

Commissioner of Income Tax (Central), Ludhiana and Others v. Amritsar Transport Company Private Limited and Another

Civil Appeal No. 3522 (NT) of 1979 and connected proceedings (full list below)
[1993] 2 SCR 874 | 1993-03-31

The Tribunal had to state Revenue's dharmada questions to the High Court under section 256(2). The Court decided that references were warranted and expressly left the receipts' taxability and charitable character open.

256(2), historical reference procedure

Two-judge bench | B.P. Jeevan Reddy, J. | N. Venkatachala, J.

Reference ordered only; dharmada taxability expressly left open

Revenue won the direction to obtain High Court references, not a final ruling that these receipts were taxable or non-charitable. Keep the same-assessee and different-assessee appeal groups, years and sums separate. This historical section 256(2) decision's later reference outcomes, later treatment, current-law application and 2025 mapping remain unverified.

01 FACTS OF THE CASE

In the reasoned lead appeal 2456(NT)/1978, the transport company collected Rs 1,38,577 at Re 1 per bilty for AY 1970-71. It said most was spent on charity and Rs 8,871 remained in a separate dharmada account. The ITO treated the whole collection as business income; the AAC and Tribunal deleted the addition. Revenue relied on the company's explanation that the funds assisted poor relatives of workers and marriages in their families to secure their cooperation. The allegation of business use was Revenue's submission, not a final Supreme Court finding.

Source: [Unnumbered judicial text; PDF pages 2, 3](#)

02 DISCUSSION BY THE HON'BLE COURT

Citing Bijli Cotton Mills, the Court recognised the distinction for dharmada kept separately and used for charity. Here, however, the intended and actual charitable use was disputed. The assessee's own written explanation made this a proper case for a reference. The Court expressly declined to say more so that it would not prejudice the reference hearing.

Source: [Unnumbered judicial text; PDF page 4](#)

03 JUDICIAL DECISION

The High Court's refusal was set aside and the Tribunal was directed to state the question. The same-assessee companion appeals and SLP 8353/1985 received the same reference relief after leave was granted. In the different-assessee group, SLPs 3257-3265/1979, leave was granted and the separately printed question concerning five amounts over AYs 1967-68 to 1971-72 was also directed to be stated. No costs were ordered.

Source: [Unnumbered judicial text; PDF pages 4, 5](#)

04 OUTCOME / IN WHOSE FAVOUR

Revenue obtained the references. The Court did not assess the sums, decide their charitable character or hold all dharmada collections taxable.

Source: [Unnumbered judicial text; PDF pages 4, 5](#)

05 AKHB REVIEW POINT

Distinguish the threshold for requiring a reference from the answer to the tax question. The collection terms, separate account, intended beneficiaries and actual use of the funds matter. The account's label alone cannot resolve a disputed charitable-purpose premise.

Source: [Unnumbered judicial text; PDF page 4](#)

APPEAL AND PROCEEDING NUMBERS

Civil Appeal No. 3522 (NT) of 1979 / Civil Appeal No. 2456 (NT) of 1978 / Civil Appeal Nos. 5987–5988 (NT) of 1990 / Civil Appeal No. 1368 (NT) of 1982 / Civil Appeal Nos. 1549–1557 (NT) of 1993 / Civil Appeal No. 1558 (NT) of 1993 / Special Leave Petition (Civil) No. 8353 of 1985 (leave granted) / Special Leave Petition (Civil) Nos. 3257–3265 of 1979 (leave granted)

APPEAL GROUPS AND SOURCE LIMITS

Keep the lead Rs 1,38,577/AY 1970–71 facts separate from the other-assessee question: Rs 5,506, Rs 26,039, Rs 33,385, Rs 49,634 and Rs 57,902 across AYs 1967–68 to 1971–72. No individual amount-to-appeal conversion is supplied. The caption leads with appeal 3522/1979, while the reasoned discussion leads with 2456/1978; one later line prints 1976, an inconsistency in the report.

SOURCE & VERIFICATION**[Original reference-direction judgment \(reported SCR copy\)](#)**

Five-page reported SCR copy; judicial text on physical 2–5, operative reference reasoning at SCR 877A–D. The source is not independently authenticated as a signed original.

[Open cited source rendition](#)**STATUTORY SCOPE**

No automatic mapping to the Income-tax Act, 2025 and no present-law certification. This note concerns the historical statutory version addressed by the Court.

LATER TREATMENT

Source checked 2026-10-06. The subsequent reference outcomes and comprehensive later treatment have not been verified. No present-law or 2025 Act mapping is certified.

AI DISCLOSURE

AI-assisted research. The AKHB Review Point is editorial analysis, not part of the Court's judgment.

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