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10. The majority of the Select Committee on the Bill recommended the amendment of Clause 7 sub-clause (1) in such a manner as

(a) to increase the fee payable by wholesalers (not importing or exporting) from Shs.200/- to Shs.300/- the latter fee being payable on each place of business;

(b) to increase the fee payable by a retail trader from Shs.300/- to Shs.450/-, the latter fee to be payable in respect of each place of business. A proviso was added to the effect that the fee payable should be Shs.30/- for small businesses with a stock not exceeding £150.

The Indian Member of the Select Committee dissociated himself from these recommendations on the grounds that such increased fees would bear hardly on a number of Indian Merchants and traders.

The reasons for the Select Committee recommending these alterations in the original fees were as follows:-

The fee of Shs.200/- for the principal place of business and Shs.100/- for each branch of a wholesale firm not importing or exporting was so low, being actually less than the fee of Shs.300/- payable under the Traders Licensing Ordinance that it was felt both by commercial witnesses representing the Nairobi Chamber of Commerce, and by the Commissioner of Customs, that there was a risk that importing and exporting would be bulked

through

16
through an indent house and revenue be thereby lost.

As regards retail traders the difficulties were that some of the largest commercial concerns in the Colony carry on retail business only, and would therefore be contributing no additional revenue, and that many retail traders, particularly in the Indian Bazaars, regularly imported in small quantities sometimes even by parcel post. The fixing of a small licence of Shs.30/- for retail traders who did not import, most of whom under the repealed Ordinance paid Shs.300/- a year, would not only involve the loss of a considerable amount of revenue but would tend to put a stop to small importations and so adversely affect the custom of the bazaar trade.

As the object of this new measure was to raise additional revenue it was felt that no undue hardship would be caused if the existing fee of Shs.300/- were increased to Shs.450/-, irrespective of whether a retail trader imported goods or not, subject to a proviso fixing a fee of Shs.30/- for the petty trader.

The recommendations of the majority of the Select Committee were adopted and are reflected in the Ordinance.

11. Since the third reading of the Bill on the 12th August protests against the increases

of the fees referred to above have been made by representatives of the Indian commercial community.

These representations will be carefully considered and I shall, if necessary, address you further on the subject at a later date.

12. As you are aware from the Addendum to the Report of the Alternative Revenue Proposals Committee the estimate of that Committee of the additional revenue to be derived in a full year from this taxation amounted to £31,000. In the light of the amendments to the original Bill which have been incorporated in the Ordinance, the Treasurer estimates that the additional net revenue to be derived from this measure will be:-

In a full year.....	£31,000.
In 1933	£16,500.

A Landing Tax on Passengers.

13. The Bill which was drafted to impose a Tax on Passengers landing in the Colony was forwarded to you under cover of my despatch No.430 of the 10th July, 1933. The motion for the second reading was carried on the 4th August and the Bill referred to the same Select Committee as the Non-Native Poll Tax Bill. At that time it had been ascertained that neither the Governments of Uganda nor Tanganyika Territory proposed to introduce similar legislation. In addition it had been

necessary

of the fees referred to above have been made by representatives of the Indian commercial community.

These representations will be carefully considered and I shall, if necessary, address you further on the subject at a later date.

12. As you are aware from the Addendum to the Report of the Alternative Revenue Proposals Committee the estimate of that Committee of the additional revenue to be derived in a full year from this taxation amounted to £31,000. In the light of the amendments to the original Bill which have been incorporated in the Ordinance, the Treasurer estimates that the additional net revenue to be derived from this measure will be:-

In a full year.....	£33,000.
In 1933	216,500.

A Landing Tax on Passengers.

13. The Bill which was drafted to impose a Tax on Passengers landing in the Colony was forwarded to you under cover of my despatch No. 430 of the 10th July, 1933. The motion for the second reading was carried on the 4th August and the Bill referred to the same Select Committee as the Non-Native Poll Tax Bill. At that time it had been ascertained that neither the Governments of Uganda nor Tanganyika Territory proposed to introduce similar legislation. In addition it had been

necessary

necessary, as a result of pressure from those Governments, to agree to exempt from the operation of the Bill bona fide residents of Uganda and Tanganyika Territory in transit.

The effect of such a concession on the yield of the Tax was foreshadowed in my despatch under reference. In addition, the suggestion was made by Unofficial Members during the second reading of the Bill that if, in the light of the improved financial outlook, it was still considered necessary to proceed with the measure, it would be desirable to substitute an Exit Tax on Passengers for the proposed Landing Tax. The Select Committee reached the unanimous decision that an Exit Tax on passengers would be preferable to a Landing Tax, and for that reason did not proceed with the examination of the Tax on passengers Bill.

