

Commissioner of Income Tax, Madras v. G.R. Karthikeyan, Coimbatore

Civil Appeal No. 3908(NT) of 1983

[1993] 3 SCR 328 | 1993-04-22

Whether a prize earned for skill and endurance in a motor rally could escape income-tax simply because it was said not to fall within the specific winnings clause in section 2(24).

2(24), inclusive definition | 2(24)(ix) | 10(3), historical casual-receipt exemption | 256(1)

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

Assessment years: 1974-75

Income character decided; no current gaming-tax rule

The skill-and-endurance prize was income even if outside a listed subclause of section 2(24). That inclusive definition does not make every inflow taxable without a character inquiry. The casual-receipt exemption and Rs 1,000 discussion are historical; the former clause was later omitted. Special rates and comprehensive later treatment remain unverified.

01 FACTS OF THE CASE

For AY 1974-75 the assessee, who also had salary and business income, received Rs 20,000 from Indian Oil Corporation and Rs 2,000 from the All India Highway Motor Rally for winning the rally. The approximately 6,956-kilometre event tested endurance, driving skill and vehicle reliability; classification depended on penalty points for violations, with the lowest score winning (physical pages 3–4).

The ITO included the Rs 22,000. The AAC held that the rally was not a race within section 2(24)(ix). The Tribunal agreed and also held that it was not a game; it treated the receipt as casual but not income. The High Court accepted that result on the view that the winnings clause concerned betting or gambling and did not cover this skill-based award. Revenue appealed against the favourable answer to the section 256(1) reference (physical pages 3–5).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court treated section 2(24) as inclusive, not exhaustive. A receipt that has the character of income does not cease to be income merely because it cannot be fitted into one of the listed subclauses. The statutory definition widens the ordinary concept; it does not eliminate that concept. Earlier authorities on the breadth of the income expression supplied context, rather than facts about the present rally (physical pages 5–8).

The assessee entered the contest to win and received a return for his skill and endurance. That was income even on the assumption that the High Court's narrower reading of the word winnings were accepted. The Court also observed that the listed games were not all necessarily gambling activities. Its decisive conclusion did not require classification of the rally under a particular gambling or race category (physical pages 7–8, paragraphs 8–10).

Casual character alone likewise did not remove an income receipt from tax. The then section 10(3) itself exempted casual and non-recurring receipts only within stated limits. The Court referred to its historical Rs 1,000 limit while rejecting the logic that a casual receipt was for that reason outside income. It expressly did not examine the 1986 amendment or the proviso; it did not undertake a separate final tax computation (physical pages 5 and 8).

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

03 JUDICIAL DECISION

The Revenue's appeal was allowed. The reference question whether the Rs 22,000 should not be brought to tax was answered in the negative, for Revenue and against the assessee. The receipt constituted income. There was no order as to costs (physical pages 8–9, paragraph 11).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue

Appeal allowed; referred question answered against assessee; no costs

Final income-character determination for the rally prize

Not a holding that every inflow is income, a classification of every sport as gambling, a special-rate decision, or a numerical assessment of tax after all exemptions.

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

05 AKHB REVIEW POINT

Identify the economic character of the receipt before treating section 2(24) as a checklist. Failure to fit a named subclause is not decisive where the receipt is independently income in its ordinary sense. Here the identifiable return for a successful contest, skill and endurance supported that conclusion. The Court's broad language should not be detached from that character inquiry and used to tax every payment indiscriminately.

Separate income character, any applicable exemption, the charge and a special rate. The judgment decided the first issue in a historical casual-receipt setting; it is not a current sports-prize or gaming-tax rate guide. The checked 2011 compilation records omission of former section 10(3) from 1 April 2003. Its historical amendment history must not be mistaken for the Rs 1,000 version applied in this judgment or a surviving present exemption. Comprehensive later treatment and any 2025 Act mapping remain unverified.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, AY, award components and reference question

Source url: [Open cited source](#)

Pdf pages: 1; 3; 4

Paragraphs: Unnumbered judicial text

Source role: reported metadata and judicial text

2.

Topic: Lower-court reasoning and historical casual clause

Source url: [Open cited source](#)

Pdf pages: 4; 5

Paragraphs: Unnumbered judicial text

Source role: judicial text

3.

Topic: Inclusive definition and reward for skill

Source url: [Open cited source](#)

Pdf pages: 5; 6; 7; 8

Paragraphs: Judicial text, including paragraphs 8–10

Source role: judicial text

4.

Topic: Final answer and costs

Source url: [Open cited source](#)

Pdf pages: 8; 9

Paragraphs: Paragraph 11

Source role: judicial text

5.

Topic: Later omission of former casual-receipt clause**Source url:** [Open cited source](#)**Pdf pages:** 82**Paragraphs:** Former section 10(3), footnote 94**Source role:** bounded historical statutory text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

B.P. Jeevan Reddy, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

[Hon'ble Supreme Court source PDF \(reported judgment\)](#)

Identified source rendition: 9 PDF pages; SHA-256

ce734d14d3ad9546f4dbbe56fea408b8d9eaf7c23f81b5421064c7a1af708eef. Original bytes preserved.

Complete judicial text physical pages 3–9/SCR 330–336; paragraph numbering is intermittent, with numbered paragraphs 3 and 8–11. Editorial pages 1–3 and quoted precedents are separately identified; no adjoining judgment.

[Open cited source rendition](#)

The prize consists of two amounts, Rs 20,000 and Rs 2,000, totalling Rs 22,000. No tax-demand amount is specified.; The source's section 10 quotation on physical page 5 labels the relevant clause (d), whereas the judicial discussion identifies section 10(3). The isolated label is not treated as another exemption provision.; The reasoning assumes the High Court's restricted winnings interpretation for argument and still finds income; it does not need a final ruling that this particular rally is gambling or a race.; The Court expressly excludes the later 1986 amendment and the proviso from its discussion. The Rs 1,000 reference is historical and not a present exemption.; The self-occupied-house and capital-gain examples on pages 6–7 concern quoted earlier cases, not additional issues or income sources adjudicated in this appeal.

STATUTORY SCOPE

No automatic mapping to the Income-tax Act, 2025 or present-law certification. Apply the statutory text for the relevant year.

LATER TREATMENT

Source checked 2026-10-04. No comprehensive later-treatment search is certified. Any actually checked later judgment or statute is expressly identified in this note.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 9](#)

SHA-256: ce734d14d3ad9546f4dbbe56fea408b8d9eaf7c23f81b5421064c7a1af708eef

[official department hosted historical statutory compilation - PDF pages: 1251](#)

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

PROFESSIONAL DISCLAIMER

General research information only; not legal or tax advice, a certified judgment or a substitute for the full order. Applicability depends on facts, assessment year, statutory version and jurisdiction. Subsequent treatment is unverified unless identified sources are expressly stated. Downloading does not create a professional engagement. Obtain case-specific advice before reliance.