

For the above reasons a serious psychological blunder was, we consider, made in announcing in Nairobi last week only the details of the taxation proposals. We have always agreed with the principle of income tax, but the brief particulars available in London and published on another page suggest that the Kenya Government will have to explain away apparent errors in detail. Sir Alan Pim advocated a non-Native poll tax on Europeans and Asiatics alike of 50s., because this is the sum now paid by Indians on account of graduated non-Native poll tax and education tax together. Yet for some unexplained reason Asiatics are henceforth to pay only 40s. In the 1933 controversy the Government was emphatic that there should be no differentiation between Europeans and Asiatics, yet here is a glaring, and quite unnecessary, racial differentiation from the outset in the poll tax on which the income tax is to be based. It is officially estimated that only 3% of the Indian population will pay income tax; in other words, 97% of the Indian taxpayers are being relieved of one-fifth of their present payments of poll and education tax. Sir Alan Pim found no justification for such a step, and we know of none. Rumour, of course, has at once got to work—the innuendo being that the Indians receive this material concession for not opposing income tax. That the story may be untrue is less important than the fact of its circulation.

\* \* \*

And why has the Government not given the widest publicity to its calculations of the incidence of the new income tax?—by which it is anticipated that three-quarters of the European residents will be unaffected or benefited in the amount of their direct contributions to the State. In view of the criticisms made three years ago of the abatements allowed in respect of wives and children it might have been anticipated that publication of the proposals would have been accompanied by a memorandum explaining why such great discrepancies are maintained between Kenya figures and those of, say, Northern Rhodesia and Nyasaland. Those territories allow deduction of £90 and £60 for the first and subsequent children, whereas Kenya gives only £40 and £30; and as against the Kenya rebate of £50 for the married man, his opposite number in Northern Rhodesia deducts £420 and in Nyasaland £300 when calculating his taxable income. If such differences can be justified, the sooner the task is begun the better from all standpoints. Again, in estimating the earnings of officials, is fair account to be taken of the monetary value of their housing, medical and other privileges, which the non-official has to meet out of his earnings? It is bad tactics on the part of the Government not to face these facts. It was compelled to withdraw its Income Tax Bill of 1933 largely because some of its provisions so angered the supporters of the principle that they joined forces with the opposition. If the Government does not at a very early date begin to play its cards much more wisely than it is doing at present it will gravely risk a repetition of that occurrence.

Indeed, both sides appear to be playing very shakily. If the Government had been wise it would at the earliest possible moment have declared its acceptance in principle of Sir Alan Pim's recommendations; and if the elected members had been wise, they, instead of merely damning the introduction of income tax, would have put forward a constructive programme of their own. Their manifesto was a singularly unconvincing document, one which appeared entirely to overlook the necessity for the accumulation of reserve funds; blandly ignored Sir Alan's insistence that income tax must be accompanied by substantial reductions of taxation in other directions; and harked back to the old cry that income tax was iniquitous "unless and until its range and application can be controlled by the representatives of the community affected." Thus the tax—although the European elected members as a body are no longer opposed to it in principle—must not be introduced until the European unofficial community has the decisive voice in controlling its range and application. Since no Government can surrender the power of the purse, that demand is tantamount to one for a European unofficial majority in the Legislative Council, or for some other arrangement by which the European unofficial community can dictate in regard to finance. There is a strong case for increased unofficial influence in some ways, but we fail to see how either of those proposals could be granted. As to the accompanying reminder that an "uncontrolled arbitrary Government can always raise the scales of income tax," since the Government can increase arbitrarily any other tax, its oppressive powers are the same, not increased.

\* \* \*

The European elected members seem to have rushed unwarily to take up a position in which they are probably already feeling uncomfortable, and which will almost certainly prove untenable—unless they are saved by Government ineptitude.

#### Good Intentions Not Enough: They Must be Declared.

The Government, on the other hand, has delayed so long in declaring its intentions that many of those who would have been neutral or favourable to income tax, having now a mistaken idea of what is intended, have reinforced the opposition ranks, whose morale will depend less upon the opinion which the rank and file have of their leaders than upon the judgment of the country as to whether it is or is not being given a square deal. The elected members say that it is not, frankly, we have not yet seen any cause to doubt that the intentions of the Government are genuine. But in this world good intentions are not enough. They must be translated into action, and Kenya has so far no knowledge of the actions which the Government intends. In the name of good sense, and in order to avoid another heated controversy between officials and non-officials, we plead for an immediate clarification of the whole issue. A full, frank, and friendly statement by the Governor might still prevent renewed rancour. Further procrastination will almost certainly produce it.

## NOTES BY THE WAY.

### Dressed for the Ball.

THOUGH it is difficult to think of him as a Civil Servant, Mr. George Nestle, fine sportsman and intrepid adventurer, has wisely been selected by the Tanganyika Government for the post of Game Ranger. When "George" and "Jerry" (Captain F. F. White) marched into Dar es Salaam at the end of the memorable safari during which they found Josephine, a thrill of anticipation ran through the town—or that part of it in which they liked to move—for they came like a couple of Traders Horn, bearded and brown, at the head of a procession in which Josephine, the baby elephant, trotted happily along. Though he lives most of his life in the bush, when George occasionally "comes to town," he adds zest to life in the capital.

Once invited to join a crowd of bachelors at a dance, the hint was quietly, but of course unnecessarily, dropped that it would be proper to dress. George dutifully promised, and appeared later in evening dress, a simple but skilful disguise behind which few could recognise him. His invariably smartly-trimmed moustache was artfully dropped in "Old Bill" fashion; his hair had a beautiful centre-parting and a giant cow-lick; a navy's red handkerchief protruded from his pocket; an old and heavy gold watch-chain spanned his waistcoat; and he had chosen the oldest, biggest and blackest of his pipes for the occasion. Thus came the big game hunter to the—shall we say?—Haberdashers' Ball. A Cambridge man, he can write in a most attractive style when the spirit moves, as it does not do sufficiently often, and his cheerful frankness makes him friends wherever he goes.

### A Friend of Rhodesia.

SIR ALBERT BALL, Lord Mayor of Nottingham—and father of the V.C. airman who did such fine work during the War—has long been a keen Imperialist, and, in particular, a friend of Southern Rhodesia, the sales of some of whose products, especially tobacco, have been materially helped by his personal efforts. For a long time, he has practised what he preaches, providing only Rhodesian cigarettes in the Mayor's parlour. Soon he is to lay down the burden of an office which he has filled with great success, and so when the Lady Mayoress and he gave a farewell dance last week, many well-known public men, including the Lord Mayor Elect of London, went to Nottingham for the occasion. Among them were the High Commissioner for Southern Rhodesia and Mrs. O'Keefe, who conveyed in person the gratitude of Rhodesians to one who has rendered them many useful services.

### Karl Peters.

SO the Germans are making a film featuring their countryman Dr. Karl Peters of sinister memory, who, when holding the exalted post of Imperial High Commissioner for the Kilimanjaro District, was accused by his own people and in 1897 convicted of "misuse of official power"—the word "misuse" being, as the official record shows, a flagrant euphemism. He was deprived of his High Commissionership. Now he has become a

Nazi hero. But even his bitterest enemy could wish him nothing worse than his memorial statue, the most dreadful atrocity of German art, which, after being refused with contempt by all the towns, including Hamburg, to which it was offered, was at last forced on the helpless inhabitants of Heligoland.

### Lost Opportunities.

WHAT wonderful chances East Africans and Rhodesians miss of giving their adopted countries striking publicity! The territories offer unrivalled opportunities for the making of beautiful camera studies, yet among twelve hundred exhibits in the two important photographic exhibitions held during the last two weeks in London, only four are of East or Central African interest—The Royal Photographic Society has hung three studies of lion and one of zebra made in Tanganyika by Mr. Harold Evans, but, apart from a picture showing dusky hands playing the gambling game called "African Golf" on a pavement, the Salon of Photography includes not one East African or Rhodesian exhibit. Thus have splendid opportunities passed unutilised. The Salon, being situated in Pall Mall East, attracts a leisurely type of visitor, including many a wealthy potential tourist. Moreover, the Committee favours the "arty" type of exhibit, which from the standpoint of the territories which this paper serves, is ideal, for such pictures might easily attract travellers. With the Selection Committee of the R.P.S. artistic effect does not weigh quite so heavily; to them the nature studies, farm, plantation, mine and industrial scenes in which East Africa and the Rhodesias abound would undoubtedly appeal. Subtle publicity pictures illustrating East African coffee or Rhodesian tobacco might quite easily influence sales in this country.

### Mothercraft at Three Cents.

IT was a happy idea to charge three cents to African mothers who wished to have their babies weighed at a mission hospital's stand at the recent Mombasa Exhibition, since that would help to convey to Native mothers some idea of the importance of keeping careful observation on the weight of their young. It would have meant nothing to them to know just how much their babies weighed, and the real lesson of the demonstration would have been lost if all comers had been told their weight free of charge. On the other hand, mothers who are expected to pay three cents of a shilling for the information must realise that there is something of importance in knowing what their children weigh. A few words of explanation, a little encouragement, perhaps a nurse's congratulations, or a piece of advice must have made of this interesting departure a really valuable lesson in child welfare for many an African to whom mothercraft is a completely unknown science, not even the word being known.

### This Week's Biscuit.

"MR. M. H., only son of the late T. H., who is at present in Nairobi. . . ."—An East African newspaper.

For the above reasons a serious psychological blunder was, we consider, made in announcing in Nairobi last week only the details of the taxation proposals. We have always agreed with the principle of income tax, but the brief particulars available in London and published on another page suggest that the Kenya Government will have to explain away apparent errors in detail. Sir Alan Pim advocated a non-Native poll tax on Europeans and Asiatics alike of 50s., because this is the sum now paid by Indians on account of graduated non-Native poll tax and education tax together. Yet for some unexplained reason Asiatics are henceforth to pay only 40s. In the 1933 controversy the Government was emphatic that there should be no differentiation between Europeans and Asiatics, yet here is a glaring, and quite unnecessary, racial differentiation from the outset in the poll tax on which the income tax is to be based. It is officially estimated that only 3% of the Indian population will pay income tax; in other words, 97% of the Indian taxpayers are being relieved of one-fifth of their present payments of poll and education tax. Sir Alan Pim found no justification for such a step, and we know of none. Rumour, of course, has at once got to work—the innuendo being that the Indians receive this material concession for not opposing income tax. That the story may be untrue is less important than the fact of its circulation.