14. After taking into consideration the diminution of the original estimate of revenue to be derived from a landing tax on passengers which results from the exclusion of bona fide residents of Uganda and Tanganyika from its scope, and the administrative difficulties involved in operating the tax, I am of opinion that the wisest course will be not to proceed with its imposition. In reaching this decision I have borne in mind the general improvement in the financial condition of the Colony of which I informed you in my despatch

No. 480 of the 19th August, and particularly the considerable yield from the additional duties on certain classes of imports which were imposed by the Customs Tariff (Amendment) Ordinance, 1933, (vide my despatch No. 409 of the 3rd July 1933).

Should it be your wish, however, that a Tax on Passengers should be proceeded with on the grounds that it is one of the "alternative" revenue proposals, I would ask your favourable consideration of the proposal to substitute an Exit Tax on passengers for the landing tax. The yield of such an impost would be approximately the same as that of a landing tax: it would be less objectionable to the unofficial community and its effect, if any, would be rather that of a deterrent to leaving the country than discouragement to entering it.

A Package Tax.

15. The Imported Packages Bill as originally drafted was forwarded to you under cover of Mr. Wade's despatch No. 437 of the 13th July. After second reading the bill was referred to the same Select Committee as that appointed to consider the Non-Native Poll Tax Bill. The amendments recommended by the Select Committee whose report was adopted on the 12th August, are enumerated in the Attorney General's Legal Report on the Bill of which I enclose copies together with two authenticated copies.

of

of the Tax on Imported Packages Ordinance to which I assented, in the name of His Majesty, on the 25th August, 1923. I do not wish to amplify the remarks contained in the Legal Report.

16. You will observe that the Ordinance contains a suspending clause which will enable simultaneous action to be taken with Uganda or Tanganyika Territory, or with both these territories. I understand that the Government of Tanganyika Territory is prepared to introduce a package tax, and that the Government of Uganda is considering the desirability of introducing a similar measure.

In this connection I have noted the directions contained in paragraph 2 of your despatch No. 581 of the 7th August. Copies of the relevant papers are being supplied to the Secretary of the Governors' Conference, and the implications of the Tax on Imported Packages Ordinance will be discussed at the forthcoming Governors' Conference.

An Increased Tax on the Registration of Companies.
An Increased Stamp Duty on Bills and Promissory Notes.

17. I have informed you earlier in this despatch of the decision to impose the required taxation on the Share Capital of new, and

increases

of the Tax on Imported Packages Ordinance to which I assented, in the name of His Majesty, on the 25th August, 1933. I do not wish to amplify the remarks contained in the Legal Report.

16. You will observe that the Ordinance contains a suspending clause which will enable simultaneous action to be taken with Uganda or Tanganyika Territory, or with both these territories. I understand that the Government of Tanganyika Territory is prepared to introduce a package tax, and that the Government of Uganda is considering the desirability of introducing a similar measure.

In this connection I have noted the directions contained in paragraph 2 of your despatch No. 581 of the 7th August. Copies of the relevant papers are being supplied to the Secretary of the Governors' Conference, and the implications of the Tax on Imported Packages Ordinance will be discussed at the forthcoming Governors' Conference.

An Increased Tax on the Registration of Companies.
An Increased Stamp Duty on Bills and Promissory Notes.

17. I have informed you earlier in this despatch of the decision to impose the required taxation on the Share Capital of new, and

increases

increases in the Share Capital of existing Companies by means of an amendment of the Stamp Ordinance. I now enclose two authenticated copies of the Stamp (Amendment) Ordinance 1933 to which I assented in the name of and on behalf of His Majesty on the 25th August, 1933, together with copies of the Attorney General's Legal Report on the Bill.

