

1925

KENYA
UGANDA

C.O.
17462

Date

TO: LADY

16th April 1925.

REC'D
RE. 17 APR 25

RELATION: —

PENSION, APPOINTMENT OF TRUSTEES.

Mr. *Bryce*
Mr. *Bottigley*

U.S. of S.
Mr. Stralby

States that appointment of the Governor and Lord Delamere as Trustees would be quite agreeable to her. Understands position with regard to Uganda and does not press the point, but presumes that if Uganda moved further the position might be altered.

U.S. of S.
U.S. of S.
Secretary of State.

Previous Paper

MINUTES

12686

As to Trustees please see the original tel (7818) & also for 11698, which leaves it to us to say whether the suggestion is acceptable to Lord Curzon and (?) the S.S.

Before we telegraph,

(a) Governor should advise the actual Governor and the S.S.

(b) Is there any objection in having both trustees with the

Subsequent Paper

D.C. 10690

Handwritten notes in left margin

Q) Would there have been a
frequent change of trustees
every time there is a new
Governor? The trust has
held over about 140 years & runs?

subject to Mr. Mumbo's objection,
we can oblige to Kenya
that Lady Comyns agree to
the suggestion & ask them to
prepare the deed of the deed
to be submitted to the trustees
W.C.S.
tell Lady Comyns 18/10/15

The amount of
the tax, the amount
of the tax

I do not think that any inconvenience
would be caused by having both trustees in
Kenya, and I do not think there should be any
difficulty in appointing the "Governor for the
time being" as a trustee, so as to avoid
trouble every time there is a new Governor.

I do not, however, see very clearly
now this arrangement is going to work by means
of a trust deed and the annual estimates. The
Crown cannot covenant to pay all this money
over all these years to trustees without
legislative sanction, and could, therefore,
presumably do no more than covenant each year
after the annual estimates to pay the amount
voted for that year to the trustees. Surely

the

the whole thing should be regulated by Ordinance
once and for all. The Ordinance should provide
for the payment each year of the money upon the
terms and conditions agreed, and should appoint
the trustees; and if I were drafting it I should
appoint as trustees (1) the Governor for the time
being; and (2) such person or persons as the
Governor may from time to time appoint. This will
get over the difficulty with respect to Lord
Delamere resigning or dying, or the necessity which
might be found to arise for having a trustee in
England.

The next thing which troubles me is the
proposal to pay the allowance free of income tax,
which as there is no Kenya income tax, I presume
means U. K. income tax.

If Kenya is going to do this they will have
to pay the income tax upon the allowance, and also
the income tax upon the income tax upon the
allowance, and strictly, the income tax upon the
income tax upon the income tax upon the allowance,
and so on ad infinitum. You need not, however,
consider this problem from the point of view of
perpetual motion, because as a matter of adminis-
trative practice the Board of Inland Revenue stop
short at the first step, and only charge tax upon
the tax once.

The Royal Commission on Income Tax depre-
cated all these attempts to pay salaries and
allowances free of income tax, and there is no
doubt that it always creates trouble especially
if the income comes within the realms of super-tax.

I

I would strongly advise the Kenya Government to pay whatever allowances they wish to pay, and leave Lady Coryndon to pay her own income tax.

H.B.
21/3

On the first point, I agree that we should advise Kenya to legislate as Mr. Mumbo proposes.

As to tax, I do not think that it will be complicated in practice, & the C.A. will have the data for working out the gross amount payable in any Imperial class as soon as the I.T. for that year is fixed. Then Kenya will know that the amount which it intends to provide for the family will be available net and if there is a change in the rate of tax the estimate provision can be varied by supplementary estimate.

As to whether the C.A. should pay Lady Coryndon the gross amount & pay the net amount to her & then the I.R. can I think be left to her.

It seems essential to interpret the resolution of the Legislative Council of Kenya as meaning that Lady Coryndon's net income is to be £500 a year more than if the resolution had not been passed. If her income increased so as to make her liable for super-tax it might be necessary to take a different view, but for the present the interpretation gives the most convenient and equitable basis for deciding questions relating to income tax.

It is necessary to point out that this interpretation brings up at once the position as to the abatements allowed under the income tax law in respect of children under 16 who have not a separate income exceeding £40 a year. If the resolution had not been passed we may be confident that the next year or two Lady Coryndon would have been entitled to this abatement in respect of all four children. Under the terms of the resolution they have a trust income of £200 for each son and £100 for the daughter, and Lady Coryndon therefore is not now eligible for the abatement. The interpretation suggested is ^{perhaps} unduly generous in this matter, but on the other hand, if the payment to be made from Kenya funds in respect of Lady Coryndon's own allowance was limited to the amount which, when reduced by income tax at (say) 4% in the £., would produce £500, there is no doubt that, owing to the loss of the abatement, she would not get the benefit of the full £500 which the Legislative Council intended.