And why has the Government not given the widest publicity to its calculations of the incidence of the new income tax?—by which it is anticipated that three-quarters of the European residents will be unaffected or benefited in the amount of their direct contributions to the State. In view of the criticisms made three years ago of the abatements allowed in respect of wives and children it might have been anticipated that publication of the proposals would have been accompanied by a memorandum explaining why such great discrepancies are maintained between Kenya figures and those of, say, Northern Rhodesia and Nyasaland. Those territories allow deduction of £90 and £60 for the first and subsequent children, whereas Kenya gives only £40 and £30; and as against the Kenya rebate of £50 for the married man, his opposite number in Northern Rhodesia deducts £200 and in Nyasaland £300 when calculating his taxable income. If such differences can be justified, the sooner the task is begun the better from all standpoints. Again, in estimating the earnings of officials, is fair account to be taken of the monetary value of their housing, medical and other privileges, which the non-official has to meet out of his earnings? It is bad tactics on the part of the Government not to face these facts. It was compelled to withdraw its Income Tax Bill of 1933 largely because some of its provisions so angered the supporters of the principle that they joined forces with the opposition. If the Government does not at a very early date begin to play its cards much more wisely than it is doing at present it will gravely risk a repetition of that occurrence.

**The Need for Government Explanations.**

Indeed, both sides appear to be playing very shakily. If the Government had been wise it would at the earliest possible moment have declared its acceptance in principle of Sir Alan Pim's recommendations; and if the elected members had been wise, they, instead of merely darning the introduction of income tax, would have put forward a constructive programme of their own. Their manifesto was a singularly unconvincing document, one which appeared entirely to overlook the necessity for the accumulation of reserve funds; blandly ignored Sir Alan's insistence that income tax must be accompanied by substantial reductions of taxation in other directions; and harked back to the old cry that income tax was iniquitous "unless and until its range and application can be controlled by the representatives of the community affected." Thus the tax—although the European elected members as a body are no longer opposed to it in principle—must not be introduced until the European unofficial community has the decisive voice in controlling its range and application. Since no Government can surrender the power of the purse, that demand is tantamount to one for a European unofficial majority in the Legislative Council, or for some other arrangement by which the European unofficial community can dictate in regard to finance. There is a strong case for increased unofficial influence in some ways, but we fail to see how either of those proposals could be granted. As to the accompanying reminder that an "uncontrolled arbitrary Government can always raise the scales of income tax," since the Government can increase arbitrarily any other tax, its oppressive powers are the same, not increased.

Germany Shocked  
Margate refused to listen to the excuses of Government and pro-Government spokesmen, and by an overwhelming majority passed a resolution which said, in effect, "What we have, we hold," and was tantamount to a vote of no confidence in the Prime Minister on this particular matter. Germany immediately realised what the Imperial Government has persistently refused to recognise, namely, that a firm stand was all that was necessary to kill the German agitation. The German Press was therefore ordered not to report the Margate resolution, and the one Berlin newspaper which did report and attack it was promptly suppressed. Ironically enough, the organ which offended and was roundly castigated is that owned by Dr. Goebbels, who, as Minister of Propaganda, controls the German Press.

**Blunders of the Elected Members.**

The European elected members seem to have rushed unwarily to take up a position in which they are probably already feeling uncomfortable, and which **Not Enough** will almost certainly prove untenable—unless they are saved by Government ineptitude. The Government, on the other hand, has delayed so long in declaring its intentions that many of those who would have been neutral or favourable to income tax, having now a mistaken idea of what is intended, have reinforced the opposition ranks, whose morale will depend less upon the opinion which the rank and file have of their leaders than upon the judgment of the country as to whether it is or is not being given a square deal. The elected members say that it is not; frankly, we have not yet seen any cause to doubt that the intentions of the Government are genuine. But in this world good intentions are not enough. They must be translated into action, and Kenya has so far no knowledge of the actions which the Government intends. In the name of good sense, and in order to avoid another heated controversy between officials and non-officials, we plead for an immediate clarification of the whole issue. A full, frank, and friendly statement by the Governor might still prevent renewed rancour. Further procrastination will almost certainly produce it.

FOR more than a dozen years we have been urging—for much of the time as a lone voice crying in the wilderness—that the German agitation for Colonies should be met with an unequivocal declaration that the subject was closed and could not be re-opened by Great Britain, a Cabinet pronouncement in which sense would, we have always been convinced, reduce the agitation in the Reich to the smallest proportions. Because successive British Governments have equivocated, the propaganda in Germany has increased enormously, particularly during the past year, and it is now officially directed by the Nazi Party. Herr Hitler, however, has so often shown himself opposed to the re-entry of Germany into the overseas Colonial field that it was clear that a firm stand by the former Allies would cause him to stamp out the agitation, or at least restrict it to an unimportant outlet for criticism on an issue which would never be allowed to embarrass him or anyone else.

Great Britain, alone among the Allies, procrastinated and wobbled. Then a fortnight ago the Unionist Conference in the direction of the Governor of that Protectorate. We have received a copy of the document by air mail, and some passages must be quoted. It having been recorded that much of the revenue of the North Nyasa district is derived from the sale of produce on the Lupa goldfields by the Ngonde tribe, that this trade is hampered by Customs duties levied in Tanganyika Territory, and that the Government of Tanganyika is not prepared to remit those duties, we come to the declaration that "since His Excellency regards them as unreasonable, he feels under no obligation to assist in stopping this form of smuggling carried out by individual Natives moving about in their own tribal area. Exactly the same form of converse smuggling takes place when the individual returns to the Protectorate, and His Excellency is prepared to condone it. It is a different matter, however, when smuggling is organised as a business. For example, if any trader bought a hundred head of cattle in Karonga and endeavoured to take them to the Lupa goldfields as a business proposition, His Excellency is quite ready to help the Tanganyika Territory Government to apprehend him on the way. Similarly, His Excellency is quite prepared to regard as a criminal act an attempt to run a download of goods to this Protectorate as a commercial proposition."

**The Fruits of Equocation.**

Now comes news of a much more important "act of submission," as the Italians would no doubt term it. There was to have been held in Breslau this week a mammoth Reich Colonial Rally to mark the intensification of the Colonial campaign. The leaders of the movement were to make rousing speeches, and there had been nation-wide publicity for the event; in addition to turning on the Press gramophone and utilising the wireless, there have been uniformed parades in the main cities, office-to-office and house-to-house visits, and other potent forms of "persuasion." Without a word of explanation, and with orders to the Press not to mention it, the Rally has been "postponed indefinitely." Why? Because Hitler now knows that the British public will not tolerate discussion of any surrender and that if he desires to achieve an understanding with this country he must call off a campaign which he authorised against his better judgment.

**Hitler Cancels Colonial Rally.**

His new Ambassador, Herr von Ribbentrop, is due in England very shortly, and if it be made clear to him from the outset that no British Minister is prepared to discuss this subject even in his private capacity, the anxieties which have troubled British interests and the unsubstantial hopes which have buoyed up Germans may be forgotten, with advantage to both peoples. The cancelling of this great Colonial Rally in Breslau is a triumphant justification of the Margate resolution and of all—they have been distressingly few in number—who have fought German Colonial pretensions and British apathy and worse. But the campaign will break out again in Germany's own good time unless she be shown beyond possibility of doubt that nothing will shake British determination. There is one unmistakable way, and one only, of demonstrating that determination, and that is by the union of Kenya, Uganda and Tanganyika Territory. And could there be a more appropriate time than Coronation Year for such a desirable development?

AS astonishing a statement as any Governor could send to any public body has been made to the Nyasaland Chamber of Commerce by the direction of the Governor of that Protectorate. We have received a copy of the document by air mail, and some passages must be quoted. It having been recorded that much of the revenue of the North Nyasa district is derived from the sale of produce on the Lupa goldfields by the Ngonde tribe, that this trade is hampered by Customs duties levied in Tanganyika Territory, and that the Government of Tanganyika is not prepared to remit those duties, we come to the declaration that "since His Excellency regards them as unreasonable, he feels under no obligation to assist in stopping this form of smuggling carried out by individual Natives moving about in their own tribal area. Exactly the same form of converse smuggling takes place when the individual returns to the Protectorate, and His Excellency is prepared to condone it. It is a different matter, however, when smuggling is organised as a business. For example, if any trader bought a hundred head of cattle in Karonga and endeavoured to take them to the Lupa goldfields as a business proposition, His Excellency is quite ready to help the Tanganyika Territory Government to apprehend him on the way. Similarly, His Excellency is quite prepared to regard as a criminal act an attempt to run a download of goods to this Protectorate as a commercial proposition."

**Smuggling Officially Condoned.**

Is there a precedent for so clear and public an intimation by any senior officer entrusted with the administration of the law in any Eastern African territory of his willingness to condone smuggling? True, it is coupled with the warning that the benevolence of the Nyasaland Government will be accorded only to the retail smuggler—

**Retail, Not Wholesale.**

(Concluded on p. 166.)

## NOTES BY THE WAY.

### *Dressed for the Ball.*

THOUGH it is difficult to think of him as a Civil Servant, Mr. George Nestle, fine sports man and intrepid adventurer, has wisely been selected by the Tanganyika Government for the post of Game Ranger. When "George" and "Jerry" (Captain F. F.) White marched into Dar es Salaam at the end of the memorable *safari* during which they found Josephine, a thrill of anticipation ran through the town—or that part of it in which they liked to move—for they came like a couple of Traders Horn, bearded and brown, at the head of a procession in which Josephine, the baby elephant, trotted happily along. Though he lives most of his life in the bush, when George occasionally "comes to town," he adds zest to life in the capital.

Once invited to join a crowd of bachelors at a dance, the hint was quietly, but of course unnecessarily, dropped that it would be proper to dress. George dutifully promised, and appeared later in evening dress, a simple but skilful disguise behind which few could recognise him. His invariably smartly-trimmed moustache was artfully drooped in "Old Bill" fashion; his hair had a beautiful centre-parting and a giant cow-lick; a navy's red handkerchief protruded from his pocket; an old and heavy gold watch-chain spanned his waistcoat; and he had chosen the oldest, biggest and blackest of his pipes for the occasion. Thus came the big game hunter to the—shall we say?—Haberdashers' Ball. A Cambridge man, he can write in a most attractive style when the spirit moves, as it does not do sufficiently often, and his cheerful frankness makes his friends wherever he goes.

