

GOVERNMENT TRADING TAXATION ACT, 1926

3 of 1926

[24th February, 1926]

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STATEMENT OF OBJECTS AND REASONS "One of the Resolutions of the Imperial Economic Conference, 1923, was to the effect that the several Parliaments of Great Britain, the Dominions and India should be invited to enact at the earliest opportunity a declaration that the general and particular provisions of its Acts or Ordinances imposing taxation shall be deemed to apply to any commercial or industrial enterprise carried on by or on behalf of any other such Government in the same manner in all respects as if it were carried on by or on behalf of a subject of the British Crown. This resolution has been accepted by the Government of India and the present Bill has been drawn up in order to give effect to it. The Bill follows, with suitable modifications, the wording of S.35 of the British Finance Act, 1925(15 and 16 Geo V. Chap. 36)." -Gazette of India, 1925, Part V, page 227.

1. Short title and commencement :-

(1) This Act may be called the Government Trading Taxation Act, 1926.

(2) It shall come into force on such date ¹ as the ²[Central Government] may, by notification in the ³ [Official Gazette], appoint.

1. The Act came into force on 1-4-1926, see Gaz. of Ind., Extra., 1926, page 60.
2. Substituted for "Governor-General in Council" by A. O., 1937.
3. Substituted for "Gazette of India", Substituted for "Governor-General in Council" by A. O., 1937.

2. Liability of certain Governments to taxation in respect of trading operations :-

(1) Where a trade or business of any kind is carried on by or on behalf of the Government of any part of His Majesty's Dominions, ¹[* * *] that Government shall, in respect of the trade or business and of all operations connected therewith, all property occupied in ²[India] and all goods owned in ²[India] for the purposes thereof, and all income arising in connection therewith, be liable -

(a) to taxation under the Income-tax Act, 1922, in the same manner and to the same extent as in the like case a company would be liable;

(b) to all other taxation for the time being in force in [India] in the same manner as in the like case any other person would be liable.

⁴[* * * * *]

(2) For the purposes of the levy and collection of income-tax under the Income-tax Act, 1922, in accordance with the provisions of sub-section (1), any Government to which that sub-section applies shall be deemed to be a company within the meaning of that Act, and the provisions of that Act shall apply accordingly.

(3) In this section the expression "His Majesty's Dominions" includes any territory which is under His Majesty's protection or in respect of which a mandate is being exercised by the Government of any part of His Majesty's Dominions ⁵ [* * *].

1. Words "exclusive of India" were omitted by A. L. O., 1950.
2. Substituted for "Part A States and Part C States" by Opium and Revenue Laws (Extension of Application) Act, 1950 (33 of 1950), S. 2 and Sch. (18-4-1950).
4. Sub-section (1A) was omitted, Substituted for "Part A States and Part C States" by Opium and Revenue Laws (Extension of Application) Act, 1950 (33 of 1950), S. 2 and Sch. (18-4-1950).
5. Words "and India" means the territory of India excluding the State of Jammu and Kashmir" were omitted by the Taxation Laws (Extension to Jammu and Kashmir) Act, 1954 (41 of 1954), S. 2 and Sch. (8-10-1954).

3. Application of the Act to existing liability of Acceding or other Indian States :-

Where any Acceding State or other Indian State was liable for any tax under this Act in respect of any period before the 26th day of January, 1950, and such liability has, after that date, devolved ¹ [upon a Part B State], the provisions of Section 2 shall apply in relation to that Part B State as they applied in relation to the corresponding Acceding State or other Indian States.]

1. Substituted for "upon an Acceding State or other Indian State" by Opium and Revenue Laws (Extension of Application) Act, 1950 (33 of 1950), S. 2, Sch. (18-4-1950).