified form of income tax, which presented a number of difficulties. Both Kenya and Uganda opposed it, but it is being imposed in Tanganyika. Agreed by the Conference to be a domestic matter.

III. Application of Non-Native Poll Tax to Females. Conference agreed that although the principle was sound, in view of the numerous objections raised, and the inequity in many instances of the incidence of such a tax, it should not be recommended. It considered, however, that the possibility of introducing such a tax on unmarried persons over twenty-one, should be further explored. Collecting Officer to be given wide discretionary powers of exemption in cases of hardship.

IV. Non-Native House Tax. Already in force in Tanganyika. Conditions in Kenya are different, in that separate municipal taxation has been imposed, which includes the rating of residential properties situated in municipal areas. For this reason it was considered undesirable.

V. Tax on Steamer Fares of Persons Leaving the Colony, thought to be undesirable.

VI. Fire Arms Licence. Uganda proposed increasing licence fee. Kenya considered this fee might prove unduly burdensome, and that increase might lead to non-registration of fire arms, which would be unfortunate.

VI. TAX ON SHIPPING AGENCIES.

A fee of £50 a year for a principal agency, and £5 for each sub-agency, to be imposed. ~~Estimated~~ ^{Already agreed} in T.T. ~~Not this matter Uganda agree.~~ ^{Not this matter T.T. agree.} Estimated yield, £500.

VII. Licences to be necessary for driving motors to cost 5/- a year. ~~Estimated~~ ^{Already agreed in Uganda. Not this matter T.T. agree.} Estimated yield, £2,500.

SUMMARY.

I. Customs Duties. Increased yield.	£ 7,250
II. Excise Duties	17,000
III. Tax on Official Salaries	51,000
IV. Entertainment Tax	6,000
V. Bank Tax	1,900
VI. Tax on Shipping Agencies	500
VII. Annual Drivers' Licences	2,500
Total	£ 86,150

In addition, the Governor is considering:

- (i) Licensing of Insurance Companies - Estimated yield £ 1,500
- (ii) Capital tax on Company shares and loans - Estimated yield Not given

The Governor is not taking action with regard to the following subjects discussed by the Conference of Treasurers and Commissioners of Customs:-

I. Income Tax

Uganda contemplates introducing legislation to give effect to the tax in 1933, but Kenya and Tanganyika representatives were strongly opposed to it on political and

have agreed to these proposals. There is no reason to anticipate any further.
~~Tanganyika are opposed to any tax.~~

III. TAX ON OFFICIAL SALARIES.

At a flat rate of 5% and 7% on that part of any officer's salary which exceeds £1,000. There will be no tax on employees drawing £2 a month, or less. Tax will cover, besides ordinary Kenya officials, persons serving in Kenya in the Northern Brigade of the K.A.R., the Governors' Conference Secretariat, the Joint East African Meteorological Service, and employees of local authorities. It will not affect the Transport Administration. Tax will be levied on monthly salary drawn (less contributions to Widows and Orphans Pensions Scheme or Provident Fund) plus Acting Allowances, Duty Allowance, and Personal Allowance, but not Overtime Allowances. No exemptions will be given in respect of wives and children. Emoluments of O.A.G. will be exempted, but Governor proposes to subject himself voluntarily to provisions of Bill. Tax to come into force on 1st January, and to be effective for one year only. Could be suspended at any time. Anticipated yield, £51,000. Tanganyika are imposing a tax of 5 per cent on all salaries. Uganda are opposed to any tax.

IV. ENTERTAINMENT TAX. Yield £6,000.

Permitting of hotels
~~tax form of taxation in T. & Uganda should be captured.~~

V. TAX ON BANKS.

An annual licence fee of £500 in respect of the principal, or only, place of business, and an additional fee of £25 for each branch. *Smaller fee allowed exists*
~~and it is to be removed.~~

Yield £1,900.

