

1922

KENYA

217

REC^d
10017
MAR 22

FROM GOVERNOR
MORTHEY

93

DATE
20TH JANUARY 1922

FOR CIRCULATION :-
Mr.
Mr.
Mr.
Mr. Grindle
Sir H. Lambert
Sir H. Road
Mr. Masterton Smith
Mr. Wood
Mr. Churchill

SUBJECT
DANGEROUS PETROLEUM TAX ORDC
NO. XLII OF 1921

Encloses copies with usual legal report.

Previous Paper

MINUTES

W.P. Roberts
to Stirling
Comp. Assn. (W. Ross)
Have you any notes on this 10000. From
the point of view of encouraging British
motor cars with high efficiency & more
than the high horse power Ford,
the Govt's original proposal would
have been preferable
The previous Scale of Finance had to be found
on A. 23 of 1919 & was somewhat
they were graduated according to
to horse power.

My father's
R. all minutes herewith
10/3/22

Wed 4.58
27 March 1922
W.P. Roberts

Subsequent Paper

36609

impression which I had
formed.

Lightly in distance
of his and of about 10000
but had not taken from
the Hogg's were in basket
white alterations then in front
a small number of trees
I believe that the water

should be further considered
for the purpose of two years.

18th.

16. 10. 22.

At.

18/3

Observe that the same probably will
and is well to the front of road
traffic across the boundary. (Probably
all]

18. 3. 22

atone

Sir,

I have the honour to transmit herewith
the authenticated and translated copies of
the various petroleum tax ordinances, 1921,
which were passed by the Legislative Council
on 11th November, 1921, together with
the explanatory Memorandum and
the Bill as introduced by the Attorney
General.

I am, Sir, very respectfully,
Yours faithfully,

W. H. H. H. H.

HIGH HONOURABLE

WILSON HURDILL, B.C., M.P.

SECRETARY OF STATE FOR THE DOMINIONS,

10, WHITE HALL PLACE, LONDON, E.C. 4.



10017
REC.
REC. 2 MAR 1922

GOVERNMENT HOUSE,
NAIROBI,
KENYA.
January, 1922.

Ordinance.
Excise.
Table.

Sir,

I have the pleasure to transmit herewith two authenticated and ten printed copies of the ~~Excise Ordinance, 1922~~ Excise Ordinance, 1922, which was passed by the Legislative Council on the 24th of January, 1922, together with a statement of objects and reasons and a comparative table prepared by the Attorney General.

I have pleasure to inform you in the hope of your success.

I am, Sir, the honour to be,

Sir,

Edward W. ...

GOVERNOR

THE RIGHT HONOURABLE

WINSTON CHURCHILL, P.C., M.P.,

SECRETARY OF STATE FOR THE COLONIES,

DOWNING STREET, LONDON, S.W.

THE DANGEROUS PETROLEUM TAX ORDINANCE, 1921.

219

STATEMENT OF OBJECTS AND REASONS.

The object of this Ordinance is to obtain increased revenue. It was introduced upon the suggestion of ^{the} Royal East African Automobile Association in lieu of the increase motor tax proposed by Government under which motor vehicles would have been taxed at the rate of Shillings 10/- per h.p. The Association pointed out that such a tax would have borne very heavily upon the user of the cheap utility car of high horse power, and suggested that a more equitable mode of raising the revenue required would be by an additional tax on petrol. The tax was imposed by a Special Ordinance instead of by an increase in Customs Duty as the Uganda Government was not favourably disposed to any increase beyond the 10% which was imposed by the Customs Tariff Amendment Ordinance (No.3), 1921.

to Govt
Revenue
revenue
equity

The tax is imposed on the importer as being the most convenient method of collection. There is at present only one large importer of petrol in the country.

ATTORNEY GENERAL.

Nairobi.

14th January, 1922.

THE DANGEROUS PETROLEUM TAX DE. IN V. 1901. 220

" COMPARE DIVER T. 111.

Section.

Remarks.

