

SHRIMATI SAVITRY DEVI NIGAM: May I know why it takes so much time to collect the information? Is it not the job of the Government to know how many people were recruited to the Police Department from outside and how many from the Andaman Islands?

SHRI GOVIND BALLABH PANT: It is not for the Government to have all such information about officers who receive pay below the gazetted rank. If such information were to be collected, we would require a bigger room for keeping all those records than we have anywhere in the Secretariat here.

SHRI JASWANT SINGH: Is there any difficulty in getting the information from the Andamans in time?

SHRI GOVIND BALLABH PANT: Yes, there is this difficulty that it takes longer for a letter to reach the Andamans and for the reply to reach here from the Andamans.

SHRI V. PRASAD RAO: Is the wireless installation recently erected functioning?

SHRI GOVIND BALLABH PANT: I could not follow the question.

MR. CHAIRMAN: There is the wireless functioning also. Is it not available? But you don't ask about police inspectors on the wireless.

SHRI GOVIND BALLABH PANT: If the wireless is used in all such cases, then it ceases to be useful.

ASSESSMENT OF INCOME TAX ON PERSONS GOVERNED UNDER THE SALARIES AND ALLOWANCES OF MINISTERS ACT

*505. **SHRI T. S. AVINASHILINGAM CHETTIAR:** Will the Minister of FINANCE be pleased to refer to pages 35 and 36 of the Public Accounts Committee for 1957-58—Seventh Report about the assessment of income-tax of persons governed by the Salaries and Allowances of Ministers Act and state

what action Government propose to take in the matter?

THE MINISTER OF REVENUE AND CIVIL EXPENDITURE (SHRI B. GOPALA REDDI): The matter has been regularised as desired by the Committee and the Income-tax Law has been amended by Section 12 of the Finance Act, 1958 empowering the Central Board of Revenue to make rules for determining the value of any perquisite chargeable to tax in such a manner and on such a basis as they may consider proper and reasonable. They have also been authorised to give those rules retrospective effect from such date as they think fit. These rules are now being framed.

SHRI T. S. AVINASHILINGAM CHETTIAR: May I know whether the amendment is by way of amendment of the Act or the Rules made thereunder?

SHRI B. GOPALA REDDI: The Income-tax Act has been amended.

SHRI T. S. AVINASHILINGAM CHETTIAR: May I know the probable loss of income that will ensue out of this amendment?

SHRI B. GOPALA REDDI: It is not being taxed at present, I think. The Public Accounts Committee wanted that to be taken as a perquisite at least for ratable purposes. That has been examined and the Central Board of Revenue is taking all possible steps.

SHRI BHUPESH GUPTA: It appears that some adverse comments had been made in the Report of the Public Accounts Committee. May I know the steps that the Government took in order to find out from the Minister concerned as to why such a thing happened necessitating this adverse comment on the part of the Public Accounts Committee?

SHRI B. GOPALA REDDI: The point is whether it has been regularised or not. That is now being regularised by the Central Board of Revenue.

MR. CHAIRMAN: Whether the Minister concerned has been asked as to the reasons for such kind of adverse comment from the Public Accounts Committee. That is the question which he put.

SHRI B. GOPALA REDDI: The only point is whether that is being treated as a perquisite for purposes of income-tax. The point is not, I think, whether the Ministers are using so much of electricity and water. I do not think that is being contemplated by the question put by Mr. Chettiar.

SHRI V. K. DHAGE: The point is whether the salaries drawn by the Ministers are taxed or not.

SHRI B. GOPALA REDDI: The salaries are taxed. Certainly they are.

SHRI JASWANT SINGH: The question raised by the Public Accounts Committee, as far as I understand it, is this: The salaries of the Ministers are taxed but, in addition to salaries, they draw other allowances by way of amenities also like a free furnished house, etc., and the Public Accounts Committee felt that those amenities should also be calculated for purposes of taxation.

SHRI V. K. DHAGE: Rate.

SHRI JASWANT SINGH: I would like to know the correct position.

SHRI B. GOPALA REDDI: As far as furnished accommodation is concerned, it is already being taxed. For purposes of income-tax they take this at 12½ per cent. of the salary. In regard to water and electricity, the question has been raised by the Public Accounts Committee and the Central Board of Revenue has been authorised by the Finance Act of 1958 to regularise it.

SHRI V. PRASAD RAO: May I know whether the extra assessment that is going to be made on this account is going to be collected retrospectively?

SHRI V. K. DHAGE: No, no.

