WILEY

The English Income Tax; with Special Reference to Administration and Methods of Assessment. by Joseph A. Hill

Review by: G. H. Blunden

The Economic Journal, Vol. 10, No. 39 (Sep., 1900), pp. 387-389

Published by: [Wiley](#) on behalf of the [Royal Economic Society](#)

Stable URL: <http://www.jstor.org/stable/2957227>

Accessed: 25/12/2014 11:39

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <http://www.jstor.org/page/info/about/policies/terms.jsp>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.

Wiley and Royal Economic Society are collaborating with JSTOR to digitize, preserve and extend access to *The Economic Journal*.

<http://www.jstor.org>

The English Income Tax; with special reference to Administration and Methods of Assessment. By JOSEPH A. HILL, Ph.D. (New York: for the American Economic Association, The Macmillan Company; London: Swan, Sonnenschein & Co. 1899. Pp. 155. 1\$.)

THIS work is the outcome of a visit to England in 1897, when Dr. Hill, at the suggestion of the Massachusetts Commission on Taxation, undertook an investigation of the practical workings of the English Income Tax on the spot. The report then written and presented, but not published, has been expanded by the inclusion of the results of a subsequent study of the literature of the subject; but the monograph is still mainly devoted to the branches of the subject referred to in the sub-title. There has been no attempt to write an exhaustive treatise, several important spheres of inquiry and discussion in relation to the ethical and legal bases of the tax being purposely left untouched. Such matters as the taxation of foreigners, the equal assessment of the income from property and the earnings of industry and skill, and the suggestions for the full adoption of the principle of progression, are passed by as outside the scope and limits prescribed for himself by the author. As already indicated, it is the practice rather than the theory of the income tax with which he has chiefly concerned himself, and within these limits his success is undeniable.

Dr. Hill has divided up his matter into seven chapters headed respectively (1) Introduction; (2) the general character of the assessment; (3) the machinery of assessment; (4) the process of assessment; (5) exemptions and abatements; (6) the general character of the tax service; and (7) the growth and completeness of the assessment. The key-notes of the work are sounded in the introductory chapter, which concludes with the observation that "the success of the tax in surviving the test of experience is in no small degree due to the method by which it is assessed, and the manner in which the assessment is carried out through the agency of competent officials." The method here referred to and described in chapters 2 and 5, is that of the taxation of the income at its sources, the advantages of which, in respect of productivity and avoidance of a general disclosure of income, secure the admiration of Dr. Hill as they have previously secured that of other American economists. But the avoidance of a full disclosure, formerly one of the best features of the system, has ceased to be a strong point in it. Owing to the extension of the abatement limit to £700, probably five-sixths of the persons assessed are under the necessity of making a full statement of income in order to obtain the relief to which they are entitled; whilst large numbers of persons who are not liable to the tax at all are placed under the like disability by the stoppage of the tax from their income from investments. Dr. Hill's observations on this topic (see chapter 5) appear to us to be both just and weighty.

Chapter 4 contains a description of the processes of assessment, which, considering the intricacy and complexity of the subject, is surprisingly clear and complete. The writer of it was fortunate enough to secure the guidance of competent officials in threading the mazes of the system; but he has obviously brought a highly-trained intelligence to bear, and has turned his opportunities to excellent account.

Perhaps the most interesting portion of the work is the exposition of the inner workings of the administration of the tax contained in chapters 3 and 6. We learn that the historic and universal fear of the rapacity of the tax officers of the central government induced the British Parliament to place almost all the legal authority and power in the hands of local commissioners and their officers. But the increasing magnitude of the business, and still more its extreme complexity and delicacy, have caused it to completely outgrow the means of administration provided, and the direction and management have, from sheer force of necessity, gradually passed into the hands of the surveyors of taxes and their clerical staffs. With a truly British disregard of the necessity of adjusting the legal framework to the facts of daily practice, Parliament still neglects or declines to remedy this anomalous state of things, finding their justification in the fact that the resulting example of government by compromise is much more satisfactory than could be expected. All this is clearly brought out by Dr. Hill, who has been the first to lift the veil of official reserve which has hitherto been kept somewhat closely drawn over this subject.

As this work is likely to become a book of reference, and as its merits are such as to lead us to anticipate the need for a second edition at no very distant date, it may be worth while to draw attention to a few passages in which some slight emendation appears to be required. On p. 262, the statements contained in the fifth paragraph need modification, the land and buildings used for industrial and business purposes being usually assessed under Schedule A, and not under Schedule D. The exceptions are, however, of sufficient importance to render their enumeration desirable in the next edition. The paragraph which follows describes Schedule C too briefly, and needs amplification. On pp. 276 and 277, it is stated that the general commissioners are appointed by the Land Tax Commissioners from their own number. This is very largely the case, but their range of choice is not limited to their own body, and as a matter of fact other appointments are often made. The remuneration of assessors is not usually graded according to the amount of work to be done, as stated on p. 279; it is based on the poundage payable at the time the change to salaries took effect some ten years ago. In relation to the assessment of property (p. 287, &c.), it should be stated that the process of assessment is only repeated at intervals of five years, and that the returns of rent then called for are used for charging the Inhabited House Duty as well as the Income Tax. In the Metropolis they also

form the basis of charge for all the local rates and the domestic water rental; and as all these charges fall upon the occupier he is not quite so disinterested a party as is suggested on p. 288. With regard to appeals, the statement on page 328 that the general commissioners never issue precepts for detailed accounts and information is somewhat too absolute. The notices of assessment issued by the clerks to the commissioners usually contain an instruction to intending appellants which is in the nature of a general precept; and in some important districts special precepts are issued to particular appellants at the request of the surveyors when considered necessary, or by the Surveyors on behalf of the commissioners. It is moreover quite unusual, for the commissioners to make any sort of reference to their power of requiring the verification of appellants' statements and accounts on oath. The bar to the employment of solicitors in Income Tax appeals, referred to on page 330, has recently been removed. The commissioners "may" permit lawyers to appear for clients, and usually do so when requested. But such requests are not yet very numerous. Finally, it may be worth while to point out that the pensions of the surveyors of taxes are not fixed at one half of the salary annually received in the two years immediately preceding their retirement (p. 356). In common with those of other civil servants, their pensions bear a variable proportion to the salary according to the length of service of the pensioner; rising, according to a statutory scale, to a maximum of two-thirds.

The discovery of a few mistakes in matters of detail scarcely at all diminishes our admiration of the book as a whole. Such slips are inevitable when so intricate and technical a subject is approached from the outside. They do not affect the value of any of the author's generalisations, which appear to display his possession of a penetrating mind and a well-balanced judgment. We find ourselves in almost complete agreement with his conclusions, and, not less for English than for American readers, consider the work a highly illuminating one within the regions traversed.

G. H. BLUNDEN

The Theory of International Trade, with some of its Applications to Economic Policy. By C. F. BASTABLE. Third edition, revised. (London: Macmillan and Co. 1900.)

La Théorie du Commerce International. Par C. F. BASTABLE. Traduit sur la 2de édition Anglaise, revue par l'auteur et précédé d'une introduction par SAUVAIRE-JOURDAN. (Paris: Giard et Brière. 1900.)

IN the successive editions of this work Professor Bastable not only maintains his reputation as author of the best text book on the subject, but also obtains new distinction by displaying in his replies to criticisms a candour and courtesy which are rare in economic literature. In the