

Commissioner of Taxes, Assam v. M/s. Jalannagar South Estate Ltd. and others

Civil Appeal Nos. 1873-1876 of 1967

[1972] 1 SCR 17 | 1971-08-04

Assam agricultural income-tax charity deduction: a donation to a trust was not enough; the assessee had to establish that the claimed amount was actually spent for the rule's defined charitable purposes in the relevant year.

Assam Agricultural Income-tax Act, 1939: sections 8(g) and 28(2) | Assam Agricultural Income-tax Rules: rules 2(1) and 2(2) | Indian Income-tax Act, 1922: section 15B, distinguished

2-judge bench | K. S. Hegde, J. | A. N. Grover, J.

Assessment years: 1955-56, 1957-58 (one assessee)

Existing 60% relief was procedurally protected

Revenue succeeded on the legal questions and the assessees obtained no further deduction, but the Assistant Commissioner's earlier allowance could not be withdrawn because the Department lacked an appeal.

Agency-spending issue left open

The Court did not decide whether qualifying expenditure had to be made personally by the assessee or could be made through an agency; the proof failed either way.

01 FACTS OF THE CASE

Three assessees donated amounts to Jalan Charity Trust for the relevant years. The central Income-tax Officer did not then grant section 15B relief and computed their total net income; agricultural income was taken as 60% of that figure. The Agricultural Income-tax Officer refused the assessees' rule 2 claim. The Assistant Commissioner allowed 60% of the donations. The Department had no further appeal, but the assessees appealed to the Board seeking full exemption. The Board held that no exemption was legally proved, yet preserved the 60% allowance because that order had become final. The Assam and Nagaland High Court answered both referred questions against Revenue, leading to these appeals.

Source: [Assessment path, 60% allowance and reference questions: SCR pp.18-20](#)

02 DISCUSSION BY THE HON'BLE COURT

The Board could not withdraw the final allowance while deciding only the assessee's appeals, but it still had to determine the correct legal position when deciding their claim for more relief. On the merits, the Court contrasted central section 15B, which addressed payment to a qualifying institution or fund, with rule 2 read with section 8(g), which required the amount to be actually spent for defined charitable purposes. A contribution alone was insufficient. Even assuming the trust had qualifying objects and agency expenditure could count, the assessee had not shown that their donated amounts were actually spent for those purposes in the relevant years or correlated the trust's smaller charitable expenditure with their donations. The Court therefore left the personal-versus-agency spending question undecided.

Source: [Board jurisdiction, actual-spending test and proof failure: SCR pp.20-21](#)

03 JUDICIAL DECISION

Revenue's appeals were allowed and both referred questions answered affirmatively in its favour. The assessee received no exemption beyond the 60% already granted, which remained protected because Revenue had no appeal against that order. The assessee was directed to pay one hearing fee as costs.

Source: [Qualified relief and final answers: SCR pp.20-21](#)

04 OUTCOME / IN WHOSE FAVOUR

Revenue prevailed on the reference and defeated the claim for full exemption. The pre-existing 60% allowance was not recovered or reversed in these proceedings. The result rests on absence of proof of actual qualifying expenditure and does not decide whether properly evidenced spending through a trust can ever satisfy the rule.

Source: [Limits of Revenue's success: SCR pp.20-21](#)

05 AKHB REVIEW POINT

AKHB analysis: distinguish a donation receipt from evidence of actual application. Obtain the trust deed, project ledger, bank trail, year-specific expenditure vouchers and a reconciliation linking the assessee's contribution to qualifying charitable deployment. Preserve appeal rights and the scope of each party's challenge, because a favourable amount may remain procedurally protected even when its legal basis is rejected for an additional claim. Verify current statutory wording independently.

Source: [AKHB analysis based on proof and appellate-scope issues](#)

SOURCE & VERIFICATION

Supreme Court Reports scan - public eSCR mirror

Full 5-page SCR report read. Editorial headnote on PDF pages 1-2 was separated from the unnumbered judicial text at SCR pp.18-21 / PDF pp.2-5.

Open cited source rendition

Exact bytes, SHA-256 and 5-page count match catalogue asset 1972_1_17_21. All pages were read and rendered; the editorial headnote was excluded from the Court's reasoning.

The report verifies the 4 August 1971 date, two-judge bench and Civil Appeal Nos. 1873-1876 of 1967. The catalogue's retrospective 1971INSC177 identifier is not printed and is not adopted as a verified neutral citation.

The source states that two assesseees concerned AY 1955-56 and the third concerned AYs 1955-56 and 1957-58; it does not map each appeal number to a named entity in the reviewed text.

The source alternates between rule references 2(1), 2(i) and the second referred question's 2(2). The note preserves the report's formulation and does not silently normalize the rule numbering.

The report contains no numbered judicial paragraphs; physical PDF and SCR page references are used.

STATUTORY SCOPE

Historical Assam Agricultural Income-tax Act and Rules decision for specified 1950s years. The Court expressly contrasted the State rule with section 15B of the 1922 central Act. No current charitable-deduction rule, agency-spending rule or later treatment is certified.

LATER TREATMENT

Source checked 2026-10-10. Comprehensive subsequent treatment, later statutory changes and current-law applicability have not been checked. No citator or current-law clearance is represented.

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