The Bill, as drafted, was forwarded to you under cover of Mr. Wade's despatch No. 444 of the 14th July. After the second reading of the Bill on the 4th August it was referred to the same Select Committee as had been appointed to consider the Non-Native Poll Tax Bill. You will observe that under Section 3 of the Ordinance, which was inserted on the recommendation of the Select Committee a Stamp duty is imposed at the rate of 1/2% on the registration of a new Company or on an increase in the authorised share Capital of a Company already registered. In my despatch No. 423 of the 6th July, 1933, I informed you that I had concurred in the advice of my Executive Council that the tax on Share Capital of new, and increases in the Share Capital of existing Companies should be at the rate of one half per cent unless the Governments of Uganda and Tanganyika Territory were agreeable to the imposition of similar taxation at the rate of one per cent. In view of the facts that the Government of Tanganyika Territory was prepared to impose a tax at the rate of 1/2%, and that the imposition of tax at that rate was

under

under consideration by the Government of Uganda, I decided that it was desirable that the new taxation should be at the rate of one half per cent in this Colony.

18. The original estimate of the yield of the Taxation on the Registration of Companies at the rate of 1% as prepared by the Committee on the Alternative Revenue Proposals was £11,000 in a full year, while the increased Stamp Duties were estimated by the Committee to yield £7,000 in a full year.

With regard to the Registration of Companies the Registrar General anticipates that a tax at the rate of 1% should produce approximately £5,000 in a normal year, but adds that there has been a considerable movement to complete the registration of new companies before the new legislation comes into force and that this will materially affect the prospect of additional revenue accruing from this source in 1933 and 1934. He considers that it would be unwise to rely on substantial revenue from this tax being received until 1935 or later.

With regard to the revenue from Stamp Duties on Bills of Exchange and Promissory Notes you will observe from previous correspondence that whereas the Alternative Revenue Proposals Committee initially estimated a yield of £7,000, a later estimate, prepared departmentally, indicated a yield in a full year of £1,000. This lower estimate rests on the assumption that the

result

result of the new taxation will probably be to increase the number of 60 day bills, for which no increase in Stamp Duty is proposed. The Treasurer is of the opinion that it is reasonable to suppose that some such tendency will manifest itself when the new legislation takes effect and that for present purposes it would be preferable to accept the departmental estimate anticipating a yield in a full year of not more than £1,000.

19. As regards the additional revenue likely to accrue from these measures it will be remembered that the Alternative Revenue Proposals Committee estimated a total additional revenue of £111,000 in a full year from the imposition of taxes and licences recommended by it for further consideration. The Committee estimated that additional revenue of £101,500 would accrue from those of its suggestions which have now become law, this estimate excludes the proposed Landing Tax. It will be seen, however, from preceding paragraphs that the Committee's original suggestions have not been retained in detail in the consequent legislation and that revised estimates of resultant additional revenue have therefore had to be prepared. On the assumption that the Tax on Imported Packages Ordinance will be duly brought into force by Proclamation, it is now anticipated that in a full year additional revenue to the amount of £80,000 will accrue to the Colony, made up as

follows:-

result of the new taxation will probably be to increase the number of 60 day bills, for which no increase in Stamp Duty is proposed. The Treasurer is of the opinion that it is reasonable to suppose that some such tendency will manifest itself when the new legislation takes effect and that for present purposes it would be preferable to accept the departmental estimate anticipating a yield in a full year of not more than £1,000.

19. As regards the additional revenue likely to accrue from these measures it will be remembered that the Alternative Revenue Proposals Committee estimated a total additional revenue of £11,000 in a full year from the imposition of taxes and licences recommended by it for further consideration. The Committee estimated that additional revenue of £101,500 would accrue from those of its suggestions which have now become law, this estimate excludes the proposed Landing Tax. It will be seen, however, from preceding paragraphs that the Committee's original suggestions have not been retained in detail in the consequent legislation and that revised estimates of resultant additional revenue have therefore had to be prepared. On the assumption that the Tax on Imported Packages Ordinance will be duly brought into force by Proclamation, it is now anticipated that in a full year additional revenue to the amount of £80,000 will accrue to the Colony, made up as

follows:-

follows: -

	£
Non-Native Poll Tax Ordinance	31,000.
Licensing Ordinance.	33,000.
Tax on Imported Packages Ordinance.	10,000.
Stamp (Amendment) Ordinance:-	
(a) Registration of Companies.....	35,000.
(b) Stamp Duty on Bills of Exchange etc.....	1,000.
	6,000.
	£80,000.

In respect of the current year it is estimated that £30,000 additional revenue will accrue from the Non-Native Poll Tax Ordinance and £16,500 from the Licensing Ordinance. It is not possible to estimate the additional revenue likely to be collected under the remaining Ordinances but the amount is expected to be small.

