

1937

38054

CO 533/478
KENYA

38054

INCOME TAX

(POLICY)

Previous

1936

SEE { 38008/2/36 temp }
{ 46570/37 E.A. }

Subsequent

1938

R. 297
Mr. Paul
R. 297 297

19/10/37

1. Extract from letter dated 1.9.37 sent to Sir C. Parkinson by Lord F. Scott
(Orig in 38300/37)

2. Extract from letter dated 5.9.37 to Lord F. Scott (1. Contd)
(Draft in 38300/37)

Mr. Flood.
Sir Cecil Bottomley.
Sir Cosmo Parkinson.

The correspondence relating to the assurances which were given to the Kenya Elected Members, in connection with their agreement to accept the imposition of income tax, will be found on 38008/2/36. The assurances for which the Elected Members asked will be found in the telegram of the 17th December, at No.1 on that file. The assurances which the Secretary of State was prepared to give are set out in the telegram of the 22nd of December at No.9, and the assurances actually given (differing only in one respect from the Secretary of State's telegram) were set out in Mr. Pilling's letter to Lord Francis Scott of the 30th December, 1936 (enclosure to No.18 on that file).

Before ^{discussing} Lord Francis Scott's observations on these assurances, it is as well to point out that it was not merely a question of the Elected Members accepting the income tax proposals in return for these assurances. They formed in fact part of a compromise involving considerable modifications of the Government's fiscal proposals, of which the principal ^{modifications} were as follows:-

- (a) A reduction of the amount to be raised by way of income tax from £83,500 to £43,500
- (b) A reduction of £12,000 in the amount to be raised from the Non-Native Poll tax.
- (c) A reduction of £15,000 in the Petrol Consumption tax.
- (d) The postponement of Sir Alan Pim's recommendation for relief in the taxation of multiple native huts which would have amounted to £

Quite

Quite apart from the "assurances", these modifications of the Government's proposals involved a very substantial concession to the European Elected Members.

It will now be convenient to set out the assurances asked for and the assurances actually given in Mr. Pilling's letter of the 30th December:-

A. Executive Council.

Assurance asked for: "That the new Governor will be instructed to explore the possibilities of changes in the ^{constitution} ~~circumstances~~ which would result in the unofficial community being far more closely associated in the responsibility of Government".

Assurance given: "The Secretary of State had already intended that the new Governor should be asked to consider how Executive Council could be made more convenient in working and more useful as a means of association with unofficial opinion. It should be understood, however, that the responsibility of the Government of Kenya must be through the Secretary of State to the Imperial Parliament and he is not prepared, and indeed is unable, to agree to anything which would be inconsistent with that responsibility".

B. Moyne formula.

Assurance asked for: "That some safeguard be forthcoming so as to ensure that no further departure from Moyne formula resulting in increased Non-Native direct taxation to support increased Native services".

Assurance given: "The Elected Members may be assured that their point of view will be borne

borne in mind as the question arises regarding the provision for Native services, but he trusts that they will not press for a new hard and fast limitation on this subject. They will recognise that circumstances might well arise, such as an increased prosperity leading to a large increase in the yield from Native taxation which would make such a limitation of Native services both unreasonable and unnecessary".

C. Income tax in Tanganyika and Uganda.

Assurance asked for: "They stress most strongly their conviction that unless an income tax is imposed on the adjoining territories, this measure must necessarily bear unfairly and to the detriment of Kenya".

Assurance given: "The Secretary of State will not fail to give weight to the Elected Members' views that income tax in Kenya should be followed by income tax in the adjoining territories. No change, however, can now be made which would affect the budgets of those territories for 1937: moreover, the enactment of income tax in those territories must depend on local conditions. Their Governments have undertaken to take such steps as may be necessary to prevent evasion of Kenya income tax."

Note :- The only variation in the terms of the assurances given from those authorised by the Secretary of State was in respect of the "Moyne formula". In his telegram of the 22nd December (No. 9 on 38008/2/36) the following passage appeared:

"The Elected Members appear to have misunderstood Lord Moyne's proposals. He did not lay down a hard and fast formula for the amount to be devoted to Native services.

services. In paragraph 79 of his report he did no more than indicate that the figure given by his formula would provide for the coming year a reasonable settlement, having regard to the existing serious financial difficulties of the Colony. This statement was omitted in Mr. Pilling's letter of the 30th of December for the reason that (as explained in Sir A Wade's despatch of the 2nd of January - No. 18 on the file) Sir A Wade (i.e. presumably the Government of Kenya) had "always been of the same opinion as the Elected Members, namely that the intention of Lord Moyne was that the direct Native services should as a general principle be financed by them. The average direct (native) taxation takes over a period of 6 years."