### *A Friend of Rhodesia.*

SIR ALBERT BALL, Lord Mayor of Nottingham—and father of the V.C. airman who did such fine work during the War—has long been a keen Imperialist, and, in particular, a friend of Southern Rhodesia, the sales of some of whose products, especially tobacco, have been materially helped by his personal efforts. For a long time he has practised what he preaches, providing only Rhodesian cigarettes in the Mayor's parlour. Soon he is to lay down the burden of an office which he has filled with great success, and so when the Lady Mayoress and he gave a farewell dance last week, many well-known public men, including the Lord Mayor Elect of London, went to Nottingham for the occasion. Among them were the High Commissioner for Southern Rhodesia and Mrs. O'Keeffe, who conveyed in person the gratitude of Rhodesians to one who has rendered them many useful services.

### *Karl Peters.*

SO the Germans are making a film featuring their countryman Dr. Karl Peters, of sinister memory, who, when holding the exalted post of Imperial High Commissioner for the Kilimanjaro District, was accused by his own people and in 1897 convicted of "misuse of official power"—the word "misuse" being, as the official record shows, a flagrant euphemism. He was deprived of his High Commissionership. Now he has become a

Nazi hero. But even his bitterest enemy could wish him nothing worse than his memorial statue, the most dreadful atrocity of German art, which, after being refused with contempt by all the towns, including Hamburg, to which it was offered, was at last forced on the helpless inhabitants of Heligoland.

### *Lost Opportunities.*

WHAT wonderful chances East Africans and Rhodesians miss of giving their adopted countries striking publicity! The territories offer unrivalled opportunities for the making of beautiful camera studies, yet among twelve hundred exhibits in the two important photographic exhibitions held during the last two weeks in London, only four are of East or Central African interest. The Royal Photographic Society has hung three studies of lion and one of zebra made in Tanganyika by Mr. Harold Evans, but, apart from a picture showing dusky hands playing the gambling game called "African Golf" on a pavement, the Salon of Photography includes not one East African or Rhodesian exhibit. Thus have splendid opportunities passed unutilised. The Salon, being situated in Pall Mall East, attracts a leisurely type of visitor, including many a wealthy potential tourist. Moreover, the Committee favours the "arty" type of exhibit, which from the standpoint of the territories which this paper serves, is ideal, for such pictures might easily attract travellers. With the Selection Committee of the R.P.S. artistic effect does not weigh quite so heavily: to them the nature studies, farm, plantation, mine and industrial scenes in which East Africa and the Rhodesias abound would undoubtedly appeal. Subtle publicity pictures illustrating East African coffee or Rhodesian tobacco might quite easily influence sales in this country.

### *Mothercraft at Three Cents.*

IT was a happy idea to charge three cents to African mothers who wished to have their babies weighed at a mission hospital's stand at the recent Mombasa Exhibition, since that would help to convey to Native mothers some idea of the importance of keeping careful observation on the weight of their young. It would have meant nothing to them to know just how much their babies weighed, and the real lesson of the demonstration would have been lost if all comers had been told their weight free of charge. On the other hand, mothers who are expected to pay three cents of a shilling for the information must realise that there is something of importance in knowing what their children weigh. A few words of explanation, a little encouragement, perhaps a nurse's congratulations, or a piece of advice must have made of this interesting departure a really valuable lesson in child welfare for many an African to whom mothercraft is a completely unknown science, not even the word being known.

### *This Week's Biscuit.*

"MR. M. H., only son of the late T. H., who is at present in Nairobi. . . ."—*An East African newspaper.*

C. D.  
R 10 DEC  
D

106/14  
Added  
now. S. of 17/10/36

C. O.

Mr. Flood. 16. 10. 36.

Mr.

Mr.

Sir C. Parkinson.

Sir G. Tomlinson.

Sir C. Bottomley. 16. 10.

Sir J. Shuckburgh.

\* Permt. U.S. of S. 16/14

Parly. U.S. of S.

X Secretary of State. 17/10

**DRAFT.**

Telegram.

GOVERNOR.

NAIROBI.

Ans (16)

Private and Personal.

3

Your telegram 15th October.

Am strongly of opinion that it would be a mistake to delay issue of formal statement until Council meets on 28th. If opposition propaganda is allowed to spread uncountered it may lead to awkward situation owing to ignorance of Government's real ~~attitude~~ *policy*, and when such ignorance might easily be dispelled by clear statement of Government's intentions it would be great pity not to issue such statement at earliest possible moment so as to clear the ground.

You will by now have

received my despatch of 8th October and I think you should at once issue statement on those lines, if necessary publishing despatch. I have

considered

**FURTHER ACTION.**



C.D.  
R 10DEC  
D

106/14  
Coded sent  
now. S. of 17/10/36

C. O.

Mr. Flood. 16.10.36.

Mr.

Mr.

Sir C. Parkinson.

Sir G. Tomlinson.

Sir C. Bottomley. 16.10.

Sir J. Shuckburgh.

\* Permt. U.S. of S. 16/10

Parly. U.S. of S.

X Secretary of State. 17.10

**DRAFT.** Telegram.

GOVERNOR.

NAIROBI.

Ans (16)

Private and Personal.

3

Your telegram 15th October.

Am strongly of opinion that it would be a mistake to delay issue of formal statement until Council meets on 28th. If opposition propoganda is allowed to spread uncountered it may lead to awkward situation owing to ignorance of Government's real ~~structure~~ <sup>Policy</sup>, and when such ignorance might easily be dispelled by clear statement of Government's intentions it would be great pity not to issue such statement at earliest possible moment so as to clear the ground.

You will by now have received my despatch of 8th October and I think you should at once issue statement on those lines, if necessary publishing despatch. I have

considered

**FURTHER ACTION.**

considered question carefully but feel  
sure that balance of advantage will  
lie in promptest possible statement of  
Government's intention to implement  
Pim report.

[ I suggest that it will be  
desirable that general debate  
on report should precede  
introduction of Income Tax Bill ]

? This can come out  
in view of Cal. of 16  
W.S.

Your letter to Downing 10 October  
has not yet received @ as to your letter  
of 3 October it will be necessary to  
face reduction of native taxation  
and great deficit by borrowing,  
if Treasury agree.

38173/4/2  
40:5

Have <sup>now</sup> received your personal telegram of 16 Oct  
with satisfaction. In my opinion more reasonable  
attitude of elected members makes it all the more  
desirable to issue at earliest possible moment  
some clear statement of Government's intentions  
as suggested above.

W.S.  
17/10

RECEIVED  
E 17 OCT 1936  
C. O. REGY

13  
3817/3/2/11  
107

TELEGRAM from the Governor of Kenya to the Secretary of State for the Colonies.

Dated 16th October, 1936. Received 3.10 p.m., 16th October.

Personal.

I had an interview this morning with Lord Francis Scott and Captain Schwartz the Colonial Secretary being present. They were both most anxious to arrive at an amicable understanding with the Government on the subject of Income Tax proposals. They assured me that they were not going to raise any opposition to Income Tax per se. They did, however, plead for fuller examination of the proposals. They definitely assured me that any delay that might result from this examination would not be used as a subterfuge to achieve the abandonment of Income Tax and create another fiasco. I pointed out that the Government had never had any intention of introducing the Bill until the Pim Report and the Budget had been debated in the Council and the latter examined and reported upon by the Standing Finance Committee. We therefore drafted a letter (which Wade has sent) to the Chairman of the European Elected Members and which reads as follows:-

"As it seems that the situation in regard to the Government's proposals for the introduction of some reorganisation in the method of direct taxation is not clearly understood, and in view of representations made to the Governor by yourself and Captain Schwartz on behalf of the European Elected Members at an interview with His Excellency this morning, I am authorised by His Excellency to inform you that although the Income Tax Bill and Non Native Poll Tax Bill have been published with a view to introduction into the

Legislative

Legislative Council, this publication does not mean that the Government intends to introduce them without the fullest consideration. The proposals are sub judice pending reports of the Standing Finance Committee to whom they will be referred for examination, under the Standing Rules and orders of the Legislative Council, and consideration of their report by the Legislative Council. The Standing Finance Committee is considered by the Government to be the proper body to conduct the investigation which is understood to be generally desired."

The terms of this letter were accepted both by Lord Francis Scott and Captain Schwartz. Wade and I think that there is reason to believe that this considerably relieves the tension without a surrender of principle on either side. I hope you will approve of my action in this matter.



COPY FOR RECORD

Amended copy after repetition.

REC'D  
E 16 OCT 1936

38173/12  
109

TELEGRAM from the Governor of Kenya to the Secretary of State for the Colonies.

Dated 15th October, 1936. Received 4.7 p.m. 15th Oct.

Personal.

Your personal telegram of the 13th October.

My air mail letter to Bottomley dated the 10th October. You will see from draft speech enclosed therewith that I propose making announcement at opening of Council on the 28th. If you so desire I can publish in the Gazette a similar announcement at once but I do not recommend this. I should not be too much influenced by press reports which are mainly engineered by East African Standard whose Editor is correspondent of the "Times". This paper has always been bitterly hostile to Income Tax and is now endeavouring to stampede the country as it did in 1933. Situation is practically the same as described in my letter of the 10th. A few more typical meetings have been held and a few more bitter articles published by the "Standard". The Indian Federation of Chambers of Commerce met at Nakuru on the 11th and have agreed to support the introduction of Income Tax. The Provincial Commissioners in conference yesterday informed me that in their opinion the bulk of the people are more or less apathetic, but would welcome a prompt and final settlement of this question as they are tired of these perpetual political rows. Opposition to Income Tax per se is now dropped and in its place what is termed a grave constitutional crisis is the programme. In support of the last sentence paragraph 9 of Colonial Office despatch No. 397 dated 14th June, 1935, and Lord Swinton's statement in Hansard column 1433 Volume 280 are given much prominence. Air Mail letter follows.

4012/5/33  
(E.A.)

C. O.

Mr. Flood 12/10/36.

Mr.

Mr.

Sir C. Parkinson.

Sir G. Tomlinson.

X Sir C. Bottomley. 12-10

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

Consom.

*Wdy 13.10.36*

C.D.  
R 10 DEC  
D

*Added sent  
9.0p 13/10/36*

DRAFT. <sup>code</sup> Tel.

GOVERNOR

NAIROBI.

FURTHER ACTION.

Personal.

My personal and confidential telegram of 30th September. In view of press report regarding resistance to Income Tax, suggest that you ought to take earliest ~~possible~~ opportunity of making announcement as suggested in my former telegram that Pim recommendations are generally acceptable to you and to me and that Government proposes to adopt them



in communication with the British Govt  
by telegram in entire agreement  
with the Govt

delete copy

Note the Governor  
refused to take  
my advice and  
reluctantly I  
decided not to  
overrule him though  
with grave doubts.  
The Gov gave us  
assurances which  
have not materialized  
and has again  
let me down.  
It is quite clear  
that the Gov does  
not agree with me  
any more than I  
do with him.

