

Radhasoami Satsang, Saomi Bagh, Agra v. Commissioner of Income Tax

Civil Appeal Nos. 10574–10583 of 1983

[1991] Supp. 2 SCR 312 | 1991-11-15

Was the income of this religious institution exempt under sections 11 and 12 despite the trust deed's revocability, its property remaining dedicated under a legal obligation, and the longstanding exemption position having continued without material change?

11 | 12 | 60 | 61 | 62 | 63 | 256

Two-judge bench | Ranganath Misra, C.J. | Kuldeep Singh, J.

Assessment years: 1964-65, 1965-66, 1966-67, 1967-68, 1968-69, 1969-70

Fact-specific exemption holding; no unrestricted consistency rule

Radhasoami decides this institution's sections 11–12 exemption on dedicated property, continuing legal obligation and absence of personal reversion to the Satguru. It expressly recognizes that res judicata does not strictly apply and each AY is separate, then relies on an unchanged fundamental factual position left undisturbed. The Court expressly confines the decision to its very special facts and warns against general application. The appealed history covers six unique AYs, 1964-65 to 1969-70; earlier 1922 Act proceedings are background. Do not generalize it to all revocable trusts or current exemption requirements. Later treatment and current law remain unverified; no automatic 2025 Act carryover is supplied.

01 FACTS OF THE CASE

The Radhasoami community had accumulated property from offerings and donations. Its Central Council was constituted in 1902; the constitution, bye-laws and trust deed followed in 1904. After the third Satguru's death in 1907 the community divided into two groups. Earlier Privy Council litigation under the Charitable and Religious Trusts Act, 1920 had questioned the public-trust characterization for that Act's purposes; the Supreme Court did not treat that different statutory inquiry as determinative of the income-tax exemption (physical pages 3–4, 7).

Assessments for 1937-38 and 1938-39 had combined the then Satguru's pension and institutional income. The Commissioner directed exclusion of offerings as impressed with a trust character, and subsequently directed deletion of associated income. An appellate order allowed exemption for 1939-40. Refund claims were accepted on the exemption basis through the period ending with AY 1963-64. The disputed refund/assessment history then covered AYs 1964-65 to 1969-70, with 1966-67 appearing in both groups. The officer treated the Satsang as an association of persons and denied exemption on the view that religious application was voluntary rather than obligatory (physical pages 4–5).

The Tribunal held that the property was subject to a legal obligation for the Satsang's religious purposes and allowed exemption. The High Court reversed, relying on the deed's revocability and the relationship of section 11 to sections 60–63. The institution appealed. The properties stood in the Central Council's name, no Satguru claimed a personal beneficial interest, and even revocation would leave the Council managing the dedicated property rather than return it to the Satguru (physical pages 6–8).

Source: See the proposition-specific paragraph and PDF-page references below.

02 DISCUSSION BY THE HON'BLE COURT

The Court identified property held under trust or other legal obligation for public charitable or religious purposes as the relevant foundation of exemption; a formal trust document was not indispensable. The reference already accepted the institution's religious character. It was unnecessary to decide whether Radhasoami Satsang was a denomination of Hinduism. The requirements of section 11 differed materially from the statutory question earlier examined by the Privy Council under the 1920 Act (physical pages 6–7).

On the documents and actual use, offerings and the resulting property were dedicated to the religious community's objects. The constitution empowered the Central Council to preserve and administer the dedicated property; the trust's revocability did not make it the Satguru's personal property. On revocation, authority would at most return from the trustees to the Central Council. The absence of any personal title or beneficial claim, the persistent religious use and the absence of a Satguru long before the appealed period supported the Tribunal's factual conclusion that the property remained subject to a legal obligation for the Satsang's religious or charitable purposes. The High Court had not sufficiently appreciated that feature (physical page 8).

The Court then considered the longstanding exemption position. It discussed authorities about finality but expressly recognized that, strictly speaking, *res judicata* does not apply to income-tax proceedings and each assessment year is a separate unit. A decision in one year need not govern another. Its narrower observation addressed a fundamental aspect permeating different years that had been found as a fact and left undisturbed by the parties. Without a material change justifying a different view, it was inappropriate on these facts for the Revenue to reverse the settled position (physical pages 8–10).