It will be observed that on none of the three Heads was the assurance given in the form in which it was asked for; and it is important in discussing the matter with Lord Francis Scott, to have in mind ~~clearly~~ the terms of the assurance actually given.

As regards the Executive Council, the file is not available, but I annex duplicate copies of the Governor's despatch of the 26th of June, submitting his proposals and of the Secretary of State's reply of the 29th of July.

i.e. the fourth unofficial member is not to be merely a representation of native interests; but a man whose counsel will be valuable from the point of view of the general interests of the Colony. But this fourth member is to be a man who has some special knowledge of natives.

It will be observed that Lord Francis Scott's objection to the proposals is not to the total numbers (i.e. four officials, besides the Governor, and four unofficials) but to the fact that the Governor has stated that one of the unofficials will be a person having a special knowledge of natives. Lord Francis Scott represents that this limits the Governor to having some quite useless "yes-yes man". This is not the case.

The Governor has made it quite clear that it is not the intention that any of the unofficial members of the Council shall be appointed with a view to their representing particular interests, but should be selected with a view to the utility of their advice from the point of view of the Colony as a whole and it has also been made clear that the Governor will not regard himself limited to choosing a missionary or other similar person as the fourth unofficial member. "The wider the field of selection, the greater the probability of finding a really suitable man."

When the proposals were put before the Executive Council no objection was raised by either Major Cavendish-Bentinck or by Mr. Conway Barger, the fourth member being selected from persons having a special knowledge of natives. On this point Major Cavendish-Bentinck's observation was as follows:-

"Nomination to Executive Council should not be made on a sectarian basis. No member should be nominated as specifically representing any community and on Executive Council all members should regard themselves as representing all communities, races, creeds etc. and to proffer advice on the lines

(No. 5 of 3007/57)

which, in their opinion, would be conducive to the greatest good for the Colony as a whole".

This is in complete accord with the Governor's intentions, and ~~there is no objection~~ ^{provisional} ~~is~~ for Lord Francis Scott to complain that the re-organisation of the Council will be otherwise than in accordance with the assurance given.

As regards the Moyne formula, the position is that both the unofficial members and Sir A. Wade held the view that Lord Moyne's proposal was that the amount to be expended on purely native services should be limited in any one year to the average of the proceeds of the direct Native taxation over the preceding period of six years.

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This view is not shared by the Secretary of State. As explained in his despatch of the 25th of February (No. 23 on 38008/2/36) the Secretary of State holds that Lord Moyne's proposal to set up a Native Betterment Fund, into which would be paid year by year an amount representing the average of the proceeds of direct native taxation over the preceding period of six years, was intended as a safeguard to prevent expenditure on direct native services falling below that level.

If the Elected Members view were to be accepted, the effect of the remissions of the ^{reduction of} direct native taxation proposed by Sir A. Pim

(to part of which effect has already been given) would be ~~to reduce~~ to reduce the amount of money which would be available for expenditure on native services. This fact alone is sufficient to demonstrate the absurdity of the view put forward by the unofficial members.

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It is unfortunate that the Secretary of State's view on this point was omitted from Mr. Pilling's letter of the 20th of December, in the circumstances explained above, but that omission is of less importance than it would have been in view of the fact that, in his letter of the 22nd of February to Lord Francis Scott (No. 3 on 38300/37), the Secretary of State made his view on the "Moyne Formula" quite clear to Lord Francis Scott.

On this head also, therefore, there is no reason for Lord Francis Scott's suggestion that the Government of Kenya will depart from the assurance given.

Income Tax in Uganda and Tanganyika.

In his later letter of the 18th of September, Lord Francis Scott admits that no public undertaking was given that income tax would be imposed in the neighbouring territories, but he says that he was given to understand privately by the Secretary of State that this would be done. Here again it is necessary to draw attention to the actual words of the assurance given as quoted above in which it was stated that "the enactment of income tax in those territories must depend on local conditions".

[H) 38300/37]

** Mr. Casey is leaving through an private case. to see whether he can find anything bearing on this.*

M.P.

He cut except that on 38008/1/ which is no doubt a mistake because he is wrong.