SHRI T. S. AVINASHILINGAM CHETTIAR: I was not allowed to put questions. May I know whether the effect of these rules is that power has been given to the Central Board of Revenue to see whether tax relief could be given on this perquisite or whether they have been asked to levy retrospectively for the amount that may have been drawn in cash. Electricity and water charges are paid in cash and they may have been drawn. May I know what exactly has been done?

SHRI B. GOPALA REDDI: Furnished accommodation is taken at 12½ per cent., and they may take the electricity and water charges at 2 or 2½ per cent., and treat it as 15 per cent. for this purpose. The Central Board of Revenue is looking into the matter.

SHRI T. S. AVINASHILINGAM CHETTIAR: They may do so with regard to furnished accommodation but with regard to electricity and water charges, it is the actual amount spent. You cannot fix it at 2½ per cent. Suppose Rs. 200 has been spent and you fix it at 2½ per cent. It will come to only Rs. 20. You cannot fix Rs. 20 in place of Rs. 200 that has already been spent.

SHRI A. K. SEN: If the hon. Member would kindly excuse me, there is a difference in law between a perquisite and income. The hon. Members would be well-advised, if I may say so respectfully, to bear that distinction in mind. A perquisite is not income within the meaning of the Income Tax Act for purposes of taxation. Now, so far as the Central Board of Revenue is concerned, the new amendment has given power to the Central Board of Revenue to fix a percentage of the perquisites which would be taken for purposes of taxation. Hon. Members will certainly bear in mind that electricity is not income; nor is water.

SHRI T. S. AVINASHILINGAM CHETTIAR: It is paid in cash.

SHRI A. K. SEN: One moment please. Under the law, certain perquisites are attached to certain offices which, under the Indian Income Tax Act, are to be taxed as perquisites and the Income Tax Act and the rules framed thereunder provide for a percentage basis being fixed for purposes of assessing such perquisites. That is exactly what has been done. Previously, water and electricity were not being taxed as perquisites and that is what the Public Accounts Committee have pointed out. They have been brought under the purview of the perquisites to be taxed accordingly.

SHRI BHUPESH GUPTA: May I ask a question?

MR. CHAIRMAN: He is asking you to sit down for the present.

SHRI BHUPESH GUPTA: I am very grateful to the hon. Law Minister for asking us to bear in mind the perquisites. May I know why the Ministers did not bear that in mind and why they did not point out to the taxing authorities that these perquisites should be borne in mind by them and others as well, as something which was taxable?

SHRI A. K. SEN: That is a different question.

DR. SHRIMATI SEETA PARNAND: Will the hon. Minister kindly say . . .

MR. CHAIRMAN: Finally say.

DR. SHRIMATI SEETA PARNAND: . . . as to what is done in the case of officers serving under private companies who get similar facilities? Are they also treated as perquisites, the allowances in regard to house, furniture, etc., etc., for purposes of income-tax and are they charged on the basis of increased income?

SHRI B. GOPALA REDDI: As far as my information goes, all these things are taxed.

मध्य प्रदेश के लिये विधान परिषद्

*५०६. श्री राम सहाय : क्या विधि मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या मध्य प्रदेश के लिये विधान परिषद् की रचना करने के मार्ग में कोई वैधानिक अड़चनें हैं ;

(ख) क्या मध्य प्रदेश की सरकार ने केन्द्रीय सरकार को किसी कानून में कोई संशोधन सुझाया है, यदि हां, तो वह संशोधन क्या है; और

(ग) इस संशोधन को करने के लिये संसद् में कब बिल पेश करने का इरादा है ?

†[LEGISLATIVE COUNCIL FOR MADHYA PRADESH

*506. SHRI RAM SAHAI: Will the Minister of LAW be pleased to state:

(a) whether there are any legal difficulties in the way of constituting the Legislative Council for Madhya Pradesh;

(b) whether any amendment in some legislation has been suggested by the Government of Madhya Pradesh to the Central Government; if so, what is that amendment; and

(c) when a Bill to give effect to that amendment is proposed to be introduced in Parliament?]

THE MINISTER OF LAW (SHRI A. K. SEN): (a) No, Sir.

(b) The Government of Madhya Pradesh have suggested that the list of Local Authorities in relation to Madhya Pradesh as given in the Fourth Schedule to the Representation of the People Act, 1950 should be amended so as to substitute the entry "Kendra Panchayats" for "Mandal Panchayats" so that elections from the Local Authorities' constituencies for the purpose of constituting the new Legislative Council may be held on the basis of the revised list.

†[] English translation.