

THE GOVERNMENT TRADING TAXATION ACT, 1926

ACT NO. 3 OF 1926 1*

[24th February, 1926.]

An Act to determine the liability of certain Governments to taxation 2*** in respect of trading operations.

WHEREAS it is expedient to determine the liability to taxation for the time being in force 2*** of the Government of any part of His Majesty's Dominions, 3*** 4*** in respect of any trade or business carried on by or on behalf of such Government;

It is hereby enacted as follows:-

1.

Short title and commencement.

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 5* as the Central Government may, by notification in the Official Gazette, appoint.

2.

Liability of certain Governments to taxation in respect of trading operations.

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, 3*** that Government shall, in respect of the trade or business and of all operations connected therewith, all property occupied in 6*[India] and all goods owned in 6*[India] for the purposes thereof, and all income arising in connection therewith, be liable-

(a) to taxation under the Indian Income-tax Act, 1922, (11 of 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 6*[India] in the same manner as in the like case any other person would be liable.

 Extended to Dadra and Nagar Haveli, Goa, Daman and Diu, and Pondicherry (w.e.f. 1.4.1963)- by Reg. 3 of 1963, s. 3(1) & Sch.

1. The Act has been extended to the whole of India except the State of Jammu and Kashmir by the Opium and Revenue Laws (Extension of Application) Act, 1950 (33 of 1950), s. 2. This Act has also been extended to the State of Jammu and Kashmir by the Taxation Laws (Extension to Jammu and Kashmir) Act, 1954 (41 of 1954), s. 2.
2. The words "in the Provinces of India" omitted by the A.O. 1950.
3. The words "exclusive of India" omitted, *ibid*.
4. The words "or the Government of any Acceding State or other Indian State" omitted by Act 33 of 1950, s. 2 and Sch.
5. 1st April, 1926; see Gazette of India, Extraordinary, 1926, p. 60.
6. Subs, by Act 33 of 1950, s. 2 and Sch. for "Part A States and Part C States".
7. Sub-section (1A) ins. by the A. O. 1948 omitted by Act 33 of 1950, s. 2 and Sch.

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(2) For the purposes of the levy and collection of income-tax under the Indian Income-tax Act, 1922 (11 of 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 1***.

3.

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

2*[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 3*[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 State.]

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1. The words 'and "India" means the territory of India excluding the State of Jammu and Kashmir' ins by Act 33 of 1950, s. 2 and Sch. omitted by Act 41 of 1954, s. 2 and Sch.

2. Ins. by the A.O. 1950.
3. Subs. by Act 33 of 1950, s. 2 and Sch., for "upon an Acceding State or other Indian State".