1. Short title.

2. Definitions.

3. Now, the words "for sale or consumption therein" exclude petrol consigned to Jyanda or elsewhere.

4. Rule making power.

5. Penalties.

East Africa.

With reference to your remarks dated the 7th March, a Motor Tax in the form of a tax on petrol is regarded by the majority of motorists in the country as the fairest method of taxation since it is

(1) proportional to the mileage run and therefore does not penalise those persons who drive a comparatively small mileage per annum.

(2) dependent also to a large extent (although not sufficiently to be proportional) on the horsepower of the engine and on the weight of the vehicle, and therefore bears some relation to the power of the vehicle for destroying the roads.

2. On the other hand, the tax on petrol has the advantage that from the economic aspect, it does not discriminate between the vehicles used for pleasure and those used for commerce. Moreover, it would unduly encourage the use of paraffin, coal gas, suction gas and other substitutes for petrol, to the detriment of the revenue. For these reasons and partly to simplify collection the Petrol Tax imposed in this country during the war has been dropped in favour of an increased scale of taxation on horsepower.

3. With regard to the new Petrol Tax, Kenya, it seems that, unless Uganda very shortly follows suit, it may be a difficult and expensive matter to prevent the smuggling of petrol from Uganda. All vehicles engaged on inter-colonial traffic would naturally tax in the title of the major portion of their fuel supplies in Uganda where the fuel would be cheaper. In view of the comparatively high cost of petrol in Kenya (and Central and East Africa generally) the tax on petrol might be

beneficial. An encouragement is expected production of Power
 and Charcoal - the former being the fuel to which
 countries will sooner or later have to look to for
 motor vehicles, as petrol supplies become exhausted,
 that the latter would be employed in motor vehicles
 fitted to the heavier types of vehicles.

A comparison of the revenues to be expected from
 horsepower taxes in Kenya in the case of
 Ford and Dodge cars compared with the
 revenue derived from the old tax
 original scheme for 1921
 adopted: also the
 under the present
 proposed scheme

Original Scheme (1921) H.P. tax (shillings)	Proposed Scheme (1921) H.P. tax (shillings)	Rate	Total
25-00-00	21-10-00	Petrol	
		Total	£12.
21-00-00	£11-10-00	H.P. tax 25. Petrol tax 26.	£23.
		Total	£11.
£11-00-00	£12-00-00	H.P. tax 25. Petrol tax 27-10-00.	£24.
		Total	£123-00

beneficial in encouraging the local production of Power Alcohol and Charcoal - the former being the fuel to which all countries will sooner or later have to look to for light motor vehicles, as petrol supplies become exhausted, whilst the latter would be employed in suction gas producers fitted to the heavier types of vehicles.

4. A comparison of the revenues to be expected from the petrol and Horsepower taxes in Kenya in the case of Rover, Cubitt, Ford and Dodge cars &c compared with the revenues derived from the old tax (1919) based on Horsepower only, and the original scheme for 1921 of 10s/- per Horsepower which was not adopted, also the revenues these cars produce in this country under the present 1/- per Horsepower tax, is given in the following table.

K E N Y A			GT. BRITAIN
Old tax (1919) based on H.P. only (Rupees at 2/-48)	Original scheme (1921) 10s/- per H.P. tax. (Not adopted.)	New scheme (1921) H.P. tax (Sched 4) with 12 cents petrol tax. (Assuming 12000 lbs per annum.)	
Rs. 5s. 0d. 730.0	£4. 10s. 0d.	H.P. tax (Sched 4) £3. 0s. Petrol tax £3. 10s. Total. £6. 15. 0d.	£9.
Rs. 10s. 0d. 745.8	£8.	H.P. tax £5. Petrol tax £7. Total. £12.	£16.
Rs. 11. 0s. 0d. 766.8	£11. 10s. 0d.	H.P. tax £5. Petrol tax £6. Total. £11.	£23.
Rs. 11. 0s. 0d. 766.8	£12. 0s. 0d.	H.P. tax £5. Petrol tax £7. 10s. Total. £12. 10. 0	£24.

beneficial in encouraging the local production of Power Alcohol and Charcoal - the former being the fuel to which all countries will sooner or later have to look to for light motor vehicles, as petrol supplies become exhausted, whilst the latter would be employed in suction gas producers fitted to the heavier types of vehicles.

