

Commissioner of Income Tax, Madras v. Andhra Chamber of Commerce

Civil Appeals Nos. 941 to 946 of 1963

[1965] 1 SCR 565 | 1964-10-01

Charitable purpose: promoting trade and commerce was an object of general public utility, and incidental legislative advocacy did not make the chamber's dominant purpose political.

Indian Income Tax Act, 1922: section 4(3)(i)

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

Assessment years: 1948-49, 1949-50, 1950-51, 1951-52, 1953-54, 1954-55

Dominant-purpose reasoning

Incidental advocacy was accepted because it served the primary public-utility objects.

Historical exemption framework

The case does not resolve present restrictions affecting trade bodies or fee-based activities.

01 FACTS OF THE CASE

The non-profit Andhra Chamber's memorandum required its income and property to promote trade, commerce and industry and prohibited distribution to members. It occupied part of its building and let the balance, claiming section 4(3)(i) exemption for rent. Tax authorities said the objects primarily served members, were vague and included political activity through legislative advocacy.

Source: [Case identity, facts and procedural history](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court treated the statutory definition as inclusive and held that benefit to a section of the public, rather than every person, could satisfy general public utility. Promotion of national and regional trade benefited the community beyond identified members. The memorandum was sufficiently definite. Power to urge or oppose trade legislation was ancillary to the dominant commercial-development objects and did not convert the organisation into one pursuing a political purpose.

Source: [Court's reasoning and statutory analysis](#)

03 JUDICIAL DECISION

Revenue's six appeals were dismissed with costs, leaving the Chamber's property income exempt under section 4(3)(i).

Source: [Holding and operative order](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee/respondent. The Chamber qualified as a charitable institution on its proved objects.

Source: [Operative result](#)

05 AKHB REVIEW POINT

AKHB analysis: a trade association's exemption file should connect its objects and actual activities to a sufficiently broad public class, maintain non-distribution controls and separate incidental policy advocacy from any independent political purpose. Current statutory provisos must be tested afresh.

Source: [Primary reasoning underlying the AKHB analysis](#)

SOURCE & VERIFICATION

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

Full 16-page SCR report read and checked. The editorial headnote was distinguished from the judgment text and operative order.

[Open cited source rendition](#)

Exact source bytes, SHA-256 and 16-page count match catalogue asset 1965_1_565_580; the full extracted report and operative pages were reviewed.

The source verifies Civil Appeals Nos. 941 to 946 of 1963, the stated bench, issues, reasoning and operative result.

No published AKHB note or archived reviewed record with this source hash, case identity and operative decision was found.

STATUTORY SCOPE

The decision applies the 1922 Act's inclusive "charitable purpose" definition. Current section 2(15), provisos, registration conditions and activity-based restrictions require independent review.

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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