

The assessment of the property tax is merely a matter of administration, and, as such, is capable of being efficiently done; but, for the income tax proper, the reverse is the case. No doubt, close supervision and able management would have effect in securing this tax, but its payment is chiefly a matter of honor resting altogether with each person having an income upon which the law levies a tax. In such a fixed community as that of the United Kingdom, the local officers may gain a knowledge of the private affairs of the inhabitants of their districts, sufficient to enable them to check some returns of income; but in this Colony, such opportunities exist in only a very small degree. Evasion will, therefore, be less under control, and, we fear, that for many years to come, the returns of income would bear a lower ratio to the real income than even in the United Kingdom.

The valuation of property might be advantageously let by public tender, under suitable conditions, and be subject to the approval of the Income Tax department.

It would be necessary to establish an Income Tax department for the management of the Property and Income Tax, together with the supervision, direction, and control of the local officers; and also for the purpose of gathering the experience of the whole Colony into one office, so as to educate it in its duties and enable it to utilize that experience.

A few Commissioners or Inspectors of Taxes would be needed to travel over the districts and supervise the assessment of property and returns of incomes, and the conduct of the local officers, as well as to hear and decide on appeals.

A numerous staff of district officers—Surveyors of Income Tax—selected for the most part from the present service in each locality, would also be needed. These officers should have the immediate supervision of the Assessors, and should be the agents of the Government for levying the tax. They should report on all returns of income and assessments of property to the head office, and represent the department in all cases of appeal.

The Assessors should act under the direction of the District Officers or Surveyors. If employed by contract the conditions thereof should require them to serve forms of returns upon all persons likely to have an income over the limit prescribed by law, and to assess all properties whatsoever, serving notices of the valuation on all owners or occupiers. If paid by salary—which mode of remuneration we do not recommend—in addition to these services their whole time should be at the disposal of the department.

A staff of Clerks would be required for the head office, and clerical assistance for the district offices, as well as in the Treasury and Audit departments.

Sitting in Wellington, and supplied with very meagre topographical information, and without a return of the number of holders of property and of holdings, we are unable to suggest the number of officers required for the various districts; and as upon their number the head office staff would in great measure depend, we cannot estimate for that.

Officers of the General Government are spread over the whole of the Colony, and except in some of the larger centres of population, where the officers (it may be supposed) are fully employed, and where the duties connected with the tax would be sufficient to engage a distinct officer, the present staff could discharge the duties of Surveyors, and in many places of Assessors also, with comparatively slight additional charge.

We therefore, on full consideration, estimate approximately—as it is only possible to do—that an Income Tax may be raised in this Colony at a cost of about £8 per cent. on the rates of taxation adopted by us for illustration, viz., 10d. on incomes of £300 and upwards, and 7d. on incomes from £200 and under £300 a year. We may here state that the cost of the collection only of the Census of 1st December, 1864, amounted to £6,246 10s. 6d., as indicating in some degree the cost of a part of the work of rating collecting and managing an Income Tax.

If those limitations of incomes for taxation were lowered considerably, so as to bring a greatly increased number of persons under survey for taxation, whose incomes would return a less produce of revenue in relation to numbers, we think the per centage cost of collection would not be reduced, although calculable on an increased product, and although it might not be necessary in every case to increase the number of officers.

The management of such a business, being chiefly one of intricate detail, should be regulated for every officer on every point of duty. It would unduly extend and delay this report to enter fully into the establishment of the requisite machinery, nor do we deem it a portion of our duty to report thereon. We may, however, point out that many of the hindrances in the way of simple administration in the United Kingdom, which are special to that country, have no existence here. We allude to the numerous and various causes for altering the incidence of the taxation, and for granting deductions and allowances arising out of peculiar Government or local taxes, rights or customs.

In conclusion, we regret that the absence of necessary information, and that other difficulties have precluded us from ascertaining with certainty and precision the proportion which the cost of collecting an Income Tax would bear to the gross amount of tax collected. These difficulties are unavoidable in a young Colony where direct taxation has not hitherto been imposed, where there is no machinery for the valuation of property and for the assessment of income, where surveys are incomplete, and maps imperfect. Any estimate made, under such circumstances, of the cost of collecting an Income Tax, must necessarily be conjectural.

CONCLUDING GENERAL REMARKS.

We have now, to the best of our ability, fulfilled all the requirements of our Commission, and we beg most respectfully to resign it into your Excellency's hands.

We have to apologise for many imperfections, and to solicit your Excellency's consideration for peculiar difficulties which we have encountered.