

**CONFIDENTIAL.**

1936.  
~~1929.~~

C.S.

No.

*C/7/36*

S. of S. Conf. Circular.

SUBJECT.

1936.

~~1929.~~

31st January.

STAMP VENDOR'S LICENCES FOR SALE OF POSTAGE  
AND REVENUE STAMPS TO THE PUBLIC.

Previous Paper.

MINUTES.

1-2.

S. of S. Confidential Circular despatch of 31/1/36.

Y.E.

*W. n. 6. (2) a draft reply is submitted for approval.*  
*Pages 25/4/36.*

*[Signature]* 25/4

(3)

*Confidential despatch to S. of S. of 28/4/36.*

Y.E.

*Despatch submitted for signature.*  
*Pages 29/4/36*

*[Signature]* 29/4

Subsequent Paper.

Inland Revenue, Somerset House, W.C.2.

12th November, 1935.

Sir,

I am directed by the Board of Inland Revenue to state that the present provisions of the law regarding licensed vendors of stamps are contained in Sections 3 to 6 and 25 of the Stamp Duties Management Act, 1891. Section 8 provides that "upon the sale of stamps such discount shall be allowed to the purchasers thereof as the Treasury direct".

The objects for which discount was originally allowed were (1) to encourage licensed vendors who by keeping stocks of stamps for the convenience of the public were a useful supplement to the small number of official distributors of stamps, and (2) to induce the public to lay in, in advance, stocks of any stamps they might be likely to require. In course of time arrangements were made for the sale of revenue stamps at post offices, and with the multiplication of post offices and the establishment of local Inland Revenue Stamp Offices, the aid of licensed vendors in the distribution of stamps became less and less necessary. At the same time that the necessity for allowing high rates of discount to licensed vendors was passing away, the allowance of discount to the public was also becoming needless, the increased facilities for obtaining stamps in small quantities just when required obviating any necessity for the laying in of large stocks. In 1870 the allowance of discount (which had previously been made under direct statutory provision) was made, as now, dependent on Treasury directions, and from that time onwards the rates of discount were progressively reduced, and in some cases abolished, as circumstances warranted.

By 1894 it was found possible to abolish entirely the allowance of discount to the general public and to future licensed vendors (except as regards foreign bill stamps): discount was however continued to the then existing licensed vendors, who were regarded as having acquired a vested interest and on whom a sudden discontinuance of discount might bear hardly. By 1907 the number of licensed vendors had fallen to a handful, and the remaining discounts were then abolished, again with the exception of the small discount on foreign bill stamps allowed to the public generally. The greater part of this allowance was received by banks and financial houses, and it was thought that the public derived considerable convenience from the facilities the banks afforded for the purchase of these stamps. This last trace of discount disappeared in 1926 when it was found that purchases of these stamps were being made at comparatively short intervals to meet present needs and not for stock.

I am, &c.,

A. J. D. WOODS.

The Under-Secretary of State,  
Colonial Office,  
S.W.1.

Downing Street,

31st January, 1936.

Sir,

*My attention has recently been drawn to the arrangements existing in some Dependencies whereby certain firms are granted stamp vendor's licences which enable them to procure stocks of postage and revenue stamps for sale to the public, and under which those firms are granted a percentage discount on the value of all stamps purchased or sold by them in this way. Examination of Colonial legislation on the subject has shown that in a number of Dependencies the laws contain provision for the grant of such discounts, either at the time of purchase or by deduction from the proceeds of the sale of the stamps.*

2. *Similar provisions were contained in the Stamp Duties Management Act, 1891, of the United Kingdom. I enclose, however, for your information, a copy of a letter from the Board of Inland Revenue which shows that the practice of allowing discounts on purchases of postage and revenue stamps was finally abolished in this country as long ago as 1907.*

3. *It appears to me that the question whether it is necessary to continue this practice in territories where it still exists now requires careful review in the light of local circumstances to-day in each of these territories. Apart from diminishing the revenue of the postal administration concerned, the practice has inherent in it certain dangers. It might, for example, unless safeguards are taken, expose postal employees to certain obvious temptations, or it might enable purchasers on discount to make large profits, by buying up stocks to sell to philatelic dealers, a purpose which would be entirely contrary to the objects of such a system.*

*The Officer Administering  
the Government of*

12/11/35

4. I appreciate that there may yet be areas in which it may be found essential, as a matter of public convenience, to license dealers to sell stamps in districts which, for administrative reasons, it would be impracticable or disproportionately expensive to serve by post offices, and that it may be convenient to remunerate them on a percentage discount basis. Except where such conditions occur, however, any licensing system such as I have described must result in an unnecessary diminution of Government revenue and, for that and the other reasons which I have mentioned, should, I consider, be discontinued.

5. Where this may be impracticable, adequate safeguards should be taken against the dangers referred to in paragraph 3. Discount should be given only to dealers who are licensed and should, in accordance with Colonial Regulation No. 232, be paid separately out of the revenues of the Post Office so that the moneys received in exchange for the stamps may be accounted for in full. Supplies of stamps should be issued only in response to a written application and not over the counter, and subject to an undertaking being given that the stamps so purchased will be sold only at the face value and only in response to demands from within the district which the dealer is intended to serve. Periodic returns of sales should be obtained from licensed dealers and checked against the post office records, and any apparently abnormal features in these sales should be investigated.

6. If compliance with the principles enumerated in this despatch presents any difficulty in the territory with which you are concerned, I shall be obliged if you will inform me. In any case I request you to inform me whether the practice of allowing discount to vendors of postage stamps exists in the Dependency under your Government.

I have the honour to be,

Sir,

Your most obedient, humble servant,

J. H. THOMAS.

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GOVERNMENT HOUSE,  
STANLEY.

28th April, 1936.

FALKLAND ISLANDS.

CONFIDENTIAL.

Sir,

I have the honour to acknowledge the receipt of your Confidential Circular despatch of the 31st of January, 1936, and to inform you that the practice of granting stamp vendor's licences which enable them to procure stocks of postage and revenue stamps for sale to the public, does not exist in this Colony.

*Reas 172*

I have the honour to be,

Sir,

Your most obedient  
humble servant,

(Sgd.) H. HENNIKER-HEATON

THE RIGHT HONOURABLE  
J. H. THOMAS, P.C., M.P.,  
SECRETARY OF STATE FOR THE COLONIES.