

KENYA

C O
46803
REC'D
SEP 22 1920

INTERNATIONAL CO.

INCOME TAX BILL

1920

1st Sept

previous Paper.

Proposes against inclusion of certain clauses as stated and compares them with similar clauses in Income Tax act of South Africa.

34364

There is a good deal of force in the first point. But there is no reason why the rate of tax should be the same in South Africa, & the rate of dividend is probably a good deal higher. The advantage of restricting of working expenses is the advantage of capital as well as the dividend is paid.

Sept 22 1920
will be some amount for the
insurance is issued from the
Commission

subsequent Paper.

4484211

SEP 22 10 1920

Eastern & South African Telegraph Company 46203d
Colonial Office, Treasury Department

London
21st September

11/20

Sir,

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I have the honour to refer to the Ordinance relating to taxation in the Kenya Colony which we understand has been passed by the Legislative Council there, and which has been sent to England for the approval of His Majesty the King.

Our representative at Zanzibar advises us that the following clause dealing specially with Submarine Cable Companies has been inserted in the Ordinance:-

" Any person or Company carrying on in the Protectorate the business of transmitting telegrams by submarine cables or wireless shall be deemed to have derived therefrom a taxable income equal to ten per cent on the Protectorate business whether the amount be payable within or outside the Protectorate in respect of telegrams despatched to or from any office of such person or Company in the Protectorate. Despatched in this clause means and applies to all telegrams delivered by hand, post, or telegraphic wire or wireless or received in any manner at any office or wireless station in the Protectorate belonging to or controlled by the person who transmits telegrams by submarine cable or wireless."

We desire to point out that some of the provisions contained in this clause operate very inequitably so far as this Company is concerned and we have consequently duly lodged a protest to the Authorities in the Colony, and as we are informed that there are some suggested minor amendments to the Ordinance to be brought before the Legislative Council in November, we venture to submit to you particulars of the clause to which we take exception, in the hope that you will extend favourable consideration to our objections when dealing with the Ordinance as a whole.

In the first place we protest against the inclusion of the words "to or" in that part of the clause dealing with telegrams despatched, our contention being that only revenue

from telegrams actually originating in the Colony should be taxable. This same question was very fully considered when the Income Tax Bill of the Union of South Africa was drafted and the justice of our contention was finally conceded, and the draft clause of that Act amended accordingly.

The other part of the clause to which we take strong exception is that which provides that the taxable income shall be taken as 10% of the Protectorate business, whereas in the Act of the Union of South Africa this taxable income is taken as 5% of such receipts. In this connection we desire to point out that this Company only pays a dividend of 5%, a rate of dividend which has been ⁱⁿ operation for many years.

For your information the following is the text of Section 13 of the Income Tax (Consolidation) Act of 1917 of Union of South Africa, specially referring to Cable Companies

" Any person who carries on in the Union the business
 " transmitting telegrams by submarine cables shall be
 " deemed to have derived therefrom taxable income
 " equal to five pounds for every hundred pounds payable
 " to such person (whether the amount be payable within
 " or outside the Union) in respect of telegrams despatched
 " from any office of such person in the Union. "Despatched
 " in this section means and applies to all telegrams
 " delivered by post or telegraphic wire, or handed in
 " writing or in code to any office in the Union
 " belonging to or controlled by the person who transmits
 " telegrams by submarine cable."

We beg to suggest that the clause now included in the Kenya Colony Ordinance should be amended to coincide with that embodied in the Union of South Africa Income Tax Act.

I have the honour to be, Sir,

Your obedient servant,

Secretary.

The Under Secretary of State.

COLONIAL OFFICE,

London, S.W.1.

46803/20

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S. A. Telegraph Co. PA

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MINUTE

Direct
Scott

I am sorry to hear the news of your

Friday 27.9.20

letter of the 21st of Sept. with reference to

Thursday 27.9

the terms of the proposed Ordinance

Gracie

relating to taxation in the Colony

H. Lambert

I trust you that your representatives

H. Brad

H. Fisher

will be borne in mind when the Order

Avery

Milner

is received from the Governor

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