The

The Secretary of State has made no secret of his view that income tax is the best form of taxation not only for Kenya but also for Uganda and Tanganyika, or of his disappointment at the fact that it has not been found possible to proceed with the introduction of the tax in those territories.

In complaining about the imposition, by the Secretary of State, of the tax in Kenya, but not in Uganda and Tanganyika, Lord Francis Scott disregards the fact that in the case of Kenya the introduction of this tax was recommended by two successive financial commissions (i.e. Lord Moyne and Sir A. Pim), and has for many years also been advocated by the Government of Kenya; whereas there is no such history in the case of Tanganyika and Uganda. The relative correspondence will be found in 46590/26/37.

996
20/5/57

This remark of Lord Francis Scott is particularly annoying. It is the usual Kenya method of ignoring every single thing that has taken place and trotting out the previous question as if nothing had happened. It appears now that a powerful organisation has been forced to fight income tax. I venture to doubt, although if I said so to Lord Francis Scott he would probably see that

see at the end. There is a committee formed

a great deal of noise was made so as to impress us. Income tax is in force at a low rate and the people will quite soon get used to it. It must be remembered that in 1933 income tax was only dropped, following on Lord Moyne's report, because they produced their alternative proposals which they did not like when they were tried, and it has now been introduced following upon Sir A. Pim's report.

Lord Francis now contends that they only gave in and agreed to income tax on the specific conditions that they were to have what he now calls "more say in Government in Executive Council." It now appears that he thought there was going to be a third unofficial member chosen from the Elected Members in Council. He had no right to think so, and, anyhow, the Governor has since pointed out that he has no intention of limiting himself in any way in making recommendations as regards the people to sit on Executive Council as unofficials. In practice there has to be an Indian and Lord Francis Scott must face that fact. He may not like it but it can't be helped. It does not in the least follow that anybody with particular knowledge of the natives would be a "yes, yes man", if Lord Francis Scott means by that that anybody with a knowledge of natives would invariably take the same view as the Government and oppose the Elected Members, that is a very bad give-away of the general attitude of the Elected Members.

As regards the Moyne Report, I need add nothing to what has been said. The Secretary of State has made it perfectly clear to Lord Francis Scott and

and has made it clear also to the Government of Kenya, ^{that} / Any other view would be quite ridiculous. The position is, in brief, that Lord Moyne said that in order to be certain that adequate sums were being spent on the natives he thought that at least half the proceeds of direct taxation should be given out and if that sum were not spent the balance should be ^{re} obtained and used to form a Native Betterment Fund. Financial circumstances prevent the formation of such a fund and if the Moyne principle were adopted Kenya would now have to find about £50,000 to put into it. At the same time successive commissions have declared that the natives in Kenya were over-taxed, notably Sir A. Pim. If then, Lord Moyne's Formula were to be accepted, it would follow that Native services would have to be ~~introduced~~ ^{re} and that is unthinkable. As regards the introduction of income tax in Uganda and Tanganyika, one's first reaction is to enquire what concern of the Kenya settlers this is. It is the case that the Secretary of State is ^{of opinion} ~~aware~~ that income tax ought to be introduced in Uganda and Tanganyika, but the Governments of those territories do not consider that the time is yet ripe. If so, there is no need whatever to ~~force~~ ^{persuade} them into adopting income tax simply to please Kenya. I do not know, of course, what Lord Francis Scott may be thinking of when he says the Secretary of State gave him a private assurance

The letter of 22
Feb. 1957 gave no
assurance.

assurance that it would be imposed in 1958. What probably is the case is that he has misinterpreted some utterance to the effect that although it could not be introduced this year, the Secretary of State hoped to see income tax introduced in 1958, from which he has understood too much. When he says that they don't bother much about evasion that is rather curious because that is what they were talking about and they used to use possible evasion as an argument against introducing income tax in Kenya.

The whole thing makes me feel uneasy since it is pretty clear that Lord Francis Scott is going to revive all the old controversies just where they left off. He has no idea of any kind of compromise and while he says that he is quite ready to co-operate with Government it only means that Government ~~does~~ ^{must do} everything he wants.

I dictated the above on 21 Sept. and I have now got the attached cutting from the C. A. Standard from which it appears that an organization to repeal Income Tax is being formed.

Some of the arguments used are childish but they do use the broken understanding. Asiatics get off in practice because few have incomes of £750 a year so the appeal to racial jealousy falls flat. This body will now I suppose go on re-iterating this sort of stuff and expect to be answered. If answered, it will just go on as before.

Mr. Paskin.