20. I am advised that little, if any additional cost will be incurred in collecting any of the additional revenue with the exception of the Graduated Non-Native Poll Tax. The Treasurer is of the opinion, however, that additional staff will be essential to the collection of the Graduated Non-Native Poll Tax. With this end in view I have in mind the formation of a Central Revenue Office as a branch of the Treasury, which would absorb the branch which in 1932 started collating information for a

revenue

revenue registry and would specialise in recording information from the whole Colony relating to Non-Native Poll Tax, collect the tax in Nairobi and vicinity and gradually assume responsibility for the collection of other taxes and licences in Nairobi and possibly elsewhere. The institution of such a Central Revenue Office has occupied the attention of this Government over a number of years and I am of opinion that, apart from the imposition of a Graduated Non-Native Poll Tax, the time has come when the collection of various taxes and licences should be co-ordinated.

The Treasurer estimates that the additional cost in 1934 of a Central Revenue Office on the above lines would be between £5,000 and £5,500. The additional cost for the remainder of 1933 is estimated at £2,430.

21. Further copies of the Ordinances, as now transmitted, will be forwarded in the usual manner under separate cover.

I have etc,

(sgd) H. N. M. Moore.

ACTING GOVERNOR.

10A 26

TAXATION ON REGISTRATION OF COMPANIES.

The proposal in the report of the Alternative Revenue Proposals Committee is:-

"That in place of the present graduated scale, a tax of 1% should, on registration, be imposed on the nominal capital of a Company registered in Kenya. The tax should apply to any increase of nominal share capital made after the new scale comes into force."

Yield. "Although it is extremely difficult to make any close estimate, the revenue which would result may be estimated, on a conservative basis, at £7,000 in 1933, and £11,000 in a full year."

4012/1933
EA

In his despatch No. 398 of the 7th of June to Kenya the Secretary of State said - "In my view this tax should be in addition to and not in substitution for, the existing scale of registration fees."

The Executive Council and Sub-Committee are unable to recommend that any additional taxation on nominal capital should be additional to existing taxation. "Such a combined rate would be so heavy that Companies might prefer to register in the United Kingdom or elsewhere outside Kenya."

They recommend that a tax of 1% be imposed on the nominal share capital of a new Company and a tax at the same rate on any increase of authorized capital. (This, of course, to be in addition to the stamp duty of £4 on the Memorandum and Articles of Association of a Company which is payable under the Stamp Ordinance. Cap. 57.)

Their

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Their argument for $\frac{1}{2}$ % instead of 1% is that the English Finance Act of 1933 reduced the tax on registration from 1% to $\frac{1}{2}$ %, and that Uganda and Tanganyika would probably agree to legislation for a tax of $\frac{1}{2}$ %.

The O.A.G. has approved the recommendation, subject to a rider that if Uganda and Tanganyika agree to a 1% tax the law in Kenya should be amended to impose a tax at the same rate.

It is proposed to introduce the new taxation by amending the eighth schedule to the new Companies Bill which is still in Committee stage. A copy of the Bill is registered on 3026/30. Main file.

77

Their argument for $\frac{1}{2}$ % instead of 1% is that the English Finance Act of 1933 reduced the tax on registration from 1% to $\frac{1}{2}$ %, and that Uganda and Tanganyika would probably agree to legislation for a tax of $\frac{1}{2}$ %.

The O.A.G. has approved the recommendation, subject to a rider that if Uganda and Tanganyika agree to a 1% tax the law in Kenya should be amended to impose a tax at the same rate.

It is proposed to introduce the new taxation by amending the eighth schedule to the new Companies Bill which is still in Committee stage. A copy of the Bill is registered on 3026/33, Main file.

AIR MAIL

KENYA
No. 423



GOVERNMENT HOUSE
NAIROBI
KENYA

RECEIVED
17 JUL 1933
C. O. REGY

8th July, 1933.

Sir,

4012/s/33
EA
copy below
4012/s/33
EA
copy below

I have the honour to refer to paragraph 13 of your despatch No. 397 of the 7th June regarding the steps to be taken to restore the financial position in this Colony and to paragraph 4 of your despatch No. 398 of the same date conveying your views on the first recommendation in the Report of the Alternative Revenue Proposals Committee relating to taxation on the registration of companies.

2. On receipt of your despatch a sub-committee of my Executive Council was appointed to prepare the necessary draft Bills, and a copy of the sub-committee's report on the proposed companies taxation is now enclosed from which it will be seen that the sub-committee found itself unable to recommend that any increased taxation on the nominal capital of companies should be additional to existing taxation as it was considered such a combined rate would be so heavy that companies might prefer to register in the United Kingdom or elsewhere outside this Colony, and further that in view of the fact that the English Finance Act of 1933 has recently reduced the tax on registration from 1% to 2% on the nominal capital, and that it is probable that the Governments of Uganda and the Tanganyika Territory would agree to

similar,

THE SECRETARY.

