

1921-22

KENYA

C.O
2944

FROM
GOVERNOR
NORTHY 1702

DATE
5TH DECEMBER 1921

13 22

FOR CIRCULATION :-
Mr.
Mr.
Mr.
Mr. Grindle
Sir H. Lambert
Sir H. Read
Sir J. Maitland Smith.
Mr. Wood
Mr. Churchill

SUBJECT
LOAN
INCOME TAX ON INTEREST
Considers should be exempted from provisions of I.T. Ordce 1920 and states clause to be inserted in an amending Ordce under consideration. Reports Treasurer's opposition to exemption.

Previous Paper
Gm 59204/24

MINUTES
We can wait for the Ordinance
waiting further to C.A.

Put by

As to the Keppel point, the
necessity for adjustment would
have made them a stock
impetuous, and the change
would have been a real one
the case of the other also, for
themselves & Colonial Govts, see
I do not think we need explain
at present at all events

Subsequent Paper

When the letter on 5th 10/11 have
been attached the minutes will
return to Mr. E. P. Hoyle
Party

1702.



GOVERNMENT HOUSE,
NAIROBI,
KENYA.

C.O.
2944

5th December, 1921.

11 22

Sir,

With reference to your telegram of the 25th ultimo regarding the incidence of Kenya Income Tax on interest derived from Kenya Loan Stock held by persons not resident in Kenya, I regret that the temporary absence of the Treasurer from Nairobi and the necessity of consulting him caused some delay in my telegraphic reply of the 29th ultimo.

2. In view of the facts represented in the 2nd and 3rd paragraphs of your telegram under reference I considered that income derived from Kenya Loan Stock should be exempted from the operation of the Income Tax Ordinance 1920 and have caused the following clause to be inserted in a draft Amending Ordinance to the Income Tax Ordinance 1920 which is being considered in Legislative Council, viz.

Section 6 of the Principal Ordinance as amended is hereby amended by the addition in Sub Section 1 of the following exception:-

" VI. Interest received by or accruing to or in favour of any person not ordinarily resident nor carrying on business in the Colony from Inscribed Stock or Debentures issued by the Government of the Colony."

3.

THE RIGHT HONOURABLE
WINSTON CHURCHILL, P.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET, LONDON, S.W.

CA/58364/21

G. M. S. 20.4.21

CA/58364/21

How much

3. I was subsequently advised that the Income Tax Ordinance rather than the General and Specific Loan Ordinances should contain this amendment both in view of the fact that this practice appears to be almost universal in other Colonies and because the two latter Ordinances were sent by you to be passed verbatim.

4. The Treasurer is opposed to this exemption for he is of the opinion that deductions made by the Crown Agents on account of Kenya Income Tax, which under another amendment to be introduced would be at a flat rate of five per cent, would come out of British Revenue and would not affect shareholders in Kenya Loan, unless their incomes were by reason of their exaltity liable for United Kingdom Income Tax at less than two shillings in the pound. In such cases he suggests that provision might be made in the amending Bill for refunds of Kenya tax collected at the source on the lines on which refunds of British Income Tax are obtainable by residents in the British Colonies. I was, however, for the reasons given in paragraph 2, unable to agree with his advice.

I have the honour to be,

Sir,

Your humble, obedient servant,

Edward J. W. W. W.

GOVERNOR.