Muslim Education Social Cultural Organization (MESCO) v. Director of Income Tax (Exemptions) & Anr.

W.P. No. 24307/2004

W.P. No. 24307/2004 (Andhra Pradesh High Court, 2005-08-01) | 2005-08-01

Refusal to renew section 80G approval sustained on findings of founder benefit.

Income-tax Act,1961: sections 80G(5)(vi), 13(1)(c)(ii), 13(2), 13(3)(a), 11, 12A

Andhra Pradesh High Court | Division Bench at Hyderabad | B. Sudershan Reddy | Ramesh Ranganathan

Assessment years: Not specified in order text

01 FACTS OF THE CASE

MESCO challenged refusal dated 15 July 2004 to continue section 80G approval from 1 April 2004. The Director found payments of Rs.60,20,276.45 as a share of medical-examination fees to founder and former secretary Dr. M. A. M. Khan, including after his resignation, with no recovery measures taken. Its previous approval had continued through 31 March 2004.

Source: PDF pp.1–3

02 DISCUSSION BY THE HON'BLE COURT

The Director rejected the claimed compulsion under a memorandum of understanding and found misuse of funds contrary to section 13. The Court accepted that the reasoned order rested on evidence, emphasized limited certiorari review rather than reweighing sufficiency, and found no basis for interference.

Source: PDF pp.3–5

03 JUDICIAL DECISION

The writ petition was dismissed without costs, leaving the refusal of continued approval undisturbed.

Source: PDF p.5

04 OUTCOME / IN WHOSE FAVOUR

The ruling concerns the challenged renewal refusal and the recorded founder-benefit findings, not a new quantified assessment. The source's opening date is 1 August 2005, while incomplete trailing date fields state June 2005; the opening date is retained with this discrepancy disclosed.

Source: PDF p.1; pp.5 and 7

05 EXPERT COMMENTS

AKHB Expert Comments — editorial analysis, distinct from the Court's findings.

Resignation did not erase the recorded founder relationship: The authority relied on Dr. Khan's status as a founder and his earlier extensive management powers. The payments were not treated as harmless simply because he had resigned as secretary. The section 13 concern thus depended on the relationship and use of funds, not the current office title alone. (PDF pp.3–4)

A private arrangement did not establish charitable application: The claimed memorandum and asserted compulsion were considered and rejected on the record, including inconsistency with the society's constitution and lack of recovery action. The decision does not declare every payment to a founder unlawful; it sustains these findings of private benefit and misuse. (PDF pp.3–5)

Writ review required an identifiable legal defect: The Court distinguished no evidence, perversity or an apparent error from disagreement over evidentiary weight. Merely repeating the explanation already rejected by the Director did not meet that standard. The limited review approach and substantive misuse findings both support the result. (PDF pp.4–5)

Source: PDF pp.3–4

SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

Complete 8-page original reviewed; source bytes verified.

Full original and all five panels re-reviewed on 21 October 2026.

Open cited source rendition

Complete original source and all five note panels checked; original docket identities preserved.

STATUTORY SCOPE

Current law and subsequent treatment not independently verified.

LATER TREATMENT

Source checked 2026-10-21. Subsequent proceedings and current judicial treatment have not been independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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