

Supreme Court of India

Hyderabad Race Club, Hyderabad vs Commissioner Of Wealth Tax, A.P. on 11 December, 1996

Equivalent citations: 1997 223 ITR 703 SC, (1997) 10 SCC 334

Bench: B J Reddy, K Thomas

ORDER

1. The question which was referred for the opinion of the High Court under Section 27(1) of the Wealth-tax Act, 1957, is the following (see :

Whether, in the facts and circumstances of the case, the net wealth of the Hyderabad Race Club is exempt from,wealth-tax under Section 5(1)(i) of the Wealth-tax Act, 1957 ?

2. Section 5(1)(i) at the relevant time, and in so far as it is relevant for the present purposes reads as follows :

5. (1) Subject to the provisions of Sub-section (1A), the wealth-tax shall not be payable by an assessee in respect of the following assets, and such assets shall not be included in 'the net wealth of the assessee....

(i) any property held by him under trust or other legal obligation for any public purpose of a charitable or religious nature in India ;

(emphasis supplied)

3. The contention of the appellant that the property held by it is under a legal obligation for a public purpose of charitable nature has not been accepted by the High Court and we are not persuaded to take a different view. Indeed the question whether the Hyderabad Race Club was a charitable organisation was pronounced upon by a Full Bench of the Andhra Pradesh High Court in Hyderabad Race Club v.CIT It was held that it cannot claim to be a charitable organisation. We are told that the special leave petition preferred against the Full Bench decision has also been dismissed by this Court (see [1995] 212 ITR (St.) 375. In this view of the matter, we do not find any substance in this appeal. The appeal is dismissed accordingly. No costs.