MAJOR SIR PHILIP CUMLIFFE-LISTER, F.C.S., SECRETARY,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET, LONDON, S.W.1.

similar legislation at the latter rate, it is recommended the law should be amended to impose taxation at the rate of 2% only.

It is, however, recommended the proposed new taxation should be in addition to the Stamp duty of £4 on the memorandum and articles of association of a company which is payable under the Stamp Ordinance.

The sub-committee's report was considered in Executive Council on the 30th June when I concurred in the advice of Council that the sub-committee's recommendations should be approved subject to a rider to the effect that if the Governments of Uganda and the Tanganyika Territory were agreeable to the imposition of similar taxation at the rate of 1% the law in this respect should be amended to impose a tax at that rate.

I have caused the Governments of Uganda and the Tanganyika Territory to be approached in the matter and copies of the relative correspondence are enclosed.

In the meantime it is intended to introduce the new taxation through the medium of an amendment in respect of the Companies Bill which has hitherto been the subject of separate correspondence.

Copies of this despatch are being sent to the Governments of Uganda and the Tanganyika Territory.

I have the honour to be,

Sir,

Your obedient, humble servant,

H. H. Wood

ACTING GOVERNOR.

June, 1933.

ALTERNATIVE REVENUE PROPOSALS.Taxation on Registration of Companies.

In accordance with the instruction contained in Executive Council Minute No. 294 of the 16th June, the following report of the sub-committee of Council appointed to prepare draft bills is circulated for consideration:-

"At the meeting of Executive Council on 16th instant a sub-committee consisting of the Treasurer, Captain Schwartz and myself as convener was appointed to consider the alternative revenue proposals in the light of the Secretary of State's despatches Nos. Kenya, 397 and 398 of 7th June, 1933, and to draft the necessary legislation to give effect to such proposals."

H/D 12/5/33
EA
H/D 12/5/33
EA

2. The sub-committee met in this office yesterday and desire to make the following representations regarding the proposed tax of 1% on the nominal capital of new companies or any increase in the nominal capital of companies already registered.

3. The proposal submitted to the Alternative Revenue Proposals Committee was for a tax of 1% in place of the present graduated scale. (Report page 4). This would have brought the tax on registration of a Company into line with the taxation at that time in force in England.

4. The Secretary of State in paragraph 4 of his despatch No. Kenya 398 expresses the view that the proposed tax should be additional to and not in

substitution/

substitution for the existing scale of registration fees.

5. The English Finance Act of 1933 has reduced the tax on registration from 1% to $\frac{1}{2}$ % of the nominal capital.

6. When the proposal to impose such a tax at the rate of 1% was originally made Uganda and Tanganyika were consulted. The Government of Tanganyika

expressed its willingness to impose a tax at the rate of $\frac{1}{2}$ % in lieu of the present rate of tax. We are informed that the Government of Uganda would also probably agree to a tax at that rate.

7. We are unable to recommend that any increased taxation on the nominal capital of companies should be additional to existing taxation. Such a combined rate would be so heavy that companies might prefer to register in the United Kingdom or elsewhere outside Kenya.

8. In view of the fact that the rate in England has just been reduced from 1% to $\frac{1}{2}$ % and of the probability that Uganda and Tanganyika would agree to similar legislation at the rate of $\frac{1}{2}$ % we recommend that the law be amended to impose a tax of $\frac{1}{2}$ % on the nominal share capital of a new company, and a tax at the same rate on any increase of authorised capital.

9. As the new Companies Bill has been referred to a Select Committee we suggest that proposed new taxation could most simply be imposed by the Select Committee recommending an amendment of the Eighth Schedule of that Bill.

10. The proposed new taxation would of course

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Oct 19

be payable in addition to the stamp duty of £4 on the memorandum and articles of association of a company which is payable under the Stamp Ordinance.

(Sgd.) - A. D. Macgregor

ATTORNEY GENERAL

Convener of Sub-Committee of Executive Council."

/A/NG. 20/4/6/24

6th July, 1965.

