

Delhi Stock Exchange Association Ltd. v. Commissioner of Income Tax, Delhi

Civil Appeals Nos. 187 and 190 of 1960 — These are the two appeal numbers actually printed at SCR 799. The judgment discusses four assessment years and four underlying appeals; it does not print Supreme Court appeal numbers 188 or 189. and connected proceedings (full list below)

[1961] 2 SCR 798 | 1960-11-30

Admission fees were taxable business receipts: their character, the exchange's trading activity and nonidentical fee-paying members and dividend recipients defeated the capital and mutuality claims.

Indian Income-tax Act, 1922 regime, inferred from the assessment years and section scheme; the target text does not expressly print the Act year | 1922 regime (inferred): 34 | 1922 regime (inferred): 10(6) (alternative contention not decided)

3 Judges | J. L. Kapur | M. Hidayatullah | J. C. Shah

01 FACTS OF THE CASE

The exchange's admission fees were taxable business receipts. The company operated a stock exchange with share capital on which dividends could be paid. Trading membership required admission and payment of an entrance fee; shareholding alone did not confer membership. For four assessment years it excluded members' and authorised assistants' admission fees, relying on capital treatment and lack of periodicity. The Tribunal accepted the exclusions, but the High Court answered the reference for the Revenue.

Source: [SCR 799-801; target passages only,shared-page exclusions in read bounds.](#)

02 DISCUSSION BY THE HON'BLE COURT

Kapur J held that bookkeeping treatment did not determine the nature of a receipt. Authorised assistants' fees fell within the Court's earlier Calcutta Stock Exchange decision. Members' fees required examination of the company's objects, articles, rules and profit distribution. The company carried on a trade, and the trading members who paid fees were not identical with the shareholders entitled to dividends. The essential mutuality was therefore absent. Objections that the reference raised a new question or used material outside the Tribunal's findings failed: the disputed materials had been considered below and the receipt question was the controversy actually referred.

Source: [SCR 802-804; target passages only,shared-page exclusions in read bounds.](#)

03 JUDICIAL DECISION

The admission fees were taxable income. The Court sustained the High Court's answer without deciding the alternative section 10(6) argument.

Source: [SCR 804-805; target passages only,shared-page exclusions in read bounds.](#)

04 OUTCOME / IN WHOSE FAVOUR

Assessee's appeals dismissed. The High Court's Revenue-favouring answer on admission fees remained effective. Costs awarded; one hearing fee.

Source: [SCR 805-805; target passages only,shared-page exclusions in read bounds.](#)

05 AKHB REVIEW POINT

Test the legal rights of contributors and surplus recipients, along with the commercial activity. A capital-account entry or one-time payment is not conclusive. The holding rests on this company's constitution and distributions; it does not decide the status of every stock exchange or club.

Source: [SCR 802-804; target passages only, shared-page exclusions in read bounds.](#)

APPEAL AND PROCEEDING NUMBERS

Civil Appeals Nos. 187 and 190 of 1960 — These are the two appeal numbers actually printed at SCR 799. The judgment discusses four assessment years and four underlying appeals; it does not print Supreme Court appeal numbers 188 or 189.

ORIGINATING PROCEEDINGS

1.

Case numbers: Civil Reference No. 6 of 1953

Relationship: Punjab High Court, Circuit Bench at Delhi, common judgment dated 22 January 1957.

SOURCE & VERIFICATION

Original reported Supreme Court judgment

8-page retained public-mirror SCR report. The complete report was read as text and page images. The acquisition URL is preserved provenance; current endpoint availability and authentication as a signed original are not newly verified. All 8 physical text and image pages personally read; SCR798-805. Target boundaries: physical PDF pages 1-8; SCR 798-805. Start: after previous-case disposition and divider. End: above next case caption/divider. Previous Maharaja Chintamani Saran Nath Sah Deo disposition above the divider on physical p. 1 is excluded. Next S. C. Cambatta excess-profits-tax case begins below the divider on p. 8 and is excluded. The target Monks footnote at the foot of this shared page prints (1959)36 ITR 222, unlike the (1926)2 KB 110 citation on p. 6; preserve the anomaly. Physical p. 3 gives total admission fees 15975 but components 9000 and 6875; figures are not reconciled or used in the note. The target does not explicitly name the 1922 Act; its historical section 34/10(6) scheme and assessment years support a qualified regime inference.

Open cited source rendition

Previous Maharaja Chintamani Saran Nath Sah Deo disposition above the divider on physical p. 1 is excluded.

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STATUTORY SCOPE

Indian Income-tax Act, 1922 regime, inferred from the assessment years and section scheme; the target text does not expressly print the Act year; 34, 10(6) (alternative contention not decided)

The retained Finance Act 2011 version of section 28(i) charges business or professional profits; section 28(iii) separately addresses association income from specific services to members. Those texts provide a later research comparison, not a finding that all admission fees satisfy section 28(iii).

Section 26(2)(a)/(d), Finance Act 2026 text, separately addresses business profits and association services. Application to particular fees remains fact dependent.

Historical operative law remains separate from the specified later text. Tax-year applicability, unexamined statutory conditions, complete transition provisions and comprehensive later judicial history have not been verified.

LATER TREATMENT

Source checked 2026-10-08. No specific subsequent judicial treatment independently verified for this note.

Calcutta Stock Exchange, Royal Western India Turf Club, Liverpool Corn Trade and Styles are antecedent authorities, not verified subsequent treatment.

Antecedent authorities are not subsequent treatment.

IDENTIFIED SOURCE LINKS

[Income-tax Act, 1961: bounded later-version comparison](#)

DOR-hosted Taxmann compilation as amended by Finance Act 2011 The retained Finance Act 2011 version of section 28(i) charges business or professional profits; section 28(iii) separately addresses association income from specific services to members. Those texts provide a later research comparison, not a finding that all admission fees satisfy section 28(iii). Identified 2011 version; not current consolidated law, whole-Act or image review. Text pages read: 42, 202-203.

[Income-tax Act, 2025 bounded provisions](#)

Official compilation as amended by Finance Act 2026 Version lines 0-13; section 26(1)/(2)(a)/(d), lines 2190-2210, physical pp 55-56. Capture hashes identify exact extracted tool-output bytes, not remote PDF bytes. No whole-source, image, current-applicability or exhaustive history claim.

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