TAXATION IN INDIA. By the Harvard Law School, International Program in Taxation. [1960, reprinted 1961, Bombay, N.M. Tripathi Private Ltd., Rs. 37.50, xxxi + 542 pp. inc. 75 pp. tables of cases and statutes and index.]

This is the fifth volume in the World Tax Series. It follows those dealing with the United Kingdom, Mexico, Australia and Sweden. The purposes of the Series are to describe the tax system, present a detailed analysis of the more important taxes (primarily the income tax), and do so in a manner that will facilitate comparison among the countries.

Particularly interesting are the methods used to provide description and analysis in a way which can be easily compared with that of other countries. In effect a standard table of contents has been adopted for the series, together with a standard topical numbering system. In an attempt to avoid terminological confusion standardized terms are being developed and used. A convenient Table of Statutes provides a section by section cross reference of each relevant statute to the text discussion. The Table of Cases is extensive and is similarly referenced to the relevant portion of the text. The bibliography is good with respect to official publications and treatises but contains no specific references to periodical literature.

The detailed analysis of the various taxes follows a consistent pattern of dealing with who must pay the tax, what the tax is levied on, how the tax is computed, and how the tax is administered. The taxes on property, estates, gifts, and the customs duties are described but no detailed analysis is presented. Detailed analysis is made of the taxes on income, net wealth, expenditure, sales and purchases, and of the excise taxes. However only in the case of the income tax is the phrase detailed analysis warranted. The two hundred and fifty-five pages devoted to the income tax provide a good step by step presentation of the provisions of the Income Tax Act. The large number of cases cited will be of material help to those interested in some specific area. In contrast, ten pages with two cases cited disposes of the excise tax. This is particularly surprising when it is noted that the income tax provides approximately 25% of the central government tax revenue while the excise tax provides approximately 40 – 45 %.

India has had Taxation Enquiry Commissions in abundance (1924-25, 1949, 1953-54). Nicholas Kaldor, in his 1956 *Indian Tax Reform, Report of a Survey,* proposed a thorough and comprehensively integrated reform of taxation. Despite all this the income tax remains the hodgepodge of concessions, inducements, loopholes, and patches that is the distinguishing feature of income tax legislation throughout the world. If the series is to "be useful to governments engaged in tax reform" it would seem that some comments by way of international comparison or critical analysis would be necessary. Yet any departure from the dispassionate presentation used would be likely to elicit unfavourable response from some quarter. This could conceivably influence the willingness of other countries to lend their active support to the project. Still one is left wishing there were some references as to how the existing law differs from recent recommendations.

There are several points with respect to the income tax that warrant comment. The taxation of capital gains has long been a vexing question. India has adopted a capital gains tax, but not in as neat a manner as that proposed by Kaldor in his Report. India now has compulsory tax withholdings from wages, interest, and dividends. A significant departure from the U.K. pattern is the recent switch to the so-called 'double taxation' of corporate earnings (once in the hands of the corporation and once in the hands of the shareholders). Prior to 1960 India, like the U.K., Singapore, and Malaya, required individuals receiving a dividend to gross up the dividend received by the amount of the corporate tax paid. This amount could then be deducted from the tax payable as it was regarded as tax paid by the company on behalf of the shareholder. Now the corporation pays tax on its income and the shareholder pays tax on the dividend which he receives. This is the North American pattern. Unlike North America there is no provision for any mitigation by way of a dividend credit. An interesting provision requires that certain items of tax exempt income be included in income for rate purposes and then relief is granted at what is in effect the overall average rate of tax. No explanatory comment as to the effect of this provision is given. Clearly it increases the progressiveness of the income tax in that such exempt income reduces the total tax at the average rate of tax rather than at the marginal rate of tax.

Since India was the first country to impose an expenditure tax the section dealing with it should be of particular interest in international taxation circles. They will be disappointed. It is not dealt with extensively (twelve pages). This may be due to the fact that it was enacted in 1958 and there has not been sufficient time for the courts or the administration to muddy the waters. This is one section of the book which should be revised in the near future to give the world a glimpse of an expenditure tax in operation.

The preface, in asking for reader comments, indicates that periodic supplements are planned to keep the information up to date. It seems somewhat strange that the series is not issued in loose leaf form to facilitate revision or expansion of topical areas as necessary. In the field of taxes, and income taxes in particular, legislative amendments may radically change the provisions of a taxing statute. Unless the Series is kept up to date by continual revision the fine research already done will soon be of little but historic interest.

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