I have looked through the private correspondence between the Secretary of State and Lord Francis Scott, but the only two references to income tax which are at all relevant to your enquiry are as follows:-

(a) In a letter of the 8th January, 1937, Lord Francis Scott wrote -

"You say you will not enforce income tax in the other territories without the consent of the people there, but in Kenya you have insisted on it against public opinion."

(b) In a letter dated the 22nd February, 1937, the Secretary of State wrote -

"I have said in public that I think income tax is a sound and equitable form of taxation. I still think so and I think it is one which can be quite well applied in East Africa. It by no means follows that the rates of taxation or the allowances or such points of detail ought to be the same as in this country or even as proposed in the Bill published in Kenya last October."

I am afraid that these two extracts do not really meet your enquiry except in a negative sense (and the letter of the 22nd February is in any case on record in one of your files), but that is all I can find.

J. Creay

22.9.1937.

See also extract from letter of 17/2/37 from Sir R. Brown Popley re the S. of S.'s reply of 31/8 (No. 6 + 7) on 46590/37 [L.A.]

J. J. Gavin
23/9

Extract from No. of Dominion letter, Sir R. Brown Popley to Lord P. Scott dated 27.9.37
(copy in 22/9/37)

Extract from letter to Sir R. Brown Popley 1/2 dated 9.10.37 (copy in 22/9/37)

Sir Cecil Bottomley.

It seems clear that we are going to get some agitation from Kenya about income tax. Mr. Schwarze saw me for a moment yesterday and mentioned this, but I had to send him away, and he is coming back in about three weeks' time when he will certainly raise this matter again. The Secretary of State's position has been made clear to the Governor of Kenya, and we have made it clear to Lord Francis Scott. But what I do not know is how exactly matters stand vis-a-vis the Tanganyika Government. We have told Lord Francis Scott, for instance, that the Secretary of State is not unhopeful that income tax will be introduced in Tanganyika. I think we ought to see how matters stand and what steps, if any, we ought to take now to ensure that the Tanganyika Government gives active consideration to the matter. As regards Uganda, I have gathered that the Secretary of State thought it hardly worth while to press the Government. I suppose, however, that if both Kenya and Tanganyika had income tax, that might influence the position in Uganda?

* Now see No 9 on 46590/37 EA

(See No. 4)

Mr. Flood
Mr. Wood

scel
16.10.37

Ph. ... with pp. ...

R 297

Mr. Flood said this need not be done

Letter to Capt Schwartz re: ... on 46590/37 EA

See 46590/37 EA for action taken and minutes regarding the desirability of introducing income tax in Tanganyika and Uganda as the result of the assurance given to Kenya

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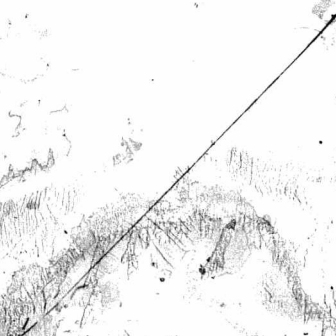
Extract from a letter from Lord Francis Scott
to Sir Cosmo Parkinson, dated 1st
September, 1937.

(Orig. m 3830047)

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(f) Income Tax. I must warn you that you have by no means heard the last of this question. A quite powerful organization has been formed to fight it still, and is backed by money. You must remember that I and those acting with me accepted income tax in a modified way last year so as to avoid a first class row. We laid ourselves open to a great deal of criticism and unpopularity in doing so, and we did it on certain conditions. One was that we should have more say in Government in Executive Council. Certainly Executive Council has been reduced, but instead of our getting a 3rd member, as I thought the Secretary of State had agreed, though not necessarily a member of Legislative Council, the Governor has announced his intention of choosing some one with particular knowledge of

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of natives, as well as an Indian. That definitely ties his hands, and limits him to having some quite useless "yes, yes-man" on Executive Council who is merely a Government sycophant. On that ground we have not got any advance. Our second contention was that the basis of the Moyne report should not be departed from in respect to money devoted to direct native benefits. That I hope will be stood by. Our third point was that it is obviously unjust to penalize the Europeans (because practically speaking no one else pays income tax) in Kenya by forcing income tax on them, and not having income tax in the neighbouring territories. We realized it could not be put in for 1937, but the Secretary of State certainly informed Cavendish Bentinck when he was at home that he intended introducing income tax everywhere in 1938, as it was the policy of the Imperial Government. Now we hear from Governors of neighbouring territories that they are not going to have income tax there at all. Under these circumstances people are saying that we have been deliberately tricked, and the opponents of income tax will have a very strong case, which will undoubtedly carry much weight, and we who helped Government will be let down. As the financial state of Kenya will not need the money found from this source, the opponents will have a strong case. If you don't mind my being blunt, the chief cause of complaint we have in Kenya, is that when we agree to something if the Government do something in return, it always works out that Government accept our part of the bargain but do not implement their own part. The two big cases at the moment are the White Highlands, and Income Tax. If you could get these questions cleared up at once, it would make the task of co-operation much easier, and incidentally would help our Governor very much. I have purposely accentuated these two questions, because I can assure you that feeling in Kenya is very strong. There can be no possible justification for forcing income tax on Kenya and not