WDJ

ag/lozen  
(for E. J. Boyd)

Had. 28. He also  
asked me to send a  
copy of a despatch which  
he addressed to the  
Governor of Kenya on the  
28th October. This is  
for your own guidance  
only and must not, of  
course, be published or  
quoted.  
Yours sincerely

C. O.  
Mr. Flood 5 /10/36.  
Mr.  
Mr.  
Sir C. Parkinson.  
Sir G. Tomlinson.  
\*Sir C. Bottomley. 10. 20/36  
Sir J. Shuckburgh.  
Perm. U.S. of S.  
Parly. U.S. of S.  
Secretary of State.

DRAFT.

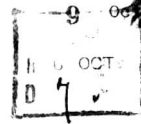
THE SECRETARY,  
THE TREASURY.

copy to Kenya (58)

**FURTHER ACTION:**

Downing Street.

9 October, 1936.



Sir,

In connection with Sir Alan Pin's  
report upon the Financial Position and System  
of Taxation of Kenya, I am etc. to request  
that the attention of their Lordships may be  
specially invited to his recommendations that  
the Colony should be relieved from its  
liability in respect of the five and a half  
million pounds spent on the original  
construction of the Uganda Railway and that  
the Colony should be allowed to secure  
temporary financial relief by raising annual  
loans in order to meet possible further  
expenditure and to relieve the burden  
imposed by present loan charges.

The former of these recommendations  
is not a matter of immediate urgency since  
no liability is in fact imposed upon Kenya  
at present in respect of this obligation,  
and the entire situation in regard to

Railway



Railway Finance is due for discussion in 1938.

Mr. Ormsby Gore, therefore, considers that

this question may wait, but he trusts that

Sir Alan Pim's recommendation will be borne in

mind when the time comes to discuss the finances

of the Railway.

The second recommendation raises a more serious question. It is discussed at length

in paragraphs 405 to 407 of Sir Alan Pim's

report where he points out that the Colony is

not in danger of bankruptcy and that loans not

exceeding £100,000 in any one year may be

considered as intended to meet a temporary

emergency and not as indicating financial

instability. In general it cannot be said in

any one year what the exact amount required would

be, but if Sir Alan Pim's recommendation for the

alteration of native taxation is adopted, and

there are very strong reasons in support of that

proposal, it is calculated that the Government of

the Colony will be faced with a deficit.

Admittedly conditions are improving with

substantial benefit to trade and revenue and it

C. O.

Mr.

Mr.

Mr.

Sir C. Parkinson.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

**DRAFT.**

**FURTHER ACTION.**

is not possible at the present time to forecast the revenue and expenditure position. It may be that the revenue will expand to such an amount that no further borrowing will be required and that the Colony will be able to meet all of its liabilities without any undue hardship. If, however, it proves that some further relief is required, Mr. Ormsby Gore is of opinion that Sir Alan Pim's suggested expedient should be adopted. He is fully aware of the objections to such a course which is contrary to the principles <sup>of</sup> which underlie Government finance as practised in Colonies, but, having regard to the special circumstances, he considers that it may well be adopted as a temporary expedient, on the understanding that the amount so raised would never be allowed to exceed £100,000 in any one year and that the expedient must be regarded as purely temporary and in any case discontinued after 1945.

Mr. Ormsby Gore is still awaiting the Governor's recommendations in regard to

the

the rest of the report but he has already  
agreed to the introduction of an Income Tax  
Bill at the forthcoming session of the  
Legislative Council, and he is of opinion  
that it would prove expedient to accept the  
report as a whole, at any rate in principle,  
though some modifications <sup>in detail</sup> may be required.

I am, etc.

(Signed) J. M. FLOOD

Mr. Flood 30.9.36.

Permt. U.S. of S. had seen and agreed

S. of S. W.O.G. 30.9.36.

A.B.C. 30.9.

38173/2/36

PARAPHRASE TELEGRAM from the Secretary of State for  
the Colonies to the Governor of Kenya.

Sent 9 p.m., 30th Sept., 1936.

-----  
Personal and Confidential.

Reference your telegram No. 231. Income Tax.

I agree, in view of what you say, to the publication of  
the Bill and memorandum as you propose on the under-  
standing that it will be introduced and passed at the  
next Session of Council.

Your suggestion of arranging for a full dress  
debate on the Report in general before submitting  
recommendations has I think much to recommend it. It  
would probably help if an opportunity was taken at a  
very early period in that debate to announce that you  
had consulted me and that we were in agreement, subject  
to the points mentioned in my telegram No. 225, of the  
25th of September, that Sir Alan Pim's recommendations  
are generally acceptable and ought to be adopted as a  
whole. This opinion, however, is necessarily  
preliminary based on information available to us at  
present and is subject to reconsideration as discussion  
in Council and further examination may show to be  
necessary. It should be made clear that this  
preliminary consultation and inclination to accept  
Report in no way prejudices the issues.

You will no doubt keep me informed so far as you  
are able to do so of unofficial opinion on the subject.

# COPY FOR REGISTRATION

PARAPHRASE TELEGRAM from the Governor of Kenya to the Secretary of State for the Colonies.

Dated 26th September, 1936. Received 5.35 p.m. 26th September.

IMPORTANT.

Confidential.

(6)

Reference your telegram No.225./ I have consulted my advisers and we most earnestly ask that the following may receive your consideration.

Income Tax. Consequences if introduction were delayed would be deplorable. That this tax will be introduced and become effective from the 1st January is now accepted by all; a great majority of the people are in favour of it. At the present time the elected members carry little weight and I am aware that there is no unanimity among them. Far greater discontent would be caused by the retention of present taxes with even a portion of levy than by the imposition of income tax. I beg of you therefore to permit me to publish the Bill and Memorandum forthwith on the understanding that it will be passed at next session. I anticipate that the Bill will receive the support of Indian and native representative members. In regard to Sir Alan Pim's Report generally, the Government are indeed anxious to implement the recommendations with the least possible delay and to their fullest extent. Provision is being made in the Estimates for the few recommendations that can be immediately effected. In addition, I am prepared, with a view to ascertaining unofficial re-actions, to arrange for a full dress debate on the Report in general before I make definite recommendations to you. Meanwhile, I would urge that as the Report contains several important recommendations which require to be closely examined by this Government, and as there are also some which will be objected to by the unofficial side, you do not announce your acceptance in full.

Wms a (5)



116

Time is getting very short and I should be most grateful if you would let me know by telegram whether you approve of introduction of income tax with effect from the 1st January. No.231 Personal and Confidential.

C. O.

Mr. Flood /9/36

Mr.

Mr.

Sir C. Parkinson.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Perm. U.S. of S. 25

Parly. U.S. of S.

Secretary of State. *WJ 25-9-36*

*Goodall*  
*7 30 pm*  
*25/9/36*  
*WJ*  
*20 SEP*  
*1936*

*abc* *am*

No. 225 Confidential.

Your Confidential telegram No. 314 of 11th September. I have now examined Pim's report and consider that it should

**DRAFT.** TELEGRAM.

GOVERNOR,

NAIROBI.

be accepted in full by Govt. though of course Treasury approval will be required in regard to proposal to borrow for revenue purposes and to recommendation in regard to Railway debt. Neither matter, however, affects consideration of economies recommended in Report with which I find myself in agreement. *debt* *Railway finance is due for consideration revision in 1938 in any case.*

*debt*  
*Railway finance is due for consideration revision in 1938 in any case.*

Acceptance of Report should not in any way prevent full discussion and consideration of views expressed by Unofficials, see my despatch, No. 731 of 17th September. It is admitted in Report that time would be necessary to carry out recommendations in full if

**FURTHER ACTION.**

dislocation and wasteful expenditure are to be avoided but in my opinion Govt.'s policy should be to accept Report in full and carry out all its recommendations with all possible speed. In particular no ground should be given for impression that Govt. intends to adopt only such parts of Report as meet with its approval while rejecting recommendations which may be regarded as unpalatable.

It follows that I approve <sup>publication</sup> ~~introduction~~ of Income Tax Bill as proposed by you with modification in basic rate to 40/- for Asiatics and 20/- for Arabs as suggested by you subsequently. This does not involve any departure from general acceptance of Report and Pim has no objection to it.

At the same time it is for consideration whether it is advisable to introduce income tax forthwith or whether in view of recovery in general position it would not be better at any rate to defer its introduction for some time and not include it in next year's Budget. If Govt. announced

its

C. O.

Mr.  
Mr.  
Mr.

Sir C. Parkinson.  
Sir G. Tomlinson.  
Sir C. Bottomley.  
Sir J. Shuckburgh.  
Parlt. U.S. of S.  
Parly. U.S. of S.  
Secretary of State.

**DRAFT.**

**FURTHER ACTION.**

its intention to accept Pim's Report but not to take action until matter had been fully considered and discussed, I think there would be less room for factious opposition and I accordingly suggest this for your consideration.

Report has appeared in press here that Unofficials are agitating against proposal to introduce income tax and I should be glad to learn whether your views as to advisability of immediate introduction are in any way affected. I recognise difficulty in delaying further, involving retention of present alternative taxes and <sup>(perhaps)</sup> levy on salaries but it might be easier to secure acceptance of Report as a whole including income tax if its introduction is delayed.

THE MORRISON ESTATES (EAST AFRICA) LTD

750  
119

TELEPHONE NO 2742  
TELEGRAMS "COUNTRY"

CODE BENTLEYS  
P O BOX NO 181

DIRECTORS  
MAJOR J A MORRISON BSC (HONORARY)  
L H WATTA  
H F WARD

*Muthaiga*  
Nairobi 14th September 1936  
12 KENYA COLONY  
P.O. REGY

BY AIR MAIL

My dear Bottomley,

I write you this letter upon Sir Alan Pim's proposal that income tax should be introduced in Kenya in the earnest hope that you will accept it as a sincere and honest word of advice and not as the impulse of a tax dodger.

That income tax must be introduced into Kenya within the near future is a belief held by a large number of thinking people out here and I am one of those who has said this for some time past. Those who think with me fully endorse Sir Alan Pim's reasoning in support of income tax. What I wish to warn you against is any endeavour on the part of the Government here to hurry matters.