Finally, the Court accepted the Revenue's request to confine the decision to the case's very special facts. It expressly cautioned against treating its determinations as authority for general application. The finality discussion therefore accompanies, and does not replace, the substantive legal-obligation and exemption analysis; it is not an unrestricted consistency rule binding the Revenue regardless of changed facts, governing law or annual statutory requirements (physical page 10).

Source: See the proposition-specific paragraph and PDF-page references below.

03 JUDICIAL DECISION

The appeals were allowed and the referred question answered in the affirmative: the Tribunal was justified in holding the Satsang's income exempt under sections 11 and 12. The Court expressly confined the decision to the special facts and directed each party to bear its own costs (physical page 10/SCR 321).

Source: See the proposition-specific paragraph and PDF-page references below.

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee

Appeals allowed; reference answered affirmatively and Tribunal's exemption conclusion sustained

Final fact-specific religious-property exemption decision under sections 11 and 12

The Court expressly confines the decision to the very special facts and cautions against general application. No unrestricted res-judicata or cross-year consistency rule, no blanket rule for revocable trusts, and no determination of the sect's relationship to Hinduism.

Source: See the proposition-specific paragraph and PDF-page references below.

05 AKHB REVIEW POINT

Begin with the actual exemption issue. Identify the property, its dedication, the persons with beneficial interests, the enforceable obligation and what happens upon revocation. Here the Council's continuing control for community purposes and the absence of personal reversion to the Satguru explained why formal revocability did not defeat the Tribunal's legal-obligation finding. Religious expenditure alone was not treated as a substitute for examining the legal character of the property.

If using the cross-year discussion, identify the precise fundamental factual finding, the earlier determination left undisturbed and the absence of material change. Carry the Court's annual-assessment distinction and its express fact-specific qualification with that passage. Quoted res-judicata statements from earlier authorities must not be mistaken for an unqualified adoption by this Court.

This note does not certify exemption under later versions of sections 11–13 or any successor regime. Changed facts, registration conditions, application or accumulation rules and subsequent authorities require separate research. The historic 1922 Act proceedings explain the background; the operative relief is under the 1961 Act for the identified later assessment years.

Source: See the proposition-specific paragraph and PDF-page references below.

DETAILED DISPOSITION AND CONNECTED GROUPS

Costs: Parties to bear their respective costs

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, docket range, High Court origin and operative referred question

Source url: [Open cited source](#)

Pdf pages: 1; 3

Paragraphs: SCR 312, 314; caption/proceeding details; judicial opening at 314 E–F

Source role: reported metadata and judicial text

2.

Topic: Historical assessments and unique appealed-year range

Source url: [Open cited source](#)

Pdf pages: 4; 5

Paragraphs: SCR 315 F–H; 316 A–F

Source role: judicial text

3.

Topic: Trust/legal-obligation conditions and High Court revocability ground

Source url: [Open cited source](#)

Pdf pages: 6

Paragraphs: SCR 317 A–G

Source role: judicial text

4.

Topic: 1920 Act distinction and religious-character issue left unnecessary

Source url: [Open cited source](#)

Pdf pages: 7

Paragraphs: SCR 318 A–H

Source role: judicial text

5.

Topic: No personal reversion; Council powers and legal-obligation finding

Source url: [Open cited source](#)

Pdf pages: 8

Paragraphs: SCR 319 A–F

Source role: judicial text

6.

Topic: Earlier-authority quotations on finality

Source url: [Open cited source](#)

Pdf pages: 8; 9

Paragraphs: SCR 319 G–H; 320 A–H; citations/quotations distinguished from final formulation

Source role: judicial text

7.

Topic: Annual assessments, qualified settled-fact reasoning, exemption, special-facts limitation and costs

Source url: [Open cited source](#)

Pdf pages: 10

Paragraphs: SCR 321 A–E and concluding costs/disposition

Source role: judicial text

OTHER GOVERNING STATUTES

1.

Act: Indian Income-tax Act, 1922

Sections: 4(3) exemption provision (printed as 4(3)(1)); 35; 66(2)

Role: Earlier exemption decisions, deletion/rectification history and reference applications used as background to the settled factual position, not the Act governing the appealed years.

2.

