

FINAL REPORT

OF THE

CIVIL SERVICE COMMISSIONERS.

To His Excellency Sir GEORGE GREY, Knight Commander of the Most Honorable Order of the Bath, Governor and Commander-in-Chief of the Colony of New Zealand, and Vice Admiral of the same, &c., &c., &c.

MAY IT PLEASE YOUR EXCELLENCY,—

We have the honor to present our Report on the second subject referred to us by your Excellency, namely—"the manner in which an Income Tax might be raised, and the most effective and economical mode of raising the same, and especially what proportion the cost of collection would probably bear to the gross amount of tax collected."

The Income Tax Act in the United Kingdom is entitled "An Act for granting to Her Majesty duties on profits arising from Property, Professions, Trades, and Offices."

The several properties, profits, and gains in respect of which taxes are charged are comprised in five Schedules.

Under Schedule A. all real property is assessed, including lands, houses, mines, gas works, &c.

The second branch of property assessed is the profits of occupiers of land, tenements, farmers, &c., under Schedule B.

The third consists of profits from annuities, dividends, &c., paid out of the public revenues under Schedule C.

Under Schedule D. are assessed all profits derived from any kind of property whatever, and all gains arising from any profession, trade, or employment, and all interests of money, annuities, and other profits not charged in any of the other Schedules.

Schedule E. includes incomes from public offices, pensions, or stipends payable out of the public revenues.

In this Report we assume that the term "Income Tax," used in our Commission, is identical in meaning with the "Income Tax" in the United Kingdom.

The consideration of the mode of raising an Income Tax, and of the cost of its collection, necessarily involved as searching an inquiry into the whole statistical condition of the Colony as the very limited means at our disposal would permit.

The Statistics of the Colony are not framed with that elaborateness of detail which, in older countries, enables the financial calculations of the political economist to be made with remarkable accuracy.

The number of distinct Governments in this Colony, and the dissimilarity in the Provinces of the social condition and of the industrial occupations of each community greatly add to the difficulty of methodically arranging materials for calculation, and of arriving at a definite deduction therefrom. Much valuable information has, at our request, been furnished by the General Government from its own departments, or by the courtesy of Provincial Governments, but some of the desired information has not yet been fully supplied. We have refrained from asking for a variety of returns indispensable to precise estimates, because we were aware that, in some instances, it would be impossible within any reasonable time to obtain such returns, and that in others they could not be furnished at all.

It must, therefore, be borne in mind, that our calculations are necessarily, in many cases, the nearest approximations which we can make to facts, after a careful examination of the statistics which we have been able to collect.

In the United Kingdom the Property and Income Tax, the Excise and Stamp Duties, and the Assessed and Land Taxes, are managed by the Board of Inland Revenue Commissioners.

That Board has a large permanent staff of officers at its disposal for the assessment and collection of these various taxes, which altogether amounted in 1862 to over £41,000,000. The chief portion of the work, however, of levying and raising the Property and Income Tax is done by the local or parish officers, whose valuations of property and returns of rents are adopted as the bases for the assessment of the Property Tax.