Shriram Chits Private Limited / Shriram Chits (India) Private Limited v. Income Tax authorities

I.T.T.A. Nos. 41 and 311/2012, 455/2014, 134, 135, 136 and 412/2015, 564/2011 and 5/2022

No neutral citation stated in source | 2023-11-07

Chit-fund mutuality claim rejected by applying binding High Court decisions; question of law answered for Revenue.

260A

High Court for the State of Telangana | Division Bench | P. Sam Koshy | N. Tukaramji

Assessment years: 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2009-10, 2010-11, 2016-17

01 FACTS OF THE CASE

Nine Shriram Chits appeals challenged Tribunal orders rejecting exemption of chit-fund income on mutuality because the appellant was a business concern. The covers identify ITTA 41/2012 (AY 2002-03), 311/2012 (2003-04), 455/2014 (2010-11), 134/2015 (2006-07), 135/2015 (2004-05), 136/2015 (2005-06), 412/2015 (2009-10), 564/2011 (2007-08) and 5/2022 (2016-17). The last names Shriram Chits (India) Private Limited; the others name Shriram Chits Private Limited.

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02 DISCUSSION BY THE HON'BLE COURT

The Court relied on its 30 November 2022 batch decision in ITTA 296/2006 and connected appeals, applying CIT v. Kovur Textiles, (1982) 136 ITR 61 (AP), that mutuality could not extend to income earned by a chit-fund company. It also followed the 2 November 2023 batch in ITTA 324/2006 and connected matters, decided for Revenue.

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03 JUDICIAL DECISION

All appeals were rejected, with the question of law decided in favour of Revenue. Pending miscellaneous applications were closed, with no order as to costs.

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04 OUTCOME / IN WHOSE FAVOUR

The taxpayers' mutuality claims failed in all nine appeals. This was a substantive answer on the stated question by application of precedent, not a low-tax-effect or default dismissal.

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05 EXPERT COMMENTS

AKHB EXPERT COMMENTS — editorial analysis, distinct from the Court's findings.

The reasoning is an application of precedent — The Court treats the chit-fund mutuality question as already governed by its earlier decisions. The short common judgment does not independently analyse contributions, distributions or the identity of contributors and participators. Its authority should therefore be cited for the result and precedents actually applied, without adding a fresh factual test absent from the text.

The common result does not erase separate appeals — The covers assign different years and Tribunal proceedings to nine dockets. Their shared result can be presented together while retaining those identities. In particular, AY 2016-17 belongs to ITTA 5/2022, not every appeal, and no disputed income figure is supplied for any year.

Keep the mutuality holding within the question addressed — The disposition rejects the claimed mutuality exemption for the chit-fund income at issue. It does not decide an unrelated deduction, quantify final tax or describe every receipt of the companies. The statement that Kovur Textiles held good records the Court's position in November 2023; later treatment requires independent checking.

Source: PDF p.1

SOURCE & VERIFICATION

Telangana High Court original common judgment - verified repository copy

Complete 11-page supplied source; all pages read.

All 11 original pages read and visually inspected; all five panels audited.

Open cited source rendition

All eleven original pages read and visually inspected. Common judgment covers all nine captioned appeals; the source does not map its file CNR to a single appeal. Three other supplied copies are text- and pixel-identical throughout.

STATUTORY SCOPE

Section 260A is the appellate provision on the covers. The issue is mutuality, not a separately identified numbered exemption provision.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment has 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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