2A
24

Note

The Governor's proposals for raising revenue are as follows:-

I. CUSTOMS DUTIES.

Subject	Existing Duty	New Duty	Yield
Alc. beer, etc	Shs. 2/50 per imp gallon	Shs. 3 per imp gallon	3,000
Lubricating oils and greases	10 % ad val	Various minor changes	3,000
Sports goods	10 % ad val	20 % ad val	500
Beverages, cordials, etc.	20 % ad val	4/- per Imp'l. gallon	500
Tea	40 cts. per lb.	50 cts. per lb.	250
			<u>27,250</u>

(In addition (a) a suspended duty of Shs. 1/50 per one hundred lbs. will be imposed on wheat in the grain, and the existing suspended duty of Shs. 1/50 per one hundred lbs., on

otherwise prepared wheat, will be doubled. (b) A suspended duty of Shs. 2 per one hundred lbs. will be imposed on rice, and (c) various alterations will be made in the sugar duty. It is stated that no alteration in the total revenue yield is anticipated from these measures).

Tanganyika has agreed to these proposals. ~~with the exception of~~

The Governor is in communication with Uganda, and there is no reason to anticipate objection from them.

II. EXCISE DUTIES.

Subject	Rate of duty	Yield
Sugar	£1 per ton	11,000
Tea	10 cts. per lb.	3,500
Beer	Increase from £1 to £2 per standard barrel	2,000
Tobacco	75 cts. per lb. on cigarettes, 50 cts. per lb. on tobacco	500
	Total	<u>£ 17,000</u>

Tanganyika

Proposed changes in duty which can be introduced by one provision of the amendment with a view of the law.

CCO
47
PUBLIC RECORD OFFICE LONDON

STOCKDALE

wants you

to

ring him up

2A

24

Note

The Governor's proposals for raising revenue are as follows:-

I. CUSTOMS DUTIES.

<u>Subject</u>	<u>Existing Duty</u>	<u>New Duty</u>	<u>Yield</u>
Ale, beer, etc	Shs. 2/50 per imp'l gallon	Shs. 3 per imp'l gallon	£ 3,000
Lubricating oils and greases	10 % ad valorem	Various minor changes equivalent to 10% ad val.	3,000
Sports goods	10 % ad val.	20 % ad val.	500
Beverages, cordials, etc.	20 % ad val.	4/- per imp'l. gallon	500
Tea	40 cts. per lb.	50 cts. per lb.	250
			£ 7,250

(In addition (a) a suspended duty of Shs. 150 per one hundred lbs. will be imposed on wheat in the grain, and the existing suspended duty of Shs. 150 per one hundred lbs. on otherwise prepared wheat, will be doubled. (b) A suspended duty of Shs. 2 per one hundred lbs. will be imposed on rice, and (c) various alterations will be made in the sugar duty. It is stated that no alteration in the total revenue yield is anticipated from these measures).

Amended by the committee which can be introduced in the next session of parliament with the consent of the Legislature.

Tanganyika has agreed to these proposals, with certain exceptions. The Governor is in communication with Uganda, and there is no reason to anticipate objection from them.

II. EXCISE DUTIES.

<u>Subject</u>	<u>Rate of duty</u>	<u>Yield</u>
Sugar	£1 per ton	£ 11,000
Tea	10 cts. per lb.	3,500
Beer	Increase from £1 to £2 per standard barrel	2,000
Tobacco	75 cts. per lb. on cigarettes; 50 cts. per lb. on tobacco	500
	Total	£ 17,000

Tanganyika

30050/31.

LB

23

TELEGRAM from the Secretary of State for the Colonies to the Governor of the Tanganyika Territory.

(Sent 5.30 p.m., 23rd September, 1931.)

Confidential. No. 310.

Your despatch 15th August Confidential 2, while recognising difficulties as to income tax I am not satisfied that they are insuperable and must ask that further consideration be given. Glad if you will consult Governor of Uganda as to lines on which question being approached there.

In the meantime on the understanding that you are satisfied that your proposals can be imposed with general fairness and will produce sum required for emergency I approve them subject to consideration of steeper graduation of poll tax on higher incomes say above £500. Also not clear why flat rate over £1000 is continued graduation impracticable.