A comparison of the revenues to be expected from the petrol and Horsepower taxes in Kenya in the case of Rover, Cubitt, Ford and Dodge cars & compared with the revenues derived from the old tax (1919) based on Horsepower only, and the original scheme for 1921 of 10s/- per Horsepower which was not adopted, also the revenues these cars produce in this country under the present 1/- per Horsepower tax, is given in the following table.

KENYA			BT. BRITAIN.
Old tax (1919) based on H.P. only (Rupee 2/- 4/-)	Original scheme (1921) 10s/- per H.P. tax. (Not adopted.)	New scheme (1921) H.P. tax (Sched. 4) with 12 pence petrol tax. (Assuming 12000 miles per annum.)	
Rs. 5s. 0d. 23 0 0	£4. 10s. 0d.	H.P. tax (Sched. 4) £3. 0s. Petrol tax. 2s. 16s. Total. £5. 15. 0d.	£9.
£7. 10s. 0d. 46 8	£8.	H.P. tax £5. Petrol tax 27. Total. £12.	£16.
£11. 0s. 0d. 28 6 8	£11. 10s. 0d.	H.P. tax £5. Petrol tax 26. Total. £11.	£23.
£11. 0s. 0d. 26 6 5	£12. 0s. 0d.	H.P. tax £5. Petrol tax 27. 10s. Total. £12. 10.	£24.

It will be seen from the above table on comparing the scale of tax now adopted with that originally proposed that the high powered American cars are left practically unaffected, whilst the smaller engine British cars are heavily penalised. The extra revenue, therefore, would appear to be derived mainly at the expense of those persons who have ^{been} ~~been~~ patriotic enough to support British Industry.

5. In Great Britain experience has shown that the higher costs of taxation and upkeep of the cheap American cars have not deterred their purchase to the extent that one would have anticipated. Limited purchasing power is always a more potent factor than cost of upkeep, consequently there is always a large market for the cheapest vehicles. Heavy tariff on foreign cars would have more influence in promoting the purchase of British made vehicles, though this ~~may~~ ^{is} liable to objection on the ground that it is liable to put a strain on foreign relationship, which internal taxation (e.g. Horse-power and petrol taxes) avoids.

W. E. Hogg
 Inspection Dept.
 Crown Agents.
 W.E.H./R.D.S.

16. 3. 1922.

Ga 1007/22 Kenya

221

Amud
346649

22 March 1922

DRAFT

(No. 458)

(10050/22)

I have to back to receipt of your
despatches Nos 75, 76, 77 & 78 and to inform you that

HTI will not be advised to exercise his powers
of discretion with respect to the following

Order steps of the Government of Kenya
The Motor Traffic (Or [unclear]) Ordinance

I with regard, however, to the
forms of these Ordinances. I enclose for
your information a copy of a memorandum
on the subject of the new Petrol Tax which
has been furnished by the C.A. for the
Colo. This memo and appears to her
and I would suggest

- Mr. [unclear]
- Mr. [unclear]
- Mr. [unclear]
- Mr. [unclear]
- Mr. [unclear]
- Mr. [unclear]
- Mr. [unclear]
- Mr. [unclear]
- Mr. [unclear]
- Mr. [unclear]

memorandum
[unclear]

~~and Kenya, but I was~~

The is a general question ^{which should} be further

considered in the light of ^{the}

set forth by the ~~in the~~

therein ~~is~~

to ~~be~~ ^{is}

in ~~the~~ ^{the}

to the factor of road ~~to~~

across the boundary between

Kenya & ~~the~~ ^{the}

(Signed) WINSTON S. CHURCHILL