

Aditanar Educational Institution and others v. Additional Commissioner of Income Tax

Civil Appeal Nos. 2578–2580 of 1979 and connected proceedings (full list below)

[1997] 1 SCR 948 | 1997-02-05

Whether an educational society working through colleges and schools could itself be an other educational institution under historical section 10(22), and whether exemption had to be evaluated each year despite its educational objects.

10(22)

Two-judge bench | B.P. Jeevan Reddy, J. | K.S. Paripoornan, J.

Assessment years: 1963-64, 1964-65, 1965-66, 1966-67, 1967-68, 1971-72, 1972-73, 1973-74, 1974-75, 1977-78, 1978-79, 1979-80, 1980-81

Historical section 10(22); annual test and bounded later comparison

Aditanar concerns historical section 10(22): a society imparting education through its schools and college could qualify, but eligibility remained annual and incidental surplus was not itself fatal. Both Revenue and assessee appeals were dismissed for different reasons. Later New Noble passages were checked only for the expressly identified comparison: solely means exclusively educational, its specified overruling addresses American Hotel/Queen's on that expression, and its declared law was prospective; Aditanar is not labelled overruled. AUDA's read GPU passages do not import a commercial-receipt ceiling into this educational exemption. The headnote year-range and procedural-history defects are preserved. Comprehensive later treatment, current-law applicability and 2025 mapping remain unverified.

01 FACTS OF THE CASE

The batch comprised 18 cases. In the lead Aditanar matter, the society's objects were to establish, run, manage or assist colleges, schools and other educational organisations existing solely for education. It received Thanthi Trust donations of Rs. 15,71,370, Rs. 5,62,432.25 and Rs. 4,78,899.67 for AYs 1965-66, 1966-67 and 1967-68 respectively and filed nil returns. The Income-tax Officer closed the assessments with no taxable income; the assessee said it had losses. The Commissioner used section 263 to direct fresh assessments, treating the society as a financing body rather than an educational institution. The Tribunal held it was itself an educational institution; on a reference sought by Revenue, the High Court agreed (paragraphs 2 and 5-6; physical pages 3 and 5-7/SCR 950; 952-954 B).

Both Revenue and Aditanar appealed the lead decision. The assessee was concerned only that the High Court's observations about annual scrutiny might prejudice it later. Counsel agreed the main decision would govern the connected cases. Those cases included Aditanar for other listed years, Sri Paramakalyani Education Society, Sattur Hindu Nadar's Edward School Committee, and Rajagopal Educational Trust. In Rajagopal the High Court had declined Revenue's section 256(2) application; the Supreme Court withdrew that application to its own file and disposed of it on merits with the batch (paragraphs 2-4 and 8; physical pages 3-4 and 8/SCR 950-951; 955 C-F).

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

02 DISCUSSION BY THE HON'BLE COURT

The judgment applied historical section 10(22), reproduced in paragraph 6, exempting the income of a university or other educational institution existing solely for educational purposes and not for profit. The actual question was whether this society came within other educational institution. The Court rejected Revenue's narrow distinction between the society and the colleges through which it imparted education. A society, trust or similar body running educational institutions solely for education and not profit could itself qualify; in this case its colleges and schools were the medium by which it achieved its sole educational purpose. Describing it as merely a financing body was unreal and hyper-technical (paragraphs 6–7; physical pages 6–8/SCR 953–955 B).

For the assessee's appeals, the Court explained that eligibility must be evaluated each year by asking whether the institution existed during that year solely for education and not for profit. An incidental surplus after expenditure on a lawful educational activity did not by itself destroy that character. On an overall view, the decisive inquiry was whether making profit was the object; the corpus, the objects and the entity's powers must be distinguished. The clarification allayed the assessee's concern but did not confer perpetual exemption (paragraphs 8–9; physical pages 8–9/SCR 955 C–956 B).

Bounded later-source comparison, kept separate from the 1997 holding: New Noble Educational Society (19 October 2022), paragraphs 40 and 48(i)–(ii), expressly describes Aditanar's society-through-schools principle and retains the requirement of solely educational objects. Paragraphs 39 and 49–51 distinguish the GPU predominant-object approach from the exclusively educational requirement; paragraph 76(a)–(b) distinguishes unrelated objects or profit-oriented purpose from incidental educational surplus. Paragraph 76(e) expressly limits its stated overruling to American Hotel and Queen's Education Society on the meaning of solely, while paragraph 78 makes the declared law prospective. These read passages do not support labelling Aditanar itself overruled. They also do not turn its historical section 10(22) exemption into automatic approval under section 10(23C) (reported New Noble physical pages 36–37, 47–49 and 60–62).