As you know the Budgetary position of the Colony is improving very rapidly and those in touch with Governmental finance assure me that the year 1936 should close with a surplus balance of from £110,000 to £150,000. All prices of primary produce are moving up and local conditions improving very rapidly indeed. There seems to be no reason why this upward trend should not be continued and increased during 1937 and the following years

Towards the end of next year it should be possible, with the approval of the majority of those affected in Kenya, seriously to consider the introduction of income tax on such a scale as to make it the foundation of our taxation whilst at the same time giving much needed adjustments in certain forms of indirect taxation which bear heavily on industry particularly in the direction of certain Governmental charges. I am firmly convinced that somewhere about the time I state income tax would have a very easy passage and would raise no sort of high feeling locally, in fact with the exception of a few who conscientiously disagree with the principle of income tax, and a few tax dodgers, I can foresee no opposition whatsoever. But endeavour to introduce income tax now or before the date I have suggested is simply to ask for another turmoil in this unhappy land. There is every sort of reason that can be advanced and I give you two as instances - firstly that temporary and emergency taxation introduced to meet conditions of

Sir Cecil Bottomley,  
LONDON.

a /



a depression, which are now thank goodness rapidly disappearing, are to be made permanent through income tax and those people of this country will bitterly resent. Secondly, either Sir Alan Pim's recommendations in regard to the civil servants have to be met or you must have (which of course is impossible) a separate scale of income tax for civil servants and for the unofficial communities.

If you follow Sir Alan Pim's suggestion and replace the levy on civil servants salaries by income tax it means in effect that the civil servants are the only class which are relieved altogether of their emergency taxation and that in order that revenue shall not suffer the amount of such emergency taxation in the shape of the levy, or £47,000, has to be found from income tax by the community as a whole. This also the communities here will bitterly resent.

It is so very easy for the Government here to be misled by their assumption of public opinion on the question of income tax and it is so easy for them to be led astray by the fact that as I have stated the majority of people feel that income tax is essential and necessary to Kenya at the right time. But, believe me, who have lived here a great number of years and who know these communities intimately, when I give you my most solemn assurance, that if income tax is forced upon this country within the immediate future it can only lead to grave turmoil and to the risk of the fiasco which Sir Alan Pim, and indeed all of us, are so anxious to avoid and in my view any such action would be so utterly unnecessary because as I have said we have only to wait a very little time to get this measure introduced without any trouble at all.

I am confident in giving you this opinion that I would also have the support of many responsible officers of Government here.

In conclusion may I say that I have only written you because if any immediate introduction of income tax is under consideration I should feel very badly if I had not warned you, whom I have known for such a great number of years, of the trouble which would then be quite inescapable.

With all good wishes,

Yours sincerely,

*M. Ward*

P.S. The case for a short postponement appears incontestable on the grounds of a brief respite to production and industry, whereas to secure further from the horrible times it has just passed through.

consistent support of, and pressure on Government to pay due regard to, unofficial opinion, became a valued member of Council and an able and willing co-operator with responsible public bodies.

\* \* \*

Knowing something of the difficulties experienced by Government in the past in filling unofficial vacancies on the Legislature, we write with diffidence of this matter. We have known cases in which Government has issued one invitation after another to people unable for one reason or another to accept the proffered honour of membership of the Council, and it may well be that the same difficulty has again been experienced, and that these appointments are not those which the Governor and his advisers would most have desired. Be that as it may, we welcome the continued association of the mining community, and especially of the smallworker, with the Legislature by the nomination of Major Grundy. As to Mr. Kassum Sunderji Samji, few Indians in Eastern Africa are happier in their friendships with members of every section of the community, or more generous in support of any good cause, without consideration of race or creed.

\*\* \* \*\*

**SIR ALAN PIM'S Report on the Financial Position and System of Taxation of Kenya is a lucid, painstaking, dispassionate, document, meticulous in detail and broad-minded in principle. It points a way to considerable economies in public expenditure, and therefore to reduction of taxation, but, as we noted at the time of the Commissioner's appointment, the possible scope of his recommendations was seriously circumscribed from the outset by the limitation of the inquiry to Kenya. Had it embraced Tanganyika Territory and Uganda also it would have enabled the whole question of union to be examined afresh from the standpoints of finance and increased efficiency. Sir Alan Pim's terms of reference did not permit him to deal with that fundamental issue or with questions of military expenditure. Kenya, which has to bear an annual military charge of approximately £130,000, may fairly claim that that expenditure is necessitated largely by considerations of Imperial policy, and that a substantial proportion should be paid by the War Office, the vote of which could be increased by, say, half the bill without material detriment to the taxpayer at Home, whereas the relief to Kenya would be great. Garrisons are maintained in Gibraltar, Malta, and other Colonies at the cost of the Imperial Government, which might likewise bear at least a share of the burden now supported by Kenya. Sir Alan Pim shows how the Administration could save Kenya nearly £50,000 per annum, and proposes income tax, the adoption of which would divert to Kenya large sums now paid to the Inland Revenue at Home. If suitable re-arrangement of military finance could be made, the relief to Kenya taxpayers under these three heads might approach £150,000 yearly.**

The only recommendation likely to arouse much opposition in the Colony is that in favour of the introduction of income tax, which

**Income Tax** we have always believed to be the **In Place of** soundest form of basic taxation for **Other Taxes.** the Colony, and which we first advocated as a minority of one among the East African Press. Sir Alan considers and rejects the arguments against the tax, roundly condemns the existing graduated non-Native poll tax and the trade and professional licences, and is emphatic that he advocates, not the superimposition of an additional tax, but a more equitable alternative to an admittedly inequitable and haphazard system of direct taxation. His income tax—which would be coupled with a basic minimum annual payment of either 50s. or £3 by Europeans and Asiatics—would replace the graduated poll tax and the education tax, permit substantial modifications to the Trades Licensing Ordinance, and abolish, or at least reduce by half, the levy on official salaries. The country will certainly, and quite rightly, expect the recommendations to be implemented wholly, and will not be content to see the Government evade the economies suggested, while adopting that portion of the report which is more palatable. The Colony, the Commissioner says, cannot afford another income tax fiasco. That is true, and since the present Secretary of State declared in the House of Commons a few weeks ago that he believed that income tax would be to the benefit of Kenya, instructions will presumably be given for its introduction. On this occasion the public will not be stampeded into vociferous opposition.

\* \* \*

The Secretariat system did not impress Sir Alan, who recommends the appointment of three Secretaries to Government, each with responsibility for a group of Departments, and each standing in the same relation to the Governor, though the Colonial Secretary would continue to act as Chief Secretary, Deputy to the Governor and head of the Administrative Service. The titles proposed are Colonial Secretary, Secretary for Native Affairs, and Financial Secretary, and it is urged that the last-named should be consulted much more frequently than at present. This system of three secretaries recalls the arrangement made thirty years ago in the Transvaal by Lord Milner, that far-seeing statesman, whose innovations have so greatly influenced Imperial affairs. Sir Alan Pim examines in detail the emoluments of the Governor, and concludes that they are not excessive. He advocates reduction of the European administrative staff, increased local recruitment of subordinate European staff, the greater use of Arabs and Africans after proper training, substitution of the Native hut and poll tax by a better alternative, and considerable amendment to the system of local government. This, then, is no spectacular flash-light, but a reliable signpost to the road which Kenya must make up her mind to travel.

# WELCOMING "EAST AFRICA AND RHODESIA."

**The Rt. Hon. W. G. A. ORMSBY-GORE, P.C., M.P.,**

*Secretary of State for the Colonies.*

"East Africa has for many years provided an independent and courageous weekly newspaper for all those interested in the welfare and progress of those territories under British Administration between Egypt and the Limpopo.

"Each of these territories has much to learn from the experience of the others, and all of them have some common problems, however diversified by reason of history or the composition of their population. I am sure the change in title of the paper will be welcomed by many, and especially by those who realise the interdependence of all those who look to the ports between Port Sudan and Beira as their bases of sea communication, and to the Imperial Airways mail route as their all-important air link.

"As one who has felt the 'call' of Africa, may I wish all success to Mr. Joelson and his paper in its enlarging sphere of activity?"

**The Rt. Hon. MALCOLM MACDONALD, P.C., M.P.,**

*Secretary of State for the Colonies, 1935, and now Secretary of State for Dominion Affairs.*

"Southern Rhodesia and the British territories of East and Central Africa have many common interests and problems, and I feel sure that the enlarged scope of your periodical will do much to enhance its value, and to increase the number of those who look to it for information and comment on the affairs of these parts of the British Empire. I wish the paper every success in its new form."

**The Rt. Hon. the EARL of PLYMOUTH, P.C.,**

*Parliamentary Under-Secretary of State for the Colonies, 1932-1936.*

"I am glad that one of the last things I shall do as Parliamentary Under-Secretary of State for the Colonies is to write you this line to congratulate you on this new development in your journal. I am sure your decision to widen the scope of your valuable paper will be greatly appreciated by your numerous readers in this country, East Africa, and the two Rhodesias."

**The Hon. G. MARTIN HUGGINS, F.R.C.S., M.P.,**

*Prime Minister of Southern Rhodesia since 1934.*

"I am very pleased to send a message of welcome to *East Africa and Rhodesia*. The work of its predecessor *East Africa* is too well known to call for any eulogy from me. The new journal will undoubtedly serve a very useful purpose.

"Although the territories to be served by the journal may be separated by defined boundaries, and have different systems of administration, the many troubles which confront us are very closely allied, and we are all members of the same Empire. Lying on the All-Red route as we do, the time has come when more attention should be paid to closer co-operation and the ultimate goal of a federation of States.

"Recent events in Europe have brought certain parts of East Africa into the limelight of international politics, reminded us all of our weakness from a defence point of view, and shown how dangerous it would be for all of us if we came under the control of a foreign Government. Meanwhile, we can thank God for the British Navy, and be grateful to the United Kingdom for providing it."

**The Rt. Hon. L. S. AMERY, P.C., M.P.,**

*Secretary of State for the Colonies, 1924-1929, and a staunch friend of East Africa.*

"Every success to *East Africa and Rhodesia*, whose new title is an indication of the ever-growing community of interest which is destined to link all the British territories in Eastern Africa in common material progress, in the development of European civilisation, and in the eventual addition of yet another great and characteristic element to the diversified structure of the Empire."

**His Excellency Brig.-Gen. Sir JOSEPH BYRNE, G.C.M.G., K.B.E., C.B.,**

*Governor of Kenya since 1931.*

"I cordially welcome your decision to change the title of your paper, for the more we in East Africa know of the trend of thought and progress of events in Rhodesia, the better."

**His Excellency Sir HAROLD KITTERMMASTER, K.C.M.G., K.B.E.,**

*Governor of Nyasaland since 1934*

"I, as representing Nyasaland, particularly welcome your decision to include the Central African group of British territories in the scope of your paper, for it seems to me that this Protectorate is in a special way a link between East and Central Africa. Geographically and commercially we are connected with the Rhodesias, but in many respects we have closer affinities with the East African group—for instance, in the matter of Native development, and in many problems of plant and animal diseases. Africa has suffered in the past from too local a study of her manifold problems, and anything which tends to widen her point of view is an advantage. I hope the extension of your activity will make each of the two groups more conscious of the other."