2C
22

Telegram from the Governor of Tanganyika to the Secretary of State for the Colonies.

Dated 30th October. Received at 10-3am 30th October 1931.

No 341 Confidential.

Your telegram No 318 Confidential and my telegram No 305 Confidential. Am introducing Ordinance as suggested by Uganda empowering Governor in Council to make orders for any period not exceeding one year for payment of taxes not more than 10 per cent on official salaries. Taxes imposed here will be 5% as from 1st January which is in line with Kenya proposals.

Am fully satisfied that income tax is not feasible in Tanganyika at present and understand that Kenya view is similar.

Intent proceeding with graduated poll tax in Tanganyika. Tax is not considered suitable in Kenya and Uganda for local reasons but our circumstances differ and they agree that poll tax is domestic matter. Details are under consideration and will be communicated later.

415
ALLY WITHOUT REASSIGNING
PUBLIC RECORD OFFICE, LONDON

He does not say whether the Colony can carry on with this increased deficit of £131,300. It might be possible to reduce ^{the} working capital allocation by £40,000 and that for unallocated stores by say another £10,000 (it has already been reduced by £15,000 in the last year); but this would still leave a deficit on surplus balance account of £81,000.

Possibly the Governor is contemplating borrowing from the Crown Agents, but it would seem doubtful whether they would be prepared to agree. Possibly he intends to use unspent balances of loans.

The Governor is budgeting for a surplus of £55,000 during 1932. Assuming that the £20,000 of temporary famine relief is recovered during the year, that would mean that the adverse balance on surplus account would just about be wiped out by the end of the year.

*He may think so -
but has been
warned as to
of reserves
sec'd
1932*

*I have seen a
suggestion for
uniform financing
from unspent loan
monies but have
been unable to
trace it with
any certainty*

Quinton

21.3.32

20

Note as to Kenya's financial position.

Surplus balances on the 1st January 1931 amounted to, £ 510,702

The Governor now says that there will be a net deficit on the year's working of, £ 200,000

Thus the surplus balances at the 1st January 1932 will amount to, £ 310,702

At present the following are the various allocations against the surplus balances:-

Working capital	£ 100,000
Unallocated stores	95,000
Advances to local authorities	10,000
Agricultural advances	100,000
Grain subsidy	35,000
Maize subsidy, 1931	82,000
Temporary famine relief expenditure	20,000

£ 442,000

£ 310,702

The allocation will thus be at the end of the year about £ 131,300 more than the existing surplus balances.

(No. 2 on 17302/31)

In August last the Governor said that he was satisfied that a deficit of £41,000 on surplus balance account would cause no embarrassment as the margin of working cash reserve and unallocated stores would more than cover the Colony's requirements.

that an arithmetical basis of calculation ignored many important factors, as to which he was clearly in the best position to advise the Government and that, following these discussions, I had deferred to his view on the matter.

6. As His Excellency is aware, the Elected Members have this year spent many weeks examining the Draft Estimates in detail and the draft estimates of Revenue have come under very close scrutiny. Friday was the third consecutive day on which I had been subjected to close questioning on these and other financial matters and I was labouring under a heavy strain, both by reason of the character of the cross-examination, which was very incisive, and also because, having been in indifferent health and under medical treatment for some time; the strain of Select Committee over more than two months, coupled with the many other urgent and important matters with which I have had to deal during this period, and following eighteen months of abnormal conditions, had brought me to the verge of collapse. That I was approaching this condition I mentioned both to you and to His Excellency within recent weeks.

7. When, therefore, I found myself taken up on a question regarding Customs estimates in a direction I had not anticipated, I found myself unable to complete the original argument on which I had embarked.

8. I cannot sufficiently express my regret for what has happened but would mention that for nine months past I have been under medical treatment for anaemia, indigestion, and insomnia; for weeks past I have, under medical direction, been taking bromides in order to get some sleep, often without success. Pressure of work has for long precluded adequate exercise and recreation. On the morning of Friday last I was feeling particularly unfit, having fever, and should not, in normal circumstances, have left my bed.