A bounded AUDA comparison supplies only a category and statutory-period distinction: its paragraphs 3–4 and 126 distinguish education from the residual GPU category, and paragraph 253(A) concerns the changed GPU definition effective 1 April 2009 and later amendments. Those passages are not direct later treatment of Aditanar or an educational-approval decision. No general AUDA commercial-receipt threshold is imported into this 1997 section 10(22) note (reported AUDA physical pages 28, 94–95 and 160).

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

03 JUDICIAL DECISION

All Revenue appeals were dismissed without costs, leaving the educational-society ruling undisturbed. Subject to the Court's annual-eligibility and incidental-surplus observations, Aditanar's own three appeals also failed and were dismissed without costs. The section 256(2) application associated with Rajagopal was taken onto the Court's file and disposed of on merits as part of the common batch; no separate grant of exemption for all future years was made (paragraphs 2, 7–9; physical pages 4 and 8–9/SCR 951 E–F; 955–956).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee on the substantive society-as-educational-institution issue; both Revenue appeals and the lead assessee's precautionary appeals dismissed

Entire batch disposed of through dismissal of Revenue appeals and dismissal of assessee appeals subject to the stated observations; no costs

Final interpretation of historical section 10(22) with year-specific eligibility retained

No perpetual exemption, no automatic modern approval, no fixed permissible-surplus percentage, and no generic ruling that every donor or financier of education qualifies.

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

05 AKHB REVIEW POINT

Identify what the society actually established, governed and operated. The Court's reasoning concerned an educational body using its schools and college as the means of imparting education; it should not be recast as an exemption for an unrelated financier merely because money reaches a school. Match educational objects, activities, receipts and incidental surplus to each assessment year, and distinguish powers or corpus from the substantive purpose.

Preserve the procedural outcome: Revenue lost the substantive challenge, but the assessee's unnecessary appeals were also dismissed. A single undifferentiated appeal-dismissed label obscures that result. For later educational-approval work, read New Noble's exclusively educational requirement, explicit limitation of its overruling, and prospective direction together. AUDA's GPU discussion does not supply a receipts ceiling for this historical educational provision. The later review here is deliberately bounded; a current-law or comprehensive citator opinion still requires separate work.

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

APPEAL AND PROCEEDING NUMBERS

Civil Appeal Nos. 2578–2580 of 1979 / Civil Appeal Nos. 356, 356A and 356B of 1980 / Civil Appeal Nos. 3881–3882 of 1984 / Civil Appeal Nos. 379–380 of 1985 / Civil Appeal Nos. 41–42 of 1988 / Civil Appeal No. 8789 of 1995 / Appeals arising from SLP(C) Nos. 2357–2359 of 1988, 3122 of 1987 and 6281 of 1986

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity and appeal/year/party mapping

Source url: [Open cited source](#)

Pdf pages: 1; 3; 4

Paragraphs: Cover; paragraphs 1–4 and table; SCR 948; 950–951

Source role: reported metadata and judicial text

2.

Topic: Lead donations and section 263 history

Source url: [Open cited source](#)

Pdf pages: 5

Paragraphs: Paragraph 5; SCR 952

Source role: judicial text

3.

Topic: Historical section 10(22) text

Source url: [Open cited source](#)

Pdf pages: 6

Paragraphs: Paragraph 6; SCR 953 B–D

Source role: judicial text

4.

Topic: Society working through schools and colleges

Source url: [Open cited source](#)

Pdf pages: 6; 7; 8

Paragraphs: Paragraphs 6–7; SCR 953 F–955 B

Source role: judicial text

5.

Topic: Annual scrutiny, incidental surplus and both dismissals

Source url: [Open cited source](#)

Pdf pages: 8; 9

Paragraphs: Paragraphs 7–9; SCR 955–956

Source role: judicial text

6.

Topic: Bounded later Aditanar treatment and educational-object distinction

Source url: [Open cited source](#)

Pdf pages: 36; 37; 47; 48; 49

Paragraphs: New Noble paragraphs 39–40, 48(i)–(ii), 49–51; SCR 1117–1118; 1128–1130

Source role: bounded later judicial text

7.

Topic: Bounded later surplus, limited overruling and prospective direction

Source url: [Open cited source](#)

Pdf pages: 60; 61; 62

Paragraphs: New Noble paragraphs 76(a)–(e), 78; SCR 1141–1143

Source role: bounded later judicial text

8.