**His Excellency Sir HAROLD MACMICHAEL, K.C.M.G., D.S.O.,**

*Governor of Tanganyika Territory since 1934.*

"I am very glad to hear that *East Africa* is to become *East Africa and Rhodesia*. The links of friendship binding us to the great territories that lie to the south of East Africa are yearly drawing closer, and it seems very appropriate that the process of attraction should be reflected in the title of a paper which so admirably serves the interests of both groups."

**His Excellency PHILIP E. MITCHELL, C.M.G., M.C.,**

*Governor of Uganda since 1935.*

"I am sure the change of title to *East Africa and Rhodesia* will be widely welcomed in these Colonies as one more indication of the growing feeling of common interest throughout British Africa. The stronger that feeling grows, and the greater the solidarity of this part of the Empire, the better it will be for all of every race who live in these countries and enjoy the benefits of freedom, justice, and opportunity, which are becoming so sadly diminished in a mad world."

E  
Telegram from the Deputy Governor of Kenya to the  
Secretary of State for the Colonies.

Dated 11th September, 1936. Received 3-3pm 11th September.

-----  
No. 214. Confidential.

(2)  
Reference to Sir Joseph Byrne's  
personal letter of the 2nd September to Sir Cecil  
Bottomley and to paragraph 385 and recommendation 22  
of Pim's Report Executive Council unanimously  
advise approval of principle of Income Tax on the  
lines suggested.

*Proc 7*  
I now request your approval  
for publication of Bill following closely the 1933  
Bill as amended by Select Committee vide confidential  
despatch No. 48 of the 21st April 1933 but  
012/1/33 EA  
69) incorporating Pim's proposals for re-adjustment  
of non-native taxation.

PERSONAL AND PRIVATE:  
AIR MAIL:  
(TO BE OPENED IF AWAY).

2

GOVERNMENT HOUSE, 123  
KENYA,

*Wednesday* EAST AFRICA.  
2nd September, 1936.

My dear Bottomley,

We leave for Johannesburg early on Friday morning and are due at Lusaka that evening: a weary flight of eleven hours. Mitchell and party join me here and we pick up MacMichael and party at Dodoma. Young is entertaining us at Lusaka; there will be no relief from these feasts until our return here on or about the 18th September. I am staying with the Clarendons from the 8th to the 10th.

I have no local news for you. The country has not for years been so quiet. The recent spectacular rise in the price of maize has had a most stimulating effect and we are now considering the question of getting back some of the £111,000 we advanced in 1931!! The Directors of the Kenya Farmers' Association who represent the maize farmers of the country are unanimous in thinking.....

Copy  
3871/36  
1

SIR W. CECIL BOTTOMLEY, K.C.M.G., C.B., O.B.E.,  
COLONIAL OFFICE,  
DOWNING STREET,  
LONDON. S. W. 1.

in thinking that repayment should be made. If, as is anticipated, the price goes up to shs.30/- a quarter by the time that the new crop is ready for shipment, approximately £30,000 will accrue to Government.

May I congratulate you all on the Bond Scheme despatch. It has been favourably received: nobody but a few cranks ever expected that the Secretary of State would agree to such wild cat proposals.

Now about the Pim Report. The delay is unfortunate: but as the Air Mail is due to arrive in Nairobi on Wednesday evening, I hope to be able to take a copy with me to South Africa.

I am not relying on this and have given the following general instructions to Wade:-

After time has been given for a preliminary study of the Report a special meeting of Executive Council is to be called. At this meeting Wade will take the line that the Government is genuinely anxious to give effect without delay to any of Pim's recommendations that can readily be agreed to, and as many of these as possible will be inserted in the Estimates. But it has to be realized

that the more important recommendations will be long range and undoubtedly will be contentious requiring, it is expected, debate in Legislative Council, and eventually reference to the Secretary of State. If Executive Council so advises, full publicity will be given to our intentions.

He will inform the Council that there is one recommendation that brooks no delay and regarding which immediate action must be taken. That is the recommendation to introduce Income Tax. If Council advises that the Tax should be introduced, ( as I am sure they will ), and that the Bill should be published without delay for "introduction" a cable will be sent to the Secretary of State asking for his consent. I hope this will be given and by cable for the time is very opportune for this radical and essential change from our present defective system of Taxation. It is opportune because of the optimistic feeling prevailing due to the rise in commodity prices. In addition to this the usual noisy opposition is at the moment much discredited throughout the Colony.

Now if we are to get this important measure through.....

throughout without undue friction, it would be desirable for the public to be given in advance full information regarding income tax and as to how it will affect each individual. Fortunately since 1933 much detailed information has been collected by the branch that deals with Non-Native Poll Tax. Accordingly I instructed the Treasury to prepare a comprehensive memorandum which will be published in the same gazette as the Bill.

The facts and figures are very illuminating and will, I think, remove a great deal of opposition to the change.

I hope this memorandum ( in preliminary draft ) will be ready before this letter is posted. If it be not ready, Wade will send it by the next Air Mail so it should be in your hands before you receive his cable requesting permission to publish the Bill.

You will realize that I am now writing "blind" and that the contents of Pim's Report may affect some of the views expressed in this letter. I hope not.

By the way.....

By the way, there is a further matter which I have asked Wade to raise at the Executive Council meeting. The Council should be asked for their advice as to getting out forthwith a man from Somerset House to take permanent charge of the "Inland Revenue Department". His main duties at the start will be connected with income tax. The advice should include the remuneration to be offered. Should agreement be reached, Wade's telegram will include a request for this officer about whom I warned Maffey in a personal letter I sent to him early in August.

Yours sincerely,

*H. Lyne*

3  
Copy on  
38258/36



PROPOSED INTRODUCTION OF INCOME TAX AND  
THE CONSEQUENTIAL REVISION OF NON-NATIVE TAXATION.

Provisions of  
new Bill.

The Income Tax Bill now published for introduction into Legislative Council follows very closely the provisions of the Income Tax Bill which passed its second reading in 1933.

Deductions  
from income  
for taxing  
purposes.

2. Both measures provide for the following deductions from incomes before the figure representing "chargeable income" is reached:-

- (a) one tenth of that part of the income which is earned income, subject to a maximum deduction of £200;
- (b) a deduction of £150 in the case of residents in the Colony and British subjects;
- (c) a deduction of £50 for a wife or wives;
- (d) a deduction of £40 for one child and £30 for each subsequent child, subject to a maximum of £100;
- (e) a deduction in respect of any life insurance premia subject to a maximum of one sixth of the chargeable income and to a maximum amount of £200.

In addition, provision is made subject to certain conditions in respect of:-

- (f) interest payable by a borrower on capital employed by him in acquiring the income;
- (g) rent payable by any tenant on land or buildings used by him for the purpose of acquiring the income;
- (h) replacement of obsolete plant and machinery used in acquiring the income;

- (i) renewals and repairs of plant and machinery and repairs to premises employed in acquiring the income;
- (j) bad debts, and in certain circumstances an allowance for doubtful debts;
- (k) subject to certain provisions, an allowance in respect of trade losses which cannot be wholly set off against income from other sources.

Rate on chargeable income.

3. The rates of tax leviable upon the incomes of persons other than companies after account has been taken of such of the deductions enumerated in paragraph 2 as apply to the individual taxpayer, are as follows:-

In respect of "chargeable income"

For every pound of the first	£350	One shilling;
- do - next	£350	one shilling and fifty cents;
- do -	800	Two shillings;
- do -	1,500	Two shillings and fifty cents;
- do -	2,000	Three shillings;
- do - remainder		Three shillings and fifty cents.

Basic Tax.

4. Under the 1933 Income Tax proposals a deduction was allowed in the case of Poll Tax payments but no provision was made for a set off in respect of Education Tax. At that time Poll Tax was payable at the rate of Sh.60/- per head and Education Tax at its present figure of Sh.30/- in the case of European and Sh.20/- in the case of Indian taxpayers. The existing basic rate of non-native Poll Tax is Sh.30/- and it is now proposed to merge the Poll Tax and Education Tax into a single rate of Sh.50/- per head for all non-native taxpayers other than Arabs and Somalis.

Effective rate  
on total income.

5. As has been stated in paragraph 3, chargeable income is that amount of the income which is left after all allowable deductions have been made. The rates given in that paragraph apply only to the chargeable income, consequently the effective rate on the total income is very much smaller. The following table shows for comparative purposes the effective rates under the present non-native Poll Tax and Education Tax and under Income Tax plus a basic tax of Sh. 50/- as now proposed. For the purposes of this table and throughout this memorandum the taxpayer has been taken as being a married man, with one child, 10% being deducted for earned income and 5% for insurance premia.

Income.	European.		Indian.	
	Present.	Proposed.	Present.	Proposed.
350	31 Cts.	16 Cts.	29 Cts.	16 Cts.
450	29	32	27	32
550	31	41	29	41
650	32	48	31	48
850	34	64	33	64
1,050	35	76	34	76
1,450	37	Sh. 1.01	36	Sh. 1.01
2,250	68	1.32	68	1.32
3,750	81	1.76	81	1.76

Companies.

6. In the 1933 proposals provision was made in the case of companies of a flat rate of Sh. 2/- on every pound of chargeable income. The present Bill provides for a flat rate of Sh. 2/6 in the pound this being considered a more equitable figure in relation to the rates chargeable to individuals having regard to the necessity for maintaining the yield from the tax; and it is one which is common to Ceylon, Trinidad and certain other British Dependencies.

1933 proposals.

7. When Income Tax was under discussion in 1933, a reduction of taxation in other directions was not envisaged as although a set off was allowed in respect of any hut tax or poll tax which had been paid under the Native Hut and Poll Tax Ordinance, the Northern Frontier Poll Tax Ordinance and the non-native Poll Tax Ordinance, the last named tax was in fact increased from Sh. 30/- to Sh. 60/- per head in that year and no provision for remission of taxation in other directions was made.

Readjustments  
now suggested.

8. The present Bill on the other hand is intended to supersede certain of the existing taxation measures with the express purpose of effecting a more equitable distribution of the burden of taxation so far as the non-native races in particular are concerned. If this Bill becomes Law it is proposed to repeal the European and Asiatic Education Tax Ordinances and the Graduated Non-Native Poll Tax Ordinance. In substitution therefor a minimum flat rate tax of Sh. 50/- on adult male non-natives (other than Arabs and Somalis who will continue to pay Sh. 30/- per head) will be imposed, this being set off against any tax payable on "chargeable incomes." It is also intended to amend the Licensing Ordinance by a reversion to the principles and in general to the rates incorporated in the Traders Licensing Ordinance, 1919. The Levy on Official Salaries which has never been regarded as forming part of the fiscal structure of the Colony will be abolished.