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on the neighbouring territories, when the whole object of late, has been closer co-operation between the 3 countries in all commercial and economic matters, customs, railways etc. I think you must admit that this is reasonable.

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EXTRACT FROM LETTER TO LORD FRANCIS SCOTT
FROM SIR COSMO PARKINSON, dated 15th September, 1937

(317 - 31300/37)

As to income tax, I know of no undertaking at all that if there is income tax in Kenya, there must be a similar tax in Uganda and Tanganyika. I know that the Secretary of State regards income tax in principle as entirely sound; but, as with so many things in Colonial administration, it is not to be assumed that what fits Colony X will necessarily fit Colony Y. The undertaking which I do know of is that if, owing to the absence of similar legislation in Uganda and Tanganyika, evasion takes place in Kenya, the neighbouring governments will certainly take steps to remedy that.

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x

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TAXPAYERS PROTECTION LEAGUE

New Body Formed in Kenya

Statement on Income Tax

It is announced on page 5 of this issue that a new organisation has been formed in Kenya called "The Taxpayers Protection League". The Constitution and Rules are set out, together with a membership application form, in an advertisement.

The organisers of the League issued to the "East African Standard" yesterday, with a request for publication, the following statement called "The Truth About Income Tax":

In December 1936 the Elected Members, by a majority, submitted to Income Tax because they were faced with what was tantamount to threats.

(a) That the Colonial Office would force it on to the Colony whether it liked it or not; and

(b) That if they did not agree the Colony would not be able to

(Continued on Page 8)

on Uganda and Tanganyika Territory.

4. That the costs of collection would be approximately an additional £3,000 per annum.

5. That there would be a comprehensive readjustment of the fiscal system (see *Official Gazette* 3rd October 1936).

The Official method of carrying out the understanding would appear to be as follows:

1. Executive Council has been reorganised in such a way as to give Elected Members NO greater say in managing the affairs of the Colony.

2. There is no intention of honouring the Moyne formula any further.

3. There is no intention of enforcing Income Tax on Uganda or Tanganyika.

4. An Income Tax has been introduced which throws the burden of tax on to the shoulders of the European Settlers to the practical exclusion of all other races.

5. In order to collect this tax from about 1000 persons an Official organisation, the annual cost of which will greatly exceed the estimate, is being assiduously built up.

6. There has not been and

there is no possibility of any comprehensive readjustment of the fiscal system as there is no possibility of there being one until Uganda and Tanganyika have an Income Tax.

To sum up, this Colony has been, by misrepresentation and duress, forced into an apparent acquiescence in a tax which:—

1. Falls practically entirely on the European community to the exclusion of Asiatics, Arabs and Natives.

2. Can never be equitable in a Colony with a mixed community: the allowances being based on the European standard of living and applied to all races.

3. Is unwarranted.

4. To administer effectively will cost vast sums per annum.

5. Is a direct inducement to Asiatic immigration in that education for their children is practically free.

6. Is a direct discouragement to White Settlement.

7. Puts European Traders to a staggering disadvantage vis-a-vis their Asiatic competitors.

8. Is an additional handicap to ALL planters and producers in Kenya as compared with Uganda and Tanganyika Territory.

9. Will put ALL members of the community, both Official and non-Official, whether they have to pay the tax or not, to great trouble and expense in filling up forms, consulting accountants, answering the queries of the Tax Commissioner etc., and will involve endless litigation.

10. Can be increased indefinitely at the whim of the Colonial Office.

NOTE. An analysis of the figures given in the "Official Gazette" of 3rd October, 1936 shows that out of 15,534 Asiatics only 37 have incomes of £750 or over, so that with the scale of allowances in force practically speaking only 37 will pay the tax; out of 2,922 Arabs, etc., only 3 will pay the tax; whereas out of 8,125 Europeans a minimum of 1,000 will pay. The above figures do not include Companies, of which the vast majority are European:

Percentages. European not less than 12%. Asiatics not more than 0.24%. Arabs and others not more than 0.10%.