Sir,

I am directed to refer to paragraph 4 of the Secretary of State's despatch No. 598 of the 7th June, on the subject of the first proposal in the Report of the Alternative Revenue Proposals Committee that, in place of the present graduated scale, a tax of one per cent should, on registration, be imposed on the nominal capital of a company registered in Kenya, the tax to apply also to any increase of nominal share capital made after the new scale comes into force. Copies of this Report were transmitted to your Government under cover of my note S/D/LEG.CO.11/53 of the 27th May.

2. This proposal has now been examined by the Governor in Council in the light of the Secretary of State's despatch and His Excellency has concurred in the advice of Council to the effect

- (a) That any increased taxation on the nominal capital of companies should be in lieu of and not in addition to existing taxation;
- (b) That in view of the fact that the English Finance Act of 1965 has recently reduced the

tax/

THE HON.

THE CHIEF SECRETARY,

TANGANYIKA TERRITORY,

DAR-ES-SALAAM.

tax on registration from 1% to $\frac{1}{2}$ % of the nominal capital, and of the probability that the Governments of Uganda and the Tanganyika Territory would agree to similar legislation at the latter rate, the law should be amended to impose a tax of $\frac{1}{2}$ % on the nominal share capital of a new company and a tax at the same rate on any increase of authorised capital;

(c) That the proposed new taxation should be in addition to the Stamp duty of 2d on the memorandum and articles of association of a company which is payable under the Stamp Ordinance.

5. It was, however, further decided by the Governor in Council, in reference to paragraph 2(b) above, that if the Governments of Uganda and the Tanganyika Territory are agreeable to the imposition of this taxation at the rate of 1% the law in this Colony should be amended accordingly.

6. In this connection I am to invite reference to correspondence terminating with my letter No. S/P/TAX 2/1/4 Confidential, of the 25th February, 1938, and to ask whether your Government is still prepared to introduce legislation on the lines proposed and, if so, at what rate per cent it is intended the tax in the Tanganyika Territory shall be imposed.

A copy of the relative despatch to the Secretary of State is enclosed.

I have the honour to be,

SIR,

Your obedient servant,

A. DE V. WADE

ACTING COLONIAL SECRETARY.

tax on registration from 1% to 1/2% of the nominal capital, and of the probability that the Governments of Uganda and the Tanganyika Territory would agree to similar legislation at the latter rate, the law should be amended to impose a tax of 1/2% on the nominal share capital of a new company and a tax at the same rate on any increase of authorized capital;

(c) That the proposed new taxation should be in addition to the stamp duty of £4 on the memorandum and articles of association of a company which is payable under the stamp ordinance.

3. It was, however, further decided by the Governor in Council, in reference to paragraph 2(b) above, that if the Governments of Uganda and the Tanganyika Territory are agreeable to the imposition of this taxation at the rate of 1% the law in this Colony should be amended accordingly.

4. In this connection I am to invite reference to correspondence terminating with my letter No. S/S/TAX 2/1/6 Confidential, of the 26th February, 1958, and to ask whether your Government is still prepared to introduce legislation on the lines proposed and, if so, at what rate per cent it is intended the tax in the Tanganyika Territory shall be imposed.

A copy of the relative despatch to the Secretary of State is enclosed.

I have the honour to be,

Sirs

Your obedient servant,

A. DE V. WADE
ACTING COLONIAL SECRETARY.

6th July, 1938.

/N/RG.20/4/5/2D

Sir,

With reference to paragraph 4 of the Secretary of State's despatch No.393 of the 7th June, on the subject of the first proposal in the Report of the Alternative Revenue Proposals Committee that, in place of the present graduated scale, a tax of one per cent should, on registration, be imposed on the nominal share capital of a company registered in Kenya, the tax to apply also to any increase of nominal share capital made after the new scale comes into force, I am directed to transmit for the consideration of your Government the accompanying copy of a letter No.S/D/LEG. Co.11/35 of this date which has been addressed to the Government of the Tanganyika Territory.

Copies of the Committee's Report were transmitted to your Government under cover of my note No.S/D/LEG. Co.11/35 of the 27th May.

In this connection I am to invite reference to correspondence terminating with my telegram No.341 of the 28th November, 1931, and to ask whether your Government is prepared to introduce legislation on the lines proposed and, if so, at what rate per cent it is intended that the tax in Uganda shall be imposed.

A copy of the relative despatch to the Secretary of State is enclosed.

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

A. DE V. WAIDE
ACTING COLONIAL SECRETARY.

The Hon.
The Chief Secretary,
Uganda Protectorate,
Entebbe.