Comparison  
between old  
and new basic  
taxes.

9. Disregarding any relief which may be afforded by revision of the Licensing Ordinance, it will be observed that whereas in 1933 adult male Europeans and Indians were called upon to pay basic taxes amounting to Sh. 90/- and Sh. 80/- per head respectively and under the present laws pay 60/- and 50/- per head respectively, the flat rate now proposed is Sh. 50/- per head.

Conclusion.

10. By this comprehensive readjustment of the fiscal system of the Colony as applied to the non-native races it is confidently believed that many of the difficulties and inequalities apparent in the present legislation will be overcome and that a system based on the broadest principles of equity and justice will be established.

Number of  
taxpayers on  
Roll.

11. There are at present on the Tax Roll 8,125 Europeans, 13,689 Indians, and 4,767 taxpayers of other non-native races, a total of 26,783. Of this number, 5,012 Europeans or 62%, 13,350 Indians or 98% <sup>and</sup> or 4,679 or 98% of the taxpayers of other non-native races would pay the minimum tax of Sh. 50/-: in other words 87% of the total non-native population would not be subjected to any tax on "chargeable income" in the circumstances disclosed by them under the Graduated non-Native Poll Tax Ordinance, 1935, assessment.

12. Comparing the contributions of individuals under existing taxation i.e. the Graduated Non-Native Poll Tax and the Education Tax with assessment under the Income Tax Bill including the basic tax of Sh. 50/-, it is found that 5,891 Europeans or 73%, 13,536 Indians or 99% and 395 or 8% of members of other non-native races a total of 19,822 or 74% would pay less or not more under the present proposals.

Application of  
flat basic  
rate.

13. In replacing rates which are variable by a flat rate a certain redistribution of the burden is unavoidable and whereas under the existing Education Tax Ordinances, which are generally regarded as unsatisfactory, Europeans are called upon to pay Sh. 30/- per head, Indians Sh. 20/- per head, Goans are exempt and the treatment of members of other races has been the

subject of very considerable discussion. The new proposals envisage a payment of 3.50/- per head of adult non-native males irrespective of race and it is for this reason that the percentage given in the preceding paragraph in regard to non-natives other than Europeans and Indians is relatively low.

Application to  
classés.

14. Examining the proposals as they affect the various non-native sections of the community, the following tables give particulars of frequency and yield. Details in regard to income have been abstracted from the 1935 Graduated Poll Tax returns and are consequently based on the incomes of 1934.

EUROPEANS.

132

SUMMARY.

Civil Servants.	1,201	£14,440
Kenya & Uganda Railways and Harbours.	412	4,177
Professional.	385	5,993
Commercial Employers.	765	10,094
Owner Farmers.	1,804	7,820
Farm Employees.	588	2,396
Commercial Employees.	2,202	12,248
Others.	<u>468</u>	<u>3,919</u>
Total Taxpayers:	<u>8,125</u>	Total Yield: <u>£61,087</u>



Declared Income.	Frequency.	Tax.	Yield.
£		Sh.	Sh.
100	73	50/-	3,650/-
200	73	50/-	3,650/-
300	238	50/-	11,900/-
400	174	100/-	17,400/-
500	218	185/-	40,330/-
600	154	270/-	41,580/-
700	75	357/50	26,812/50
800	82	485/-	39,770/-
900	41	612/50	25,112/50
1000 and over	73		78,602/50
	1,201		288,807/50 or £14,440

## RAILWAY.

100	24	50/-	1,200/-
200	52	50/-	2,600/-
300	48	50/-	2,400/-
400	62	100/-	6,200/-
500	96	185/-	17,760/-
600	81	270/-	21,870/-
700	25	357/50	8,937/50
800	6	485/-	2,910/-
900	5	612/50	3,062/50
1000 and over	13		16,595/-
	412		83,535/- or £4,177

## PROFESSIONAL.

50	280	50/-	14,000/-
150	123	50/-	6,150/-
250	92	50/-	4,600/-
350	49	57/-	2,793/-
450	44	142/-	6,248/-
550	24	227/-	5,448/-
650	16	312/-	4,992/-
750	8	420/50	3,564/-
850	9	548/-	4,932/-
950	4	675/50	2,702/-
1000 and over	36		64,623/-
	685		119,852/- or £5,993

## COMMERCIAL EMPLOYERS.

50	177	50/-	8,850/-
150	121	50/-	6,050/-
250	108	50/-	5,400/-
350	79	57/-	4,503/-
450	69	142/-	9,798/-
550	53	227/-	12,031/-
650	27	312/-	8,424/-
750	24	420/50	10,092/-
850/	21	548/-	11,506/-
950	19	675/50	12,834/50
1000 and over	67		112,385/-
	765		201,875/50 or £10,094

## OWNER FARMERS.

Declared Income.	Frequency.	Tax.	Yield.
£		Sh.	Sh.
50	1022	50/-	51,100/-
150	326	50/-	16,300/-
250	154	50/-	7,700/-
350	107	57/-	6,099/-
450	69	142/-	9,798/-
550	44	227/-	9,988/-
650	25	312/-	7,800/-
750	18	420/50	7,569/-
850	14	548/-	7,372/-
950	6	675/50	4,053/-
1000 and over	19		26,327/-
	1804		Sh. 156,406/- or £7,820

## FARM EMPLOYEES.

50	194	50/-	9,700/-
150	144	50/-	7,200/-
250	100	50/-	5,000/-
350	62	57/-	3,534/-
450	46	142/-	6,532/-
550	20	227/-	4,540/-
650	7	312/-	2,184/-
750	7	420/50	2,945/50
850	1	548/-	548/-
950	4	675/50	2,702/-
1000 and over	3		3,041/-
	588		Sh. 47,924/50 or £2,396.

## COMMERCIAL EMPLOYEES.

50	507	50/-	25,350/-
150	448	50/-	22,400/-
250	423	50/-	21,150/-
350	292	57/-	16,644/-
450	227	142/-	32,234/-
550	128	227/-	29,056/-
650	73	312/-	22,776/-
750	32	420/50	13,456/-
850	24	548/-	13,152/-
950	13	675/50	8,781/50
1000 and over	35		39,963/-
	2202		Sh. 244,962/50 or £12,248

## OTHERS.

50	103	50/-	5,150/-
150	108	50/-	5,400/-
250	74	50/-	3,700/-
350	54	57/-	3,078/-
450	44	142/-	6,248/-
550	20	227/-	4,540/-
650	13	312/-	4,056/-
750	18	420/50	7,569/-
850	10	548/-	5,480/-
950	7	675/50	4,728/50
1000 and over	17		28,423/50
	468		Sh. 78,573/- or £3,919.

INDIANS.SUMMARY.

Civil Servants.	921	£ 2,393
Kenya & Uganda Railways and Harbours	1185	3,086
Professional	171	694
Commercial Employers.	3187	11,969
Owner Farmers.	72	180
Farm Employees	3	8
Commercial Employees	8032	20,234
Others	<u>118</u>	<u>295</u>
	<u>13689</u>	<u>£38,859</u>

## INDIANS.

## CIVIL SERVANTS.

136

Declared Income.	Frequency.	Tax.	Yield.
£		Sh.	Sh.
100	335	50/-	16,750
200	370	50/-	18,500
300	185	50/-	9,250
400	28	100/-	2,800
500	<u>5</u>	185/-	<u>555</u>
	921		47,855 or £2,393

## KENYA AND UGANDA RAILWAYS AND HARBOURS.

100	396	50/-	19,800
200	598	50/-	29,900
300	152	50/-	7,600
400	<u>33</u>	100/-	3,300
500	6	185/-	1,110
	1185		61,710 or £3,086

## PROFESSIONAL.

50	127	50/-	6,350/-
150	9	50/-	450/-
250	8	50/-	400/-
350	12	57/-	684/-
450	5	142/-	710/-
550	2	227/-	454/-
650	2	312/-	624/-
750	2	420/50	841/-
850	1	548/-	548/-
950	2	675/50	1,351/-
1000 and over	<u>1</u>		<u>1,458/-</u>
	171		13,871/- or £ 694

## COMMERCIAL EMPLOYERS.

50	2369	50/-	118,450/-
150	507	50/-	25,350/-
250	138	50/-	6,900/-
350	63	57/-	3,591/-
450	53	142/-	7,526/-
550	14	227/-	3,178/-
650	<u>14</u>	312/-	4,368/-
750	1	420/50	420/50
850	1	548/-	548/-
950	5	675/50	3,377/50
1000 and over	<u>22</u>		<u>65,668/50</u>
	3187		239,377/50 or £11,969

## OWNER FARMERS.

50	68	50/-	3,400/-
150	3	50/-	150/-
250	1	50/-	50/-
	<u>72</u>		<u>3,600/-</u> or £180

## FARM EMPLOYEES.

Declared Income.	Frequency.	Tax.	Yield.
£		Sh.	Sh.
50	2	50/-	100/-
150	$\frac{1}{3}$	50/-	50/-
			150/-
			or
			£8

## COMMERCIAL EMPLOYEES.

50	6722	50/-	336,100/-
150	1026	50/-	51,300/-
250	216	50/-	10,800/-
350	49	57/-	2,793/-
450	14	142/-	1,988/-
550	1	227/-	227/-
650	2	312/-	624/-
750	2	420/50	841/-
	<u>8032</u>		<u>404,673/-</u>
			or
			£20,234

## OTHERS.

50	108	50/-	5,400/-
150	5	50/-	250/-
250	4	50/-	200/-
350	1	57/-	57/-
	<u>118</u>		<u>5,907/-</u>
			or
			£295

GOANS

SUMMARY.

Civil Servants	384	£1,015
Kenya & Uganda Railways and Harbours	185	505
Professional	18	121
Commercial Employers	123	467
Commercial Employees	<u>1,135</u>	<u>2,866</u>
	<u>1,845</u>	<u>£4,974</u>

-----

## CIVIL SERVANTS.

Declared Income.	Frequency.	Tax.	Yield.
£		Sh.	Sh.
100	36	50/-	1,800/-
200	159	50/-	7,950/-
300	167	50/-	8,350/-
400	22	100/-	2,200/-
	<u>384</u>		20,300/- or £1,015.