Topic: Bounded GPU/education and statutory-period distinction

Source url: [Open cited source](#)

Pdf pages: 28; 94; 95; 160

Paragraphs: AUDA paragraphs 3–4, 126–129, 253(A); SCR 926; 992–993; 1058

Source role: bounded later judicial text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

K.S. Paripoornan, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

ASSESSMENT YEARS MAPPED TO INDIVIDUAL APPEAL GROUPS

1.

Party: Aditanar Educational Institution

Cases: CA 2578–2580/1979; CA 356, 356A, 356B/1980

Assessment years: 1965-66; 1966-67; 1967-68

2.

Party: Sri Paramakalyani Education Society

Cases: CA 3881–3882/1984

Assessment years: 1971-72; 1972-73

3.

Party: Sri Paramakalyani Education Society

Cases: CA 379–380/1985

Assessment years: 1973-74; 1974-75

4.

Party: Aditanar Educational Institution

Cases: CA 41–42/1988

Assessment years: 1963-64; 1964-65

5.

Party: Sattur Hindu Nadar's Edward School Committee

Cases: CA 8789/1995

Assessment years: 1980-81

6.

Party: Aditanar Educational Institution

Cases: Appeals arising from SLP 2357–2359/1988

Assessment years: 1977-78; 1978-79; 1979-80

7.

Party: Aditanar Educational Institution

Cases: Appeal arising from SLP 3122/1987

Assessment years: 1980-81

8.

Party: Rajagopal Educational Trust

Cases: Appeal arising from SLP 6281/1986; section 256(2) application withdrawn to Supreme Court

Assessment years: 1979-80

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 9 PDF pages; SHA-256

e84d5fdf3eabb0fcda26b332c66a6881f596efaa7817c2bf0c4f5388f5a36a10. Original bytes preserved.

Complete judicial text physical pages 3–9/SCR 950 B–956 B, paragraphs 1–9. Full appeal/party/year table on pages 3–4 read and visually checked. Reporter headnotes on pages 1–2 separated from the judicial reasoning and dual dismissal.

Open cited source rendition

The lead years are AYs 1965-66, 1966-67 and 1967-68. The first-page headnote misprints the range endpoint as 1976-68; judicial paragraphs 2 and 5 and the appeal table control. Other years in assessment_years belong to specifically mapped connected appeals, not to the lead donation figures.; The first-page headnote describes a further appeal by the assessee to the High Court. Judicial paragraph 5 continuing onto page 6 instead records a reference at Revenue's instance; the note follows that judicial account. The headnote also compresses the Income-tax Officer's disposal into acceptance of educational exemption, whereas paragraph 5 says the assessments were closed for no taxable income and records the assessee's losses.; The report prints Societies Registration Act, 1960 in the facts. That enabling-statute year is not independently corrected or relied upon for the tax holding.; Section 263 explains the lead procedural history and section 256(2) the Rajagopal route; the judgment does not separately decide their general jurisdictional requirements. The indexed merits provision is section 10(22).; The Court's final result includes dismissal of both sides' appeals, for different reasons. The substantive educational-institution issue was resolved in the assessee's favour; the lead assessee failed only in its challenge to the annual-review observations.; Later comparison is limited to the New Noble and AUDA passages expressly identified as actually read. No complete reread of those later judgments was undertaken in this incremental review. New Noble's prospective direction is not converted into an invented AY transition date, and no claim of comprehensive subsequent treatment is made.; All quotation and paragraph references in the main historical analysis belong to the 1997 judgment. The later cases are separately labelled and are not attributed to its bench. No 2025 statutory crosswalk is certified.

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. Comprehensive subsequent judicial and statutory treatment remains not_verified. The expressly identified New Noble passages were read for their direct description of Aditanar and their limited exclusive-object/overruling/prospective context. The identified AUDA passages were read only for statutory category and period boundaries, not as direct treatment of Aditanar. No full later-source reread, citator status certificate, present-law conclusion or 2025 crosswalk is claimed.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 9

SHA-256: e84d5fdf3eabb0fcda26b332c66a6881f596efaa7817c2bf0c4f5388f5a36a10

bounded later reported judgment - PDF pages: 62

SHA-256: 61a41dc463c2ac016e051a5d48e411ee0bc657d3e9ee92eb7f9e2e00cb362533

bounded later reported judgment - PDF pages: 167

SHA-256: ce01d61aa3407595bfb6be88f23d9fdddebaf44352576b5afa75c227eed65d54

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.

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