CONFIDENTIAL.

The Hon.
The Colonial Secretary.
NAIROBI.

Will you be so good as to inform His Excellency that what took place on Friday morning last was what I have been fearing for some time past might happen, namely a nervous break-down, but it occurred at a most unhappy moment and left an entirely erroneous impression.

2. My recollection of the details of the discussion is indistinct. Mr. Stooke's note seems to me to be very incomplete but to give an accurate general view with no atmosphere.

3. I have asked Mr. Chamberlain, of my Department, who was present, to set out his recollection of what took place and this I enclose. It seems to me a more adequate representation than Mr. Stooke's, but you and the Attorney General will be able to check it up.

4. Under a severe cross examination, with continual interruptions, words frequently put into one's mouth that one had not used, misinterpretations, etc. I set out to endeavour to explain the procedure regarding the preparation of the revenue estimates in the hope of making the position clear and unmistakable.

5. What I said in regard to the Customs Estimates was that I agreed with the revised total estimate of £750,000 and that the Treasury, working some months ago on the basis of actual collections of Customs revenue for previous months - which was a method equally open to Elected Members - had actually arrived at a figure of £740,000 and had been unable to see any prospect of Customs revenue for 1932 exceeding that figure. Here I was interrupted and at this point I broke down. I had intended to add that after close discussion with the Commissioner of Customs, who made a special visit to Nairobi for the purpose, I found him satisfied that...

that...

MOON
NOV 1932
C.T.F.

This, as at present advised, I propose to resist, for it would mean considerable additional retrenchments and closing down of services. Also it would mean more taxation which the Colony can ill stand at the present time. As I have frequently stated in my public addresses a Budget is not immutable. If circumstances warrant the Government can take ad hoc action to meet anything unforeseen which may arise after the Estimates have been passed. It is, in my judgment, sounder to fix on a safe estimate based on the figures supplied by the best local experts available than to take too pessimistic a view and to cut the Government machine to bits before it is necessary, there being a strong probability that it never will become necessary.

Now what I am leading to is this. On Friday Rushton was so badgered and heckled by Delamere in Committee and he without thinking said he thought originally that the figure £866,000 was too high. They gave him no time to explain himself and insisted that this should be recorded. The real fact was that about the beginning of July he had formed this opinion, but after a long consultation with Walsh and the Treasurer of Uganda he wrote to me officially recording his definite opinion that the estimate £866,000 was fair and reasonable. The truth is that he has had a complete nervous breakdown and when I saw the state he was in I immediately ordered him away to the Coast to take a rest. (I enclose a copy of a letter from him which shows what a state the unfortunate fellow is in).

The...

The conclusion I have come to after this recent experience is that never again should this system of putting all the elected members on Select Committee be allowed and I do trust that the Secretary of State will take the same view. So strongly do I feel about it that I would most earnestly ask the Secretary of State himself to see the Attorney General when he arrives home in January. I have directed him to call at the Colonial Office on his arrival.

Don't be alarmed over these discursive letters: we are all quite cheerful but I want you to know the trend of affairs. No doubt we shall have another good row next month but it is clear that someone has got to govern and it is equally clear to me that the people as a whole would rather be governed than see power transferred to a noisy and irresponsible body of more or less professional politicians.

Yours sincerely,

Sir W. C. Bottomley, K.C.M.G., C.B.
C.B.E.
The Colonial Office,
LONDON, S.W. 1.

GOVERNMENT HOUSE,
KENYA
EAST AFRICA
28th October, 1931

My dear Bottomley,

I think it desirable to let you know privately about the Select Committee on the Estimates. The Committee is still sitting: mainly owing to the verbosity and irrelevancy of Delamere who has throughout taken up a bullying attitude towards officials. It has practically done nothing towards reducing the Expenditure Estimates but its elected members seem determined to do something that will prove embarrassing to the Government. Writing from memory the Customs Estimate passed last December amounted to £953,000. The Estimate I put forward in August was £866,000, but with adjustments for Consumption Tax, etc., it should be reduced to about £816,000 for comparison with the £953,000. Having regard to the crop reports calculated on Locust damage, Walsh reduced his estimate to £750,000 (or £700,000 for purposes of comparison) being a reduction of over a quarter of a million on the estimate passed last November. As you know he is very experienced and he takes into consideration local and Inter-colonial trade, etc: he sticks to this figure and intends to defend it in Council. Rushton and the Acting Colonial Secretary both entirely agree with it. I may add that so do I. We propose to work our Budget on this figure and show a surplus of about £42,000. Now Delamere has got his brother members to insist on a further £75,000 reduction.