## KENYA AND UGANDA RAILWAYS AND HARBOURS.

100	49	50/-	2,450/-
200	94	50/-	4,700/-
300	32	50/-	1,600/-
400	6	100/-	600/-
500	4	185/-	740/-
	<u>185</u>		10,090/- or £505
<u>PROFESSIONAL.</u>			
50	9	50/-	450/-
150	2	50/-	100/-
250	2	50/-	100/-
350	3	57/-	171/-
450	1	142/-	142/-
1000 and over	1		1,459/-
	<u>18</u>		2,422/- or £121

## COMMERCIAL EMPLOYERS.

50	103	50/-	5,150/-
150	14	50/-	700/-
250	3	50/-	150/-
350	-	57/-	-
450	1	142/-	142/-
550	1	227/-	227/-
1000 and over	1	2967/50	2967/50
	<u>123</u>		9,336/50 or £467.

## COMMERCIAL EMPLOYEES.

50	694	50/-	34,700/-
150	323	50/-	16,150/-
250	96	50/-	4,800/-
350	18	57/-	1,026/-
450	3	142/-	426/-
550	1	227/-	227/-
	<u>1135</u>		57,329/- or £2,866

ARABS AND SOMALIS.

SUMMARY.

Civil Servants	158	£ 256
Kenya & Uganda Railways Harbours	4	6
Commercial Employers	985	2,049
Farm Owners.	267	401
Commercial Employees.	<u>1,014</u>	<u>1,522</u>
Total Taxpayers	<u>2,428</u>	<u>Total Yield 4,234</u>

COMPUTED WITH A BASIC TAX OF Sh. 30/- ONLY.

-----



## CIVIL SERVANTS.

Declared Income.	Frequency.	Tax.	Yield.
100	131	Sh. 30/-	Sh. 3,930/-
200	19	30/-	570/-
300	5	30/-	150/-
400	2	100/-	200/-
500	-	185/-	-
600	1	270/-	270/-
	<u>158</u>		<u>Sh. 5,120/-</u> or <u>£256</u>

## KENYA AND UGANDA RAILWAYS AND HARBOURS.

100	4	30/-	120/- or £6
-----	---	------	-------------------

## COMMERCIAL EMPLOYERS.

50	961	30/-	28,830/-
150	17	30/-	510/-
250	3	30/-	90/-
550	1	227/-	227/-
850	1	548/-	548/-
1000 and over	<u>2</u>		<u>10,774/-</u>
	985		40,979/- or <u>£2,049</u>

## FARM OWNERS.

50	267	Sh. 30/-	8,010/- or £401.
----	-----	----------	------------------------

## COMMERCIAL EMPLOYEES.

50	992	30/-	29,760/-
150	20	30/-	600/-
250	1	30/-	30/-
350	<u>1</u>	57/-	<u>57/-</u>
	1014		30,447/- or £1,522

OTHERS.SUMMARY.

Civil Servants	20	£ 55
Kenya & Uganda Railways and Harbours	7	32
Professional	2	5
Commercial Employers	93	233
Commercial Employees	<u>372</u>	<u>968</u>
Total Taxpayers:	494	Total Yield: £1,293
	<u>          </u>	<u>          </u>

-----

LIABILITIES UNDER PRESENT ENACTMENTS

LIABILITIES UNDER NEW PROPOSALS

Income	Basic Poll Tax	G.P.T.	Educ. Tax	Total Liabilities	Nett Income after payment of Liabilities.	Basic Poll Tax	Income Tax	Total Liabilities	Nett Income after payment of Liabilities.
£	Shs.	Shs.	Shs.	Shs.	£	Shs.	Shs.	Shs.	£
100	30	-	30	60	97	50	-	50	97-10
200	30	10	30	70	196-10	50	-	50	197-10
300	30	30	30	90	295-10	50	-	50	297-10
400	30	50	30	110	394-10	50	50	100	395-
500	30	70	30	130	493-10	50	135	185	490-15
600	30	110	30	170	591-10	50	220	270	586-10
700	30	150	30	210	689-10	50	307/50	357/50	682- 2-50
800	30	190	30	250	787-10	50	435	485	775-15-00
900	30	230	30	290	885-10	50	562/50	612/50	869- 7-50
1,000	30	270	30	330	983-10	50	690	740	963-
1,100	30	310	30	370	1081-10	50	817/50	867/50	1056-12-50
1,200	30	350	30	410	1179-10	50	985	1035	1148- 5-00
1,300	30	390	30	450	1277-10	50	1155	1205	1239-15-00
1,400	30	430	30	490	1375-10	50	1325	1375	1331- 5-00
1,500	30	470	30	530	1473-10	50	1495	1545	1422-15-00
1,600	30	970	30	1030	1548-10	50	1665	1715	1514- 5-00
1,700	30	970	30	1030	1648-10	50	1835	1885	1605-15-00
1,800	30	970	30	1030	1748-10	50	2005	2055	1697- 5-00
1,900	30	970	30	1030	1848-10	50	2175	2225	1788-15-00
2,000	30	970	30	1030	1948-10	50	2345	2395	1880- 5-00
2,100	30	1470	30	1530	2023-10	50	2562/50	2612/50	1969- 7-50
2,200	30	1470	30	1530	2123-10	50	2800	2850	2057-10-00
2,300	30	1470	30	1530	2223-10	50	3037-50	3087-50	2145-12-50
2,400	30	1470	30	1530	2323-10	50	3275	3325	2233-15-00
2,500	30	1470	30	1530	2423-10	50	3512-50	3562-50	2321-17-50
2,600	30	1970	30	2030	2498-10	50	3750	3800	2410-
2,700	30	1970	30	2030	2598-10	50	3987-50	4037-50	2498- 2-50
2,800	30	1970	30	2030	2698-10	50	4225	4275	2586- 5-00
2,900	30	1970	30	2030	2798-10	50	4462-50	4512-50	2674- 7-50
3,000	30	1970	30	2030	2898-10	50	4700	4750	2762-10-00
3,100	30	2470	30	2530	2973-10	50	4937-50	4987-50	2850-12-50
3,200	30	2470	30	2530	3073-10	50	5175	5225	2938-15-00
3,300	30	2470	30	2530	3173-10	50	5412-50	5462-50	3026-17-50
3,400	30	2470	30	2530	3273-10	50	5650	5700	3115-
3,500	30	2470	30	2530	3373-10	50	5887-50	5937-50	3203- 2-50
4,000	30	2970	30	3030	3848-10	50	7225	7305	3634-15-00

## OTHERS.

## CIVIL SERVANTS.

144

Declared Income. £	Frequency.	Tax. Sh.	Yield. Sh.
100	6	50/-	300/-
200	7	50/-	350/-
300	5	50/-	250/-
400	<u>2</u>	100/-	<u>200/-</u>
	20		1,100/- or £55

## KENYA AND UGANDA RAILWAYS AND HARBOURS.

100	1	50/-	50/-
300	2	50/-	100/-
400	3	100/-	300/-
500	<u>1</u>	185/-	<u>185/-</u>
	7		635/- or £32

## PROFESSIONAL.

50	1	50/-	50/-
250	<u>1</u>	50/-	<u>50/-</u>
	2		100/- or £5

## COMMERCIAL EMPLOYEES.

50	90	50/-	4,500/-
150	2	50/-	100/-
250	<u>1</u>	50/-	<u>50/-</u>
	93		4,650/- or £233

## COMMERCIAL EMPLOYERS.

50	298	50/-	14,900/-
150	49	50/-	2,450/-
250	13	50/-	650/-
350	6	57/-	342/-
450	4	142/-	568/-
550	<u>2</u>	227/-	<u>454/-</u>
	372		19,364/- or £968

Application to individuals.

The foregoing Tables relate incidence to the various classes of the non-native community. It is now necessary to examine the proposals in relation to individuals and Appendix I is attached with this object in view.

The formula specified in Paragraph 5 has also been applied to this Table. Figures appearing on the left-hand side indicate the various taxes which fall to be deducted from gross incomes and the net income remaining after these liabilities have been met. Those on the right-hand side of the Table give particulars of deduction under the new proposals and the net income remaining. In order to avoid over-elaboration, the existing Education Tax has been shown at the European rate but from the details given the taxpayer should be able without difficulty to relate the table to his individual circumstances not only as regards his present liabilities but also as regards deductions under the Income Tax Bill before a figure of chargeable income is reached.

Estimated yield from Income Tax.

15. So far as yield is concerned, although the data obtained through operation of the Graduated Non-Native Poll Tax Ordinance reduces to a considerable extent the difficulties of estimation, a wide margin of error is inevitable until actual experience of the new measure has been obtained. The following details which are based on 1935 statistics must therefore be regarded as tentative.

	£
Basic Tax of Sh. 50/- (£64,032 less £3,982 for remissions & exemptions)	60,050
Income Tax schedules (individuals) (this allows for taxation of quarters, abolition of the Railway levy etc.)	52,913
Pensioners (say)	2,000
Companies at Sh. 2/50 (say)	25,000
Carry over (say)	<u>3,000</u>
	143,963

Less Non-Native Poll Tax (receipts in respect of 1935)	£70,987	
Education Taxes	<u>24,792</u>	95,779

Estimated yield  
from Trades  
Licences.

16. By reversion to the rates chargeable under the Trades Licensing Ordinance a reduction in revenue of approximately £8,000 from £33,000 to £25,000 might be anticipated.

Estimated  
additional  
cost.

17. The additional cost of collection following imposition of an Income Tax is estimated at £2,500.

E 8-SEP 1936

C.O.

147

END

gram from the Deputy Governor of Kenya to the Secretary of  
the for the Colonies.

Dated 7th September 1936. Received 5.3 p.m 7th September 1936.

No 209

*on 38173/1/36 (in circ)*

Your despatch No 669 Air mail 27th August 1936.

I have read with some surprise paragraph No 406 and recommend-  
ation 24 of Pim report and shall be glad to know in connection  
with 1937 estimates whether you view proposal favourably and  
if I may estimate accordingly.

On existing basis of native taxation and Walshe's  
memorandum enclosed with Sir Joseph Byrne's personal letter  
of 2nd <sup>not yet received</sup> instant to Sir C. Bottomley budget can be balanced but  
this will be difficult if not impossible if I have to provide  
for reduction in native taxes as proposed in paragraphs 75  
and 76 recommendation 1.

Treasurer sees grave objections to having recourse to  
unusual expedients mentioned in paragraphs 406/407 of the  
report which is completely at variance with basic principles  
on which this Government has acted recently that budget must be  
balanced from colony's resources and I agree with him.

If you agree it may therefore be necessary to postpone  
introduction of proposed reforms in native taxation.