It is evident that the Colonial Office never had any intention of implementing their side of the understanding and that the sole reason for the Secretary of State's insistence on the introduction of Income Tax in Kenya was for political reasons at home and

Income Tax.

He referred to the enclosure to his second letter to me (we have had the same information from other sources) saying that there is going to be trouble over the non-application of Income Tax in the two other territories. He said that there was going to be much trouble over this and he mentioned the alleged assurance of the Secretary of State to him; but, before I had an opportunity of breaking in, he passed on to other points and I did not think that it was either necessary or desirable to hark back to the matter of the assurance. As regards the official assurances which had been given at the end of last year, I said that nobody had the right to claim that they had not been kept. Personally, he was quite prepared to give Income Tax a fair trial for a couple of years or so, and then, if it was found to work harshly, the Secretary of State would, no doubt, be willing to drop it. I did not reply on that point.

He said that many people, e.g. sisal growers, were suffering from Tanganyika competition through being subject to a tax which did not affect Tanganyika. I suggested that there was no question of competition as the price of sisal was a world price, and that what they meant was that they did not have as much profits as the Tanganyika growers.

EXTRACT FROM S/O LETTER, DATED 9TH OCTOBER, 1937, FROM SIR COSMO PARKINSON TO SIR ROBERT BROOKE-POPHAM (ORIGINAL DRAFT CN 38300/37)

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As regards income tax generally, I have confirmed from Mr. Ormsby Gore that he gave no undertaking that income tax would be introduced in Uganda and Tanganyika. I thought it desirable to refer to him again, in view of what Lord Francis said in his letter of the 1st. September. The position is that Mr. Ormsby Gore regards income tax as a sound form of taxation and he would be glad to see it introduced in the neighbouring territories, but he must take into consideration local conditions and the views of the Governments, and he would not feel justified in forcing either Tanganyika or Uganda to introduce it,

For all that, he is hopeful at any rate as to Tanganyika.

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(1)

Extract from 5/6 letter to S. of S. from S. I. Brooke-Taylor
(26 g with P.S.) (dated 5/6)

2. The budget Session of Legislative Council is going off fairly peacefully, with the approach of the elections, many of the speeches have naturally been directed to members' constituents rather than to the Council, and in consequence some of them have been excessively long. With regard to the European elected Members, the main feature is the coming split between the anti-income tax party headed by Grogan and Wright and the "give it a fair trial" party headed of course by Francis Scott. The former party have made drastic and uncalled for criticisms of Francis Scott in Legislative Council and he has my full sympathy, as he has stuck to his guns and supported the Government, including the Colonial Office, over the so-called compromise. Where it will all end I don't know, but it looks as if we shall have a party in the next Council pledged to their constituents to use any and every means to remove the income Tax from the Statute Book. It is a great pity this agitation is starting; it merely foments bitterness and diverts energy from constructive work. I saw a deputation from the anti-income tax people a little while ago and told them what I thought about it all and that they were doing a disservice to Kenya by their agitation, but I don't suppose it had much effect.

7/5

STRICTLY PRIVATE & CONFIDENTIAL.

6th December, 1937.

Dear Brooke-Popham,

Many thanks for your letter of November 25th.

(see)

I am very sorry that the Richards still continue to make trouble about income tax, which I still think is the only fair form of European direct taxation as between individual Europeans. The remittance man and one who enjoys an income from stocks and shares ought to pay, and the proper proportion which the Europeans should pay for public services generally and for all that Government has done and is doing for the Europeans cannot be fairly distributed on any flat rate basis. And looking to the future it is in the real interest of the revenue that the Colony should benefit from the inter-imperial reciprocal income tax arrangements. I am still satisfied

AIR CHIEF MARSHAL

SIR ROBERT BROOKE-POPHAM, G. C. V. O.,
K. C. B., C. M. G., D. S. O.

satisfied that the European ought to contribute by direct taxation to the revenue, and income tax has been found by experience not only throughout the Empire but in all civilized countries to be the only equitable way of distributing the burden of such a tax. I am as diehard in favour as Grogan is against the fundamental principle. I had a talk to Mitchell on income tax in Uganda and doubtless he has told you what passed between us. (Sgd) W. Omestry Gove