This...

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AND SOUTHERN
AFRICA
LONDON

levy on the above lines, but if you consider that it involves any insuperable difficulty or hardship out of proportion to the emergency you should report at once.

Shall be glad to receive your views on further economies possible to make up £120,000 asked for by Treasury.

30250/31.

TELEGRAM from the Secretary of State for the Colonies to the Governor of the Tanganyika Territory.

(Sent 9.30 p.m., 11th November, 1931.)

No. 372. Confidential.

Your telegram No. 341 confidential financial position under discussion with Treasury who consider that expenditure in 1932-3 should be reduced by another £120,000 in addition to the saving of £140,000 on 1931-2 estimates already contemplated. They deprecate additional taxation as likely to reduce trade. I agree. On other hand sacrifices by Civil Service bear no proportion to those made here since 1st January 1926 and Treasury feel that they cannot defend any form of assistance unless economies approximate in scale more nearly to those in this country and, in particular, amount obtained by levy on emoluments excluding Railway posts should be at least £65,000. Regret that I must ask you to aim at a revision of levy so that including poll tax on officials it reaches that figure. I hope you may find it possible to continue abatements in respect of families, but would suggest for your consideration that abatements should take the form of exempting a proportion of salary subject to a maximum amount. In explanation but not as a suggestion exemption for wife might be one half salary with ^{minimum} exemption £200. Railway employees should be treated on similar lines. In a temporary measure to meet emergency do not regard uniformity with neighbouring territories as essential. Hope you will be able to arrange for

levy

include abatements for families and suggest

for tax considerations
that abatements should take form of exempting

a proportion of salary subject to a ~~maximum~~ *max* amount.

In explanation but not as suggestion exemption *for wife*

might be one half salary with ~~minimum~~ *maximum* exemption of \$200.

Similar suggestion made to T.T.C. Also suggest to you as

High Commissioner that same principle should be

adopted in dealing with transport salaries. Please

repeat immediately to Governor of Uganda.

O. O.

U.

Mr. Tomlinson 12/11
Mr. Bottomley 13/11

K.17302/B/31; Kenya.

Order sent 3:30p 13/11/31

h8c

x O. Tomlinson 12/11

x Sir O. Bottomley 13/11

Sir J. Shuckburgh.

Sir G. Grindle.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

CONSON.

See summary Tel to Bottomley 1/12

SECRET AND PERSONAL.

DRAFT TELEGRAM

GOVERNOR,

NAIROBI.

Your telegram 2nd November, in case of T.T. Treasury have deprecated additional taxation as likely to reduce trade and I have agreed but if you and Gov. of Uganda as regards customs duties - are satisfied that estimated revenue from proposed measures can be obtained without detriment to trade generally I am prepared to acquiesce even at sacrifice of uniformity with T.T. which I do not regard as essential in temporary measures to meet emergency. As regards salary levy (a term which I prefer to tax) I agree to proposed measure and do not consider that uniformity of rate between neighbouring territories is essential. I hope however that you may find it possible to include

Copy for S. Dept. 18/11/31

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PROPERTY AND PAPERWORK OF THE PUBLIC ADMINISTRATION OFFICE, LONDON

12 6

PARAPHRASE TELEGRAM from the Governor of Kenya to the
Secretary of State for the Colonies.

Dated 16th November, 1931.

(Received Colonial Office 8.20 a.m. 16th November, 1931)

URGENT

Confidential. Personal.

