

Commissioner of Wealth Tax, Gujarat-III, Ahmedabad v. Ellis Bridge Gymkhana etc. etc.

Civil Appeal No. 650 of 1988 with connected civil appeals and special-leave petitions; see SCR pp. 628, 641-642 for the complete groups

[1997] Supp. 4 SCR 626 | 1997-10-21

Historical wealth tax: an unincorporated club was not taxable as an individual under section 3; section 21AA did not govern the assessment years in issue.

Wealth-tax Act, 1957: sections 3 and 21AA | Indian Income-tax Act, 1922: section 3; Income-tax Act, 1961: sections 2(31) and 4; Gift-tax Act, 1958: section 2(xviii) (comparative statutory context)

2-judge bench | Suhas C. Sen, J. | S. Saghir Ahmad, J.

Assessment years: 1970-71, 1971-72, 1972-73, 1973-74, 1974-75, 1975-76, 1976-77, 1977-78

Assessment-year and entity limits

The principal ruling concerns an unincorporated club and AYs 1970-71 to 1977-78. It does not decide every later section 21AA case or remove liability that may attach to individual members under the applicable law.

Connected appeal outcomes differ

The principal Revenue appeal was dismissed, but C.A. 4674/1995, 3532-3538/1988 and 7420-7422/1997 were allowed. The formal disposition of each proceeding must be checked separately.

01 FACTS OF THE CASE

Ellis Bridge Gymkhana was an unincorporated club. For AYs 1970-71 to 1977-78 it filed wealth-tax returns when called upon but disputed liability under the Act. The Wealth Tax Officer rejected that objection. The Appellate Assistant Commissioner, Tribunal and Gujarat High Court accepted the club's position. Revenue appealed, arguing that the word individual in section 3 was sufficiently wide to embrace an association of persons such as the club. The Court heard the principal appeal together with several connected club matters.

Source: [SCR pp. 628-629](#) / [PDF pp. 3-4](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court required clear statutory words to bring a person within the charge. Section 3 named individuals, Hindu undivided families and companies, while omitting firms, associations of persons and bodies of individuals expressly included in cognate income-tax and gift-tax legislation. That deliberate omission could not be reversed by expanding the word individual. Section 21AA, introduced from 1 April 1981, addressed particular associations whose members' shares were indeterminate or unknown; its special charge supported, rather than displaced, the distinction. No relevant factual finding of indeterminate interests had been made, and section 21AA did not operate in the assessment years before the Court. The Court approved the Gujarat, Bombay and Kerala club decisions and rejected the contrary Coimbatore Club approach. Decisions treating Mapilla tarwads as individuals were distinguished by their specific legislative history and did not establish that a voluntary association was an individual.

Source: [SCR pp. 629-641 / PDF pp. 4-16](#)

03 JUDICIAL DECISION

The Court upheld the High Court's answer that the club was not liable under the charging provision for the years in issue and dismissed C.A. 650/1988 without costs. The connected appeals and special-leave petitions listed immediately after that disposition were likewise dismissed without costs. Separately, C.A. 4674/1995, 3532-3538/1988 and 7420-7422/1997 were allowed, with leave granted in the last group arising from SLPs 4658-4660/1990.

Source: [SCR pp. 641-642 / PDF pp. 16-17](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee clubs on the disputed charge. Revenue failed in the principal appeal. The report uses different formal orders for different connected groups, so it would be inaccurate to describe every appeal as dismissed. The ruling does not itself determine all individual-member liabilities or every later section 21AA assessment.

Source: [SCR pp. 641-642 / PDF pp. 16-17](#)

05 AKHB REVIEW POINT

AKHB analysis: begin with the entity's legal constitution, the relevant assessment year and the exact charging words. Keep an association's liability separate from a member's interest and any special section 21AA charge. Obtain the club rules and evidence concerning members' shares rather than assuming all clubs have the same tax status. When relying on this historical decision, separately verify subsequent treatment and the law governing the actual period; this note supplies no current-law clearance.

Source: [AKHB analysis based on SCR pp. 629-641 / PDF pp. 4-16](#)

SOURCE & VERIFICATION

Supreme Court Reports scan - public eSCR mirror

Full 17-page SCR report read; the editorial headnote on PDF pages 1-3 was distinguished from the judgment beginning on PDF page 3 and the connected operative orders on pages 16-17.

Open cited source rendition

Catalogue URL, SHA-256, date, title and 17-page count match the downloaded original; all pages, including the final connected orders, were read.

Incidental text matches in unrelated notes do not constitute coverage.

The report has no numbered judicial paragraphs; printed SCR and physical PDF pages provide the pinpoints.

STATUTORY SCOPE

The principal appeal concerned AYs 1970-71 to 1977-78 under the historical Wealth-tax Act charging provision. Section 21AA took effect on 1 April 1981 and did not apply to those years. This ruling must not be treated as a blanket exemption for every club or every later assessment period.

LATER TREATMENT

Source checked 2026-10-10. Comprehensive subsequent judicial treatment and present statutory applicability have not been verified. This source review is not current citator clearance.

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