

Supreme Court of India

Commissioner Of Income-Tax, ... vs Ahmedabad Rana Caste Association on 7 April, 1981

Equivalent citations: AIR 1982 SC 32, 1983 140 ITR 1 SC, (1982) 2 SCC 542

Author: R Pathak

Bench: E Venkataramiah, R Pathak

JUDGMENT R.S. Pathak, J.

1. These appeals by certificate granted by the High Court of Gujarat are directed against the judgment of the High Court delivered on 29/30-6-1972 on the application of Section 4(3)(i) of the Income-tax Act, 1922 and Section 11 of the Income-tax Act, 1961.

2. The assessment years involved are 1960-61, 1961-62 and 1962-63 (the corresponding accounting periods being the financial years ending 31-3-1960, 31-3-1961 and 31-3-1962 respectively). The Income-tax Officer held that the respondent was not entitled to the benefit Under Section 4(3)(i) of the Act of 1922 in respect of the first assessment year and under Section 11 for the assessment years 1961- 62 and 1962-63. The Income-tax Officer proceeded on the view that the objects for which the respondent association was constituted contained certain clauses which permitted the respondent to apply the income to purposes which were not wholly charitable. The Appellate Assistant Commissioner maintained the order of the Income-tax Officer. But the Income-tax Appellate Tribunal took an entirely contrary view and held that the respondent was entitled to the exemption claimed by it. Upon a reference made at the instance of the Commissioner of Income-tax, Gujarat the Appellate Tribunal referred the following question for the opinion of the High Court:

Whether on the facts and in the circumstances of the case the income of the assessee trust is exempt under Section 4(3)(i) of the Income-tax Act, 1922 and Section 11 of the Income-tax Act, 1961?.

3. Before the High Court the controversy centered around Sub-clause (4) and (5) of Clause 3 of the Memorandum of Association of the respondent association as well as Sub-Clause (4) of Clause 8. The High Court after considering the entire matter at length in the light of the prevailing case law has found that the objects sufficiently control the application of the income derived by the respondent association to purposes which can be described as entirely religious and charitable.

4. After hearing learned Counsel for the parties we see no reason for interfering with the judgment of the High Court. The appeals are dismissed. Costs in one set.