Following for Wilson. Contents of Secretary of State's telegram of November 13th Secret and Personal are very perturbing and I am in communication with Eyles and Gowers on the subject. The Customs and Excise proposals were framed after exhaustive investigation by Commissioners of Customs and the Treasurers the paramount consideration being equalisation of benefits and maintenance of unrestricted trading. I am unable to understand attitude of Treasury as an examination of detailed proposals will show that the very minor increases in taxation will not be in restraint of trade and will be of definite financial advantage to Tanganyika especially as regards safeguarding of local Rice Industry and excise allocations. Walsh who is now with me is definitely of opinion that separate action is impossible as scheme is essentially a co-ordinating one and he recommends that we must postpone all further action if Tanganyika Territory drops out. This will entirely upset my Budget which will shortly be presented to the Legislative Council. I am sure that you realise the difficulties I have to contend with and I hope you will do what you can to assist me. In my submission so far as these particular measures are concerned Treasury fears are entirely unfounded.

Byrne.

Mr. Allen 16/11
Mr. Green 16/11
Sir C. Bottomley 16.11
S.H.W. at once 17.11.31

7
11

17302/D/31 Kenya

● PARAPHRASE TELEGRAM from the Secretary of State for the Colonies to the Governor of Kenya.

(Sent 6.45 p.m., 17th November, 1931.)

Immediate.

Confidential and Personal.

(5) Your telegram 16th November.

Following from Wilson. I do not know whether necessity for further cut in salaries may not have effected Symes' original acceptance of proposed taxation, but if he is still prepared to accept the extra taxation which you propose neither Secretary of State nor Treasury will raise any objection to it. Symes may be informed accordingly.

for conson. v. minutes

10
10

1953
194

C. O.

17320B/31 Kenya.

Mr. Allison *16/12*

Coded and sent 12.30 p.m. 18/XII/51 G.C.G.

Mr.

NO 371

Your telegram No. 370. Please

Mr.

Mr. Tomlinson.

see paragraph 7 of enclosure to my

Sir C. Bottomley *17/12*

despatch of 20th October No 719.

Sir J. Shuckburgh.

(40 on 25020/A/E.A.)

Sir U. Grindle.

Same principle will have to apply to

Perm. U.S. of S.

Governors' Conference and Meteorological

Party, U.S. of S.

Secretary of State.

for conson v. minutes.

As regards latter must avoid double levy

DRAFT Telegram.

Authority should be taken for payment

Governor Nairobi.

out of the receipts and details

settled at the Governors' Conference.

SECEP

*out of receipt to the service
concerned subject to
adjustment to be settled*

EXTRACT from a telegram from the Governor of Tanganyika
to the Secretary of State for the Colonies.
Dated 18 November, 1931. Received at 3.32 p.m. 18 Nov. 1931.

No. 357 Confidential.

Have carefully considered in Executive Council alternative proposal for levy on official salaries. Agreed with Kenya that abatement not advisable for reason advanced, because an abatement must lead to additional impost on other officers in order to attain sum required.

Am introducing Bill 4th December giving Governor in Council powers to impose levy up to 10 per cent of official salary with effect from 1 January and under this an imposing scheme of tax on all salaries exceeding 70/- per month of following amounts 5% on the first £400 7½% on excess of all salaries over £400 up to £920 10% on excess of all salaries over £920. This should bring in approximately £46,000 from territory and £18,000 from Railway in full year.

I propose also to introduce with effect from 1st April non-native poll tax in substitution for Education Tax which will be equivalent to roughly further 1% levy on all official salaries and will bring in from territory officials about £8,000 and from Railway officials about £2,200 per annum.

Total annual contribution from officials under both schemes will therefore be about £54,000 territory and £15,200 Railway and in view of reduced staff abolition and reduction of allowances rise in cost of living owing to abandonment of gold standard taxation etc. commitments of officers with dependents in England I am strongly of opinion that higher imposition is not justifiable. Will report as soon as possible maximum economies for next budget.

