

blem has long been sought, but, as the offices are upon a political basis, there seems to be little hope of changing the situation.

BRIEFLY SAID.

President McCall, of the New York Life, has recently returned from an extended trip among his agencies in the West.

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President James W. Alexander, of the Equitable Life, who has recently returned from Europe, has issued a vigorous circular to his agents, which will likely result in a great boom in business for the Society up to and after December 31st.

The increase to ten million dollars in the capital of the National City Bank of this city makes it the most largely capitalized institution of the kind in this country. The American Exchange National comes next with a capital of \$5,000,000.

RAMBLER.

RECENT LEGAL DECISIONS.

TAXATION AT HOME, OF COMPANY'S PROFITS MADE AND USED ABROAD.—Two more English insurance companies have been caught in the toils of the Revenue Commissioners. Before submitting to the new species of taxation, which was levied upon them, they fought the matter out before a bench of High Court Judges, upon an appeal from the income tax commissioners of London, who had confirmed the assessment. The two companies were the Universal Life Assurance Society and the Gresham Life Assurance Society. The contention on behalf of the Crown was that interest and other income which is earned by an English Insurance Company abroad, and which is not sent to England at all, but is either re-invested abroad or is retained there for the purposes of the company's subsequent business, is subject to taxation in England because it is entered in the company's books at home, and is taken into account in re-valuing liabilities, declaring dividends or dividing profits among policy-holders.

For the Universal Life Assurance Society, it was argued that the income in question, amounting to some £14,000, and earned in India, had not been in forma specifica, or at all, remitted to the United Kingdom, but had been retained in India by the agents of the Society, by authority of its directors, to meet Indian claims and expenditures whenever they arose, as well as other contingencies within the ordinary business transactions of the Society; and in the second place that the Indian interest had already been subjected to payment of income tax, and ought not to be subjected to payment of income tax in the United Kingdom. For the Gresham Society, it was similarly contended that only such part of the interest as was received in Great Britain during the year was assessable to tax, and that interest applied in re-investment in foreign countries upon securities there or remitted directly to other foreign countries for investment in those countries, or applied in establishment, and other

expenses in the countries where the interest was earned was exempt from tax.

For the crown it was claimed that the tax should be charged, because the companies treated the foreign interest as received in England, and so dealt with it in their accounts and returns. Mr. Justice Grantham read the principal judgments of the Court in the two cases, for each was heard separately, and in finding against the first company said:—

In this case we have to determine whether the company is liable to pay income tax on the sum of £14,000, received by the Society in India by way of interest on investments in that country. It is admitted that it has not been received in Great Britain in forma specifica, but it is alleged that it has been constructively received here. During the course of the argument, I felt very strongly that this enlargement of the meaning of the word "received," by interpreting it as being equivalent to the words "constructively received," was giving a very dangerous latitude to any canons of construction known to the law, and that we ought not to apply the words "constructive" or "constructively" to the plain words of the Act, unless the authorities were conclusive on the cases, or the facts showed that the money was treated by the Society as being in reality received here and was so mixed up with the moneys received here, that it was impossible to remark or identify the amount, or the application of the money respectively received in England, in India, or elsewhere. At first I was under the impression that the interest received in India was kept separate in their accounts; but, on examining them, I find that they are kept in such a way as to justify the Crown in saying that the Society has treated these dividends just as if they had been received in England. I find the principle on which their report is framed, is undoubtedly to mix all the policies, all the premiums, all the interest, and all the dividends up together wherever the policies were taken out, or the premiums or dividends were received, and then having shewn what the net profits of a year were to distribute these funds in certain proportions to their various shareholders and policy-holders in the fixed proportion. Our judgment must be for the Crown.

In the second action he said:—"In this case practically the same question has to be determined as in the last. It seems impossible to remark any particular sums as having been interest or dividends received in England, or as having been received and kept abroad. They are in effect treated as if they came in some way or other into England in specie, as well as on paper; and though as a fact, doubtless, they do not all so come, yet the Society treats them all in the same way, and lumps them together, so that it is impossible to do otherwise than say that they are constructively received here, and consequently my judgment must be as in the last case for the Crown. *Universal Life Assurance Society v. Bishop*, 68 L. J. Q. B. 962, and *Gresham Life Assurance Society v. Bishop*, 68 L. J. Q. B. 967.