Commissioner of Income-tax, Madhya Pradesh and Bhopal v. Vyas & Dotiwala

Civil Appeal No. 222 of 1956

[1959] Supp. 1 SCR 39 | 1958-10-03

Historical interpretation: Indian Income-tax Act, 1922: sections 4, 4(3)(i-a)

Indian Income-tax Act, 1922: sections 4, 4(3)(i-a)

3-judge bench | T. L. Venkatarama Aiyar | P. B. Gajendragadkar | A. K. Sarkar

Historical statutory scope and source qualifications

Historical exemption provision and particular distribution arrangement; no general adjudication of every charitable diversion structure. Historical legislation; current treatment has not been independently cleared.

01 FACTS OF THE CASE

An association financed and distributed standard cloth under a Deputy Commissioner's controlled scheme. Its books showed distribution profits; the agreement directed resulting profits to charity selected through the scheme.

Source: Primary report: SCR Supp. (1) 40–42

02 DISCUSSION BY THE HON'BLE COURT

Government control did not prevent the assessees from carrying on business. The price guarantee and charitable-use clause indicated that the profits belonged to them. An agreement to spend their profits on charity did not change accrual. The business was not carried on for any religious or charitable institution as the exemption required.

Source: Primary report: SCR Supp. (1) 43–44

03 JUDICIAL DECISION

The profits accrued to the assessees and were assessable, without section 4(3)(i-a) exemption.

Source: Primary report: SCR Supp. (1) 44–45

04 OUTCOME / IN WHOSE FAVOUR

Revenue appeal allowed with costs here and below; both parts of the reference answered affirmatively.

Source: Primary report: SCR Supp. (1) 45

05 AKHB REVIEW POINT

Distinguish ownership and accrual of business profits from a subsequent obligation or intention to apply them to charity. Test the actual statutory institutional conditions.

Source: Primary report: SCR Supp. (1) 44–45

©AKHB & Associates | AKHB commentary/design only; no claim over reproduced statutes or judgments.

SOURCE & VERIFICATION

Supreme Court Reports primary scan — public eSCR mirror

Complete 7-page Supreme Court Reports scan. Any adjoining report fragments remain in the unchanged original and are excluded from this analysis.

Open cited source rendition

STATUTORY SCOPE

Historical legislation expressly identified in this note. This is not a decision under the Income-tax Act, 1961 or the Income-tax Act, 2025. Verify enacted wording, commencement, transition and subsequent judicial treatment independently before modern reliance.

LATER TREATMENT

Source checked 2026-10-23. Subsequent treatment and present-law applicability have not been comprehensively checked.

AI DISCLOSURE

This AKHB research note uses AI assistance and a preserved full-primary review, with refreshed exact original-byte verification. Independent human review is not represented.

PROFESSIONAL DISCLAIMER

General legal and tax research only; not legal or tax advice. Verify the complete judgment, applicable statutory version and subsequent treatment before reliance. AKHB REVIEW POINT is editorial analysis, not the Court’s holding.

©AKHB & Associates | AKHB commentary/design only; no claim over reproduced statutes or judgments.