Mr. Green

You will see that the
Kenya Bill passed specifically
includes the meteorological
service in the department of
public service & forests (19)
In the proceeds to be paid to
the general revenue

W. Allen

12/11/31

W. Allen 16/11/31

Sir ~~Green~~

no 40 26020A/31

Plain in para 7 of the despatch of
20 October last about Amami finance. It was
laid down that in an institution such as Abriam,
maintained by joint contributions, the proceeds should
be credited to the funds of the institution and
not wholly to the revenue of the taxing Govt.

Kenya has had a copy of this
despatch and must not be allowed to keep for
her own purposes the levies made on the
salaries of the employees of other Governments.
The proper course is to pay the sums
received from the salary tax on meteorological
affairs, whether in Tanganyika or Kenya, into
the fund of the service and reduce all

other hand, Sir S. Symes may have considered, or wish to reconsider, his opinion, in view of the necessity for further cuts in salaries which he had originally contemplated.

? Reply as in draft herewith.

Stratton

16/11/31

Mr. Symes

16.11.31

Sr. Stratton

Legue

16.11.31

17.11.31

17.11.31

To Gen. Sec. Pen. Dept. No. 10.0.10.10 - 17th Nov 31

Kenya

17/11/31

17/11/31

DESTROYED UNDER STATUTE

Kenya - 17/11/31
Central Tax Amendment, Beer Amendment, Excise Duty & Excise Duty Agreement Bills passed all stages 4th December

Kenya - 17/11/31

17/11/31

17/11/31

DESTROYED UNDER STATUTE

Kenya - 17/11/31
Petition No. 10.0.10.10 has reference to No. 2

Sent for info only.

? party

17/11/31

By way of before introduction simultaneous

8/11/31
7.02

Note to be
reconsidered
copy of this
17/11/31

17/11/31
17/11/31
17/11/31

UN

(Without committing him in any way, I may mention that I have had some talk with Sir C. Gottsbale about this)

W Allen
5/11/31

Sir C. Batterley
It seems to me to be so important to ensure the greatest possible uniformity in the 3 Colonies as regards salary cuts and/or income tax that I suggest - even at the cost of a possible delay - we should have a discussion with the heads of the Dept. concerned.

W.A.L.

5/11/31

W.A.L.
7/11/31

It has been discussed in America with the P.F. proposals of Sabach a copy of that tel sent to P.F.

I submit staff to be Kenya which I hope is sufficient self explanatory without further mentioning

W.A.L. 12/11/31

The further talks for Sir Moyne & Sir Spence added since these minutes were written W.A.L.

The tel to P.F. was diff. by hand of W.A.L.

See also 4/11/31
21/11/31 below

The difference between 2/11/31 & 5/11/31 is help to clear up the confusion as regards the position. I do not think the committee should be surprised, as a result of the budget the matter can be dealt with in a certain number of cases. It will not be dealt with in P.F.

W.A.L.
13/11/31

4. To P.F. - Tel 3/11/31 - 1/11/31
Sent on 2/11/31

5. To P.F. Kenya - Tel 12/11/31
Sent to P.F. (Revised to Kenya)

6. Gov. Kenya - Tel. Personal & Confidential. 16th Nov. 1931

I am greatly perturbed at contents of No. 5, in communication with Govs. Uganda & Tanganyika. Feels that minor increases in taxation will not be a restraint of trade and will be of definite financial advantage to T.T. Treasurer, Kenya, recommends, as scheme is essentially a co-ordinating one, that if T.T. drops out, Kenya must postpone all further action, which will upset Budget shortly to be presented to Legis. Council.

This has been discussed. As regards Tanganyika, the Treasury did not raise any objections with regard to these specific proposals for additional taxation which were, in fact, not before them at the meeting. In any case, the effect in Tanganyika will be slight. If Sir S. Symes is still prepared, as he was originally, to impose these duties, there is no reason to object nor to consult the Treasury, who, I understand, would not wish to interfere as regards details of this kind, if the local view is that the taxation will not be detrimental to trade. On the other

1/11/31

of the poll tax, both proposals were approved by the Secretary of State in a telegram, of which a flimsy is attached as 2B. It will be seen that the Secretary of State in approving said that while he recognised the difficulties of an income tax, he was not satisfied that they were insuperable, and asked that further consideration should be given after consultation with Uganda.