The basis suggested requires that the Crown Agents should receive from Lady Coryndon

statement of her income from all sources, but
 that they ^{do not} would have to obtain in the ordinary course
 of their business in respect of all Colonial pensioners.
 If the material they would be in a position to
 calculate the sum due to the Board of Inland Revenue,
 and the sum which Lady Coryndon ^{comes} would have been liable
 to pay if the allowances from Kenya had not been
 authorised. The difference represents the amount over
 and above £200 which will fall on Kenya, and which
 the Crown Agents will pay to the Inland Revenue from
 Kenya's account. They will pay the net £2500 to Lady
 Coryndon, with whom it will rest to pay the balance
 due to the local collector of taxes.

It is not possible to express in a formula
 the amount which Kenya will bear, in the absence
 of information as to Lady Coryndon's income, and as
 to whether an allowance such as that voted by Kenya
 is to be treated as earned income qualifying for the
 benefit of the first point, the calculation
 depends on whether her other income exceeds the amount
 made up by her personal abatement of £135 and the abatement, ^(b)
 in respect of the four children, and also on whether
 the amount of the excess exceeds the £225 on which
 the allowance is payable at the half rate. On the second
 point the Crown Agents will consult the Board of Inland
 Revenue in order to obtain a definite decision.

Consequently, the computation attached must
 be regarded as merely for the purposes of illustration.
 In the computation it has been assumed that the Kenya
 allowance is earned income, and that Lady Coryndon's income
 is an amount that, apart from the Kenya allowance,

Contingencies of
 I. is not being, whereby, liable for
 income tax after allowing for the
 statements,
 II. to being liable for income tax at
 half rate only,
 III. to being liable for income tax at
 the full rate.

It will be seen that in the three
 cases Kenya would be paying (on
 the £500 + I.T.) tax at the rate of

- I. 3 1/2% in the £.
- II. 4 1/2% in the £.
- III. 4 1/4% in the £.

It is anomalous that Kenya should
 be liable for more than the full
 standard rate of 4 1/2%; the reason of
 that course, being due to her personal
 abatement, which she may be liable for
 the loss of the children's
 abatements while Kenya's income
 is in fact over

and is liable

(2) To Mr. Bottomley to Kenya that they are to be
agreed to the Gov. & (2) Belamias as
President, & that after certain
consultation with C.A. to be made
not a Draft Ordinance which is approved
by the A.G. can be made to effect
holders on a definite basis.

(4) to send out the Draft Ordinance by
airmail, with explanations
on the lines of the above letter &
the minutes on 17/4/62. (see copy p.c.) &
my last memorandum of the 15th/4/62, with the minutes.

(5) to send copy of the above to C.A.

with them to ascertain whether the
above is earned income &
to obtain from Lady Curzon
particulars of the children's
names & dates of births, with
birth certificates, if possible, and
authorize them to make payments
to Lady Curzon in the sum of
pounds of the net quarterly
amounts of the allowances. They
must also obtain O.A. if they
have not done so that she
will have to make her full
return of I.T. to them.

bottomley
bottomley
To my mind £500 p.a. tax free means
£500 p.a. plus tax at the standard rate
on £500 + tax at the standard rate on the tax
on £500.

A

It is clear that on Mr. Bottomley's
scheme Kenya may pay more than
this. I have shown in the above how I
think it should run - but of course it is
a matter for you.

I must point out however that
if you put Mr. Bottomley's arrangement
into effect & if Lady Curzon becomes
liable to tax Kenya will have
to pay income tax on her private income -
because his formula goes not only to
pension of tax but to pension of
gross income.

as of
copying
and.

I have reviewed, & apart from the
afore mentioned policy, to make a list
drafting arrangements.

A.B.
27/4

As to my justification for assuming
that £500 p.a. tax free means not an
amount of, when subject to tax
of the, have £500 being not a tax

a return of business from a customer
with his dividends tax free or
tax deducted. I shall visit the
gross amount. In my case the difference
between my view and his is
unfortunately negligible.