Act: Charitable and Religious Trusts Act, 1920

Sections: 3

Role: Earlier civil litigation culminating in the Privy Council decision. Its statutory inquiry is distinguished from the section 11 income-tax exemption requirements.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Ranganath Misra, C.J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

APPEAL GROUPING AND SOURCE LIMITS

One common judgment: True

Lead appeal: Civil Appeal No. 10574 of 1983

Origin: Allahabad High Court judgment and order dated 7 July 1980 in I.T.R. No. 948 of 1975, on a reference under section 256.

Completeness note: PDF caption gives the range 10574–10583 of 1983. The metadata gives only the lead docket. No appeal-to-assessment-year allocation is stated and none is invented.

Relief groups

1.

Group: All ten appeals in the reported docket range

Result: Appeals allowed; reference answered in favour of the assessee

ROLE AND SCOPE OF EACH IDENTIFIED PROVISION

1.

Section: 11; 12

Role: Operative question and final exemption holding. Detailed analysis concerns property held under trust or other legal obligation for religious/charitable purposes; section 12 is included in the referred question and answer, without separate extended exposition.

2.

Section: 60–63

Role: Revocability/income-attribution context underlying the High Court's denial. The Court relies on continued dedication and absence of reversion to the Satguru; it does not announce exemption for every revocable arrangement.

3.

Section: 256

Role: Reference route identified in the judicial opening, not an independent jurisdiction controversy.

OPERATIVE 1961 ACT PROVISIONS

11; 12

SOURCE & VERIFICATIONHon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 10 PDF pages; SHA-256

ff6b266d9dc45de09283697ff0543e224db1cf06004c0779d13305e9513867c8. Original bytes preserved.

Unnumbered opinion of Ranganath Misra C.J. begins at physical page 3/SCR 314 E after the proceedings and runs through physical page 10/SCR 321, including the fact-specific limitation, respective-costs direction and appeals-allowed order.

Editorial headnotes and proceeding details on pages 1–3 separately read. No adjacent judgment.

Open cited source rendition

SCR report citation, caption and date verified from the PDF. Repository identifier 1991INSC297 is not promoted to a source-printed neutral citation.

Judicial narrative at physical page 5/SCR 316 lists refused refund claims for AYs 1964-65, 1965-66 and 1966-67 and subsequent assessments for AYs 1966-67, 1967-68, 1968-69 and 1969-70. AY 1966-67 appears in both procedural groups and is listed once here. The source does not map each of the ten appeal numbers to a year. AYs 1937-38, 1938-39 and 1939-40 are historical predecessor-Act proceedings; treatment through 1963-64 is background.

The complete judicial opinion begins at physical page 3/SCR 314 E and ends at page 10/SCR 321 with the fact-specific qualification, costs and appeals-allowed order. Headnotes on pages 1–3 are distinguished from reasons.; The source caption contains Civil Appeal Nos. 10574–10583 of 1983; repository metadata lists only the lead number. No additional docket or year allocation is inferred.; AY 1966-67 occurs both in the refund-refusal list and the subsequent-assessment list. The six unique AYs are preserved without silently inventing a missing year.; The report prints the earlier exemption provision as 4(3)(1) and describes a section 35 application as one for ratification. These reporting/OCR details are not relied on to state an operative 1961 Act provision or a new procedural holding.; Page 6 quotes historical section 11 with a 25% accumulation figure and lettered layout. This note does not certify that quotation as a separately checked enactment text or reproduce it as a present accumulation rule.; Quoted earlier authorities on page 9 use res-judicata language. The Court's own page 10 distinction and explicit limitation control the scope attributed in this note.; Source paragraphs are unnumbered; pins use physical PDF/SCR pages. No adjacent judgment appears in the PDF.

STATUTORY SCOPE

Historical 1961 Act context only. No automatic mapping to the Income-tax Act, 2025, comprehensive amendment audit or present compliance certification.

LATER TREATMENT

Source checked 2026-10-04. Comprehensive later treatment is not verified. No later-citation, review, stay, reversal or current-law audit has been undertaken for this note.

IDENTIFIED SOURCE LINKSreported judgment - PDF pages: 10

SHA-256: ff6b266d9dc45de09283697ff0543e224db1cf06004c0779d13305e9513867c8

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