It would now appear from the Report of the Conference, and the telegram No. 341, a copy of which is attached as 2C, that Tanganyika are sticking to the graduated poll tax, but are proposing a 5 per cent cut in salaries of 22 a month or more. The Governor remains of the opinion that an income tax is not feasible.

The main paper are in circulation

(3) Uganda propose to institute an income tax in 1933, and are setting about at once collecting the material on which to base it. An Income Tax (Returns) Ordinance is being passed. The Governor and the Treasurer are strongly against a salary cut in Uganda - see (1) on 2114072/31 below. Uganda have no urgent need of the money that would accrue from a tax on salaries during 1932, but can afford to wait for an income tax in 1933. They consider an income tax much fairer, and they are afraid that a cut in salaries in Kenya will be more or less a permanent one; local officials ^{here} are pressing for a permanent reduction of 10 per cent.

(4) It is admitted that a cut in salaries is not strictly equitable, but in the case of Kenya and Tanganyika, the overriding necessity

is to get more money with the minimum of delay. Both countries are virtually on the rocks having more than exhausted their free disposal surplus. Uganda, on the other hand, still have a free disposal surplus of three-quarters of a million, and the Governor is optimistic regarding the effect of going off the gold standard on the revenue for 1932.

The question is therefore - in these circumstances, is Uganda to be forced to come into line with Kenya and Tanganyika?

(5) On this the following remarks may be made:

(a) The Uganda Retrenchment Commission were not very keen about an income tax. It was strongly opposed by the unofficial members of the Commission, who considered that it would be definitely unwise to introduce it in Uganda unless it were also introduced in Kenya and Tanganyika (page 12 of the Report - copy below).

(b) Other things being equal, uniformity between Kenya, Uganda and Tanganyika is clearly desirable, even if not essential.

(c) Kenya and Tanganyika are forced by circumstances to a cut in salaries; if Uganda do not fall into line difficulties will arise over the staff of the following services common to two or more territories:

V. A. S.
Posts and Telegraphs
Customs Department

(a) The Kenya proposals will not cover Railway staff, but the Governor says that separate action is going to be taken regarding the Transport Administration, and we know that unofficials are pressing for an economy of £50,000 on railway salaries. ^{it could be argued that it} It would be a little

Sir J. Byrne
(Kenya)

Personal &
Confidential

20th October

Transmits Report of a meeting of the
Treasurers and Customs Commissioners of the
three Territories. Expresses wish as to a
general instruction to Coms. regarding temporary
reduction of salaries.

2 Govt Kenya

Tel
Secret & Personal,

2nd November, 1931

Submits for approval proposals to introduce
measures estimated to secure a surplus of approx.
£56,000. Requests reply by telegram.

3.

*Sir J. Byrne Personal Conf. — 28. October. 1931.
Relates to the decision of the Select Committee on the Estimates*
I attach a summary of the proposals

(No. 2A).

I. No doubt there will be strong objection
locally to the proposed increases in taxation, but
they seem not unreasonable in the circumstances -
the money is certainly required badly enough - and
no points arise requiring detailed consideration.

It must, of course, be realised that as regards the
Customs duties, approval for Kenya involves approval
for Tanganyika and Uganda as well. Tanganyika agree
to the proposals, and there is no reason to suppose
that Uganda will have any objection.

II. The important question is that of a
"salary tax" with which is involved the question of
an income tax.

(1) Please see the summary of previous
correspondence on this subject, FLAG A on 1774/A/31
below. Since that summary was prepared, it is
understood that the Ceylon proposals have been
definitely approved.

- (2) Tanganyika originally proposed:-
- (a) a graduated poll tax which was, in effect, a
somewhat crude form of income tax on certain classes
of income;
 - (b) a 6 per cent cut in salaries of £200 a year or
more.

Subject to comments on the graduation
of

The paper will include

*All salaries
raised over
£200 per year*