But the main point is to get
things means to do - cost mainly on
his part but on that of the
company as well as the cost of the
insurance, etc. etc. I think we
can find out

W. L. L. L. L. L.
Oct. 27. 4. 15

Illustration

A. Under operation of Ordinance

Allowance from Henry A (gross)	500 + 2
Other income	y
Gross income	<u>500 + 2 + y</u>
Less 10% of earned income	$50 + \frac{2}{10}$
Available income	<u>$450 + \frac{20}{10} + y$</u>
Constant, personal exp,	135
Survive income	<u>$315 + \frac{20}{10} + y$</u>
Tax on £225 at 2 1/2%	22.5
Less £90 + $\frac{20}{10} + y$ + 45	$18 + \frac{20}{50} + \frac{y}{5}$
Total tax	<u>$40.5 + \frac{20}{50} + \frac{y}{5}$</u>

B. If the ordinance were not passed.

next time

for which attention he should
provide by ~~provision~~

170

I have assumed that the CA
should pay to Lady Craydon. It
will be very embarrassing if they
comes to the trustees, & they
remotely home: the trustees can
give the CA standing authority
to pay to Lady Craydon subject
to my special instruction, which
they may send from time to time

If you are presently, I
wish that we should write
Mr. Purcell (CA) to come &
discuss details with Mr. Beards &c.

Yours 24 4 25

I agree. I think we shall favour rather
"B" case - as simpler & better to Lady C. - if it can be

managed -

G.S. 22 4 25

Major Brown

17462
Rm
11 APR 25 1915
Clampfield
Porkan
Hants
Amst 15/15

Major Brown by Son - 130

May I send a few
of congratulations
the arrival of the letter son.

was so glad to see the
in the paper & trust
your work -

I had not heard Major
was in hospital

months. I'm sure you know
of this. I'm so sorry
& have all the worry about
we have given him has
helped him but made
work -

I have written elsewhere
about Mr. Drake's motion
for the Kenya Trust
and know at all if
the same would meet

personal matters in the matter
I should say in the case it
is not than would be a
great commutation than
Kenya - just of course
all this to worry about
myself. Everyone has
so much to do - at
my means - the least of all
I am grateful tho
at putting it on
I feel so sorry, my
to the public memorial
should be the full filling
me of his great work.

Lady MacArthur came to
see me Sunday - What a treat
that in morning showed
dies - Kenya would have
a family & very popular
kindly man in his 70s
very - life man full of
tragic happenings in
past war - one at time was
to me when the next time
told -

With kind regards & my
thanks to you for all you
have done for us & his
wishes to the letter now
I am sure of
My love & respect

Mano Young 182
Claudia
Corkland
Hawaii
April 16/75

My dear - Graciously yours
I ought to have acknowledged
your letter of April 7th
ago - Please forgive me.
I have been greatly troubled
recently in my affairs
& have been
unable to do much writing
last week. Please accept

my apologies I quite understand
 & stand the position & of course
 will not press the point
 questions now should come
 from Uganda. I suppose the
 might allow the position of
 might it not? I do quite
 realize how extremely
 I am in having any about
 at all - so I know that a
 brown of a journey I have
 legal plain in the state at
 I heard from Mr

or his suggestion
 the Kenya Trustees is that
 Governor & Lord Delamater
 appointed - I think that this
 suggestion, but his letter was
 sent to read, & I think I have
 made a mistake - I don't
 think this would meet with
 approval & thanis - Pearson
 should like it very much.
 & the Governor & Lord
 would not object
 Yours sincerely
 Phyllis Cooper

work or his suggestion
 to the Kansas Trustees is that
 Governor & Lord Delamar
 appointed. I think that was
 suggestion, but his letter was
 not to read, & I have
 had a mistake - I don't
 think this would meet with
 approval & theirs - Person
 should like it very much
 & the Governor & Lord
 would not object
 Yours sincerely
 P. H. C.

Attorney 27/4

Trust

1834

and

Tracy 27

J. Skuckburgh

Davis

Grindle

28/5

Gore

inery

50

RAFT. code tel.



Code Sinter

Case 23277

Code Sheet 1.10 pm

28 April '25

CP

9/8

April

Your tel: of 17 Feb 73

(878)

words "tax free" give trouble

only to provisions of income tax law become

(1) children's separate income

deprives lady Kay son of abatement

in respect of children

(2) any increase of income

increases average rate of income tax on the whole @ tempora.

A. Trust be given allowance - be

first income receiving all

advantages of personal abatement

£135 and reduced rate of tax

B. In the event of the tax being
in some way extended out of
tax subject to any relief before
in respect of abatement or refund
~~etc.~~ Am not clear what was intended.
Presume intention was to
deduct her £500 as additional
net income so that she would
bear difference between tax actually
due on whole income and that she
would have paid if ~~tax~~ restriction
not paid. ~~OK~~

~~A transfer of £500~~
Gain of £500 ~~as additional income~~
Whether this is correct
I depend ~~what is intended~~ ~~OK~~
Each child's income is separate for
tax purposes and similar point
arises in case of each son & all
but effect very small
consequence ~~OK~~

Very complex in respect to income and
allowance or trustees but a series of
complications. I propose to send you
draft Ordinance for amendment and
amendment covering trust for son