

M/s R.B. Shreeram Religious and Charitable Trust v. Commissioner of Income-tax, Vidarbha, Nagpur

Civil Appeal No. 1761 of 1987

[1998] 3 SCR 697 | 1998-07-16

Whether voluntary contributions received in AY 1966-67 were income under the pre-1972-amendment provisions and whether their use to discharge the mining-firm loan satisfied the then section 12(1) exemption.

2(24) (historical definition) | 12(1) and 12(2) (before the Finance Act, 1972 substitution) | 11(1) (context) | 256(1) | 139 and 215 (interest question not pressed)

Two-judge bench | Sujata V. Manohar, J. | S. Rajendra Babu, J.

Assessment years: 1966-67

Pre-1973 law and adverse use findings govern

This concerns AY 1966-67 and old section 12, not a current contribution or corpus exemption rule. The donations failed on the accepted finding that they were not solely applicable or wholly applied to charity; the result does not disallow every charitable loan repayment. Interest was not pressed. The Rs 20,000 cheque is printed as dated 19 November 1966, an unresolved chronology tension with the stated year. The later statutory comparison is bounded; comprehensive later treatment and current-law/2025-Act mapping remain unverified.

01 FACTS OF THE CASE

The registered public trust returned a deficit of Rs 32,126 for AY 1966-67. It received Rs 55,000 through three cheques and a further Rs 4,00,000 from the export firm. All Rs 4,55,000 was transferred to the mining firm to reduce a loan liability, which stood at Rs 7.65 lakh at the beginning of the relevant year. The AO added the contributions; the first appeal excluded Rs 4 lakh, but the Tribunal allowed Revenue's appeal and rejected the trust's appeal (physical pages 4–6/SCR 700–702).

The trust asserted that the borrowings financed a dharamshala. On the balance-sheet history, however, the authorities found that only part of the funds went into it, that borrowings did not necessarily finance that construction, and that the contributions were neither solely applicable nor wholly applied to charitable or religious purposes. The High Court answered the operative reference questions against the trust. The separate interest question under sections 139 and 215 was not pressed (physical pages 5–7).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court read the old section 12 as a whole. Subsection (1) addressed the voluntary contribution itself when received as income and applicable solely to charitable or religious purposes; subsection (2) treated qualifying inter-trust contributions as property income for section 11. The words did not refer only to earnings later generated by investing the donation. Section 2(24) was inclusive rather than exhaustive, so the later express inclusion did not establish that ordinary voluntary contributions had previously been outside income (physical pages 7–10).

The Court distinguished an express contribution to corpus under the historical law and disapproved the contrary investment-income observations in *Shri Billeswara Charitable Trust*. The *Cochin*-statute decision relied on by the trust did not determine the different statutory question. The 1 May 1967 Board circular dealt with section 11(1), not a blanket exclusion overriding old section 12(1). The adverse factual finding concerning the actual contributions and their use controlled the exemption claim (physical pages 9–11).

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

03 JUDICIAL DECISION

The trust's appeal was dismissed with no order as to costs. The Rs 4,55,000 was income not exempt under the section 12(1) text applicable to AY 1966-67. The Court did not decide the unpressed interest question or remand the use-of-funds issue (physical pages 5 and 11).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue

Assessee appeal dismissed; no costs

Final on the historical contribution and exemption questions pressed

An adverse use-of-funds finding on these donations; no universal rule that repayment of a demonstrably charitable borrowing can never be application, and no present-law corpus or contribution certificate.

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

05 AKHB REVIEW POINT

Trace the donor direction, receipt character and actual deployment of funds separately. Calling a ledger a dharamshala or building fund does not establish that every borrowing or repayment served that purpose. Conversely, this record does not justify treating all loan repayments by charitable institutions as non-charitable.

Keep the assessment year and statutory version visible. The bounded 2011 compilation check records substitution of the original section 12 from 1 April 1973 and a later section 12(1) rule connecting non-corpus contributions to sections 11 and 13 (page 173). The judgment's historical corpus discussion and its reading of the 1967 circular do not settle later statutory conditions, present registration, donation treatment or current exemption eligibility.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, date, appeal and assessment year

Source url: [Open cited source](#)

Pdf pages: 1; 4

Paragraphs: Unnumbered judicial text

Source role: reported metadata and judicial text

2.

Topic: Questions, cheque/date caution and actual use findings

Source url: [Open cited source](#)

