

Commissioner of Income-tax, Kerala and Coimbatore v. Krishna Warriar

Civil Appeals Nos. 606 to 610 of 1963

[1964] 8 SCR 36 | 1964-04-29

Charitable trust business: business was property capable of being held partly for charitable purposes, and the charitable 60 per cent share qualified under the historical exemption.

Indian Income-tax Act, 1922: section 4(3)(i) and proviso (b) | Indian Income-tax (Amendment) Act, 1953

3-judge bench | K. Subba Rao, J. | J. C. Shah, J. | S. M. Sikri, J.

Assessment years: 1952-53, 1953-54, 1954-55, 1955-56, 1956-57

Only the disputed charitable share

The decision concerned the 60 per cent allocation during the relevant period, not blanket exemption of all business profits.

Business held in trust

The Court distinguished trust-owned business from a business merely carried on on behalf of an institution under the specific historical text.

01 FACTS OF THE CASE

P. S. Warriar's will vested properties including the Ayurvedic-drug business Arya Vaidya Sala in trustees. During the period relevant to the five assessment years, 60 per cent of income was directed to the named institutions and 40 per cent to family purposes. Following the 1953 amendment, Revenue denied the previously recognised 60 per cent exemption, including through reopening two years. The Tribunal restored exemption and the Kerala High Court upheld it (SCR pp.38-43; PDF pp.3-8).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court held that business fell within the broad term property and could be held under trust. The words wholly and in part described the purposes of dedication, not merely a fractional physical division of property: the entire business could be trust property with only part of its income dedicated to charity. Proviso (b) addressed a business not itself held in trust but carried on on behalf of a religious or charitable institution; converting the earlier separate clause into a proviso had not displaced the substantive exemption for trust-owned business (SCR pp.43-50; PDF pp.8-15).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

The Court upheld the High Court's answer and dismissed all five Revenue appeals with costs and one set of hearing fees. The disputed 60 per cent of the trust income remained exempt under section 4(3)(i) (SCR p.50; PDF p.15).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee/respondent for the religious or charitable 60 per cent share in the relevant assessment years. The Court's result did not exempt the family allocation (SCR pp.43 and 50; PDF pp.8 and 15).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: trace the trust's legal ownership, the source of income and binding allocation provisions separately. A file should identify whether business assets themselves are vested in trust, quantify charitable and non-charitable portions and demonstrate actual application or final setting apart where required. Apply the current exemption framework independently; this historical distinction is not present-law clearance (based on SCR pp.43-50; PDF pp.8-15).

Source: [Primary judgment: reviewPoint](#)

SOURCE & VERIFICATION

[Supreme Court Reports scan - public eSCR mirror](#)

Full 15-page SCR report read and checked. The editorial headnote was distinguished from the judgment text and operative order.

[Open cited source rendition](#)

The source report contains 15 pages. Reporter headnotes and adjacent-case text are distinguished from the target judgment and operative order.

The primary source identifies Civil Appeals Nos. 606 to 610 of 1963, the stated bench, issues, reasoning and operative result.

STATUTORY SCOPE

The judgment construes section 4(3)(i) of the 1922 Act after the 1953 amendment. It does not establish exemption under today's charity, business-income, application or private-benefit provisions.

LATER TREATMENT

Source checked 2026-10-10. Later judicial treatment and current statutory applicability have not been comprehensively checked; no current-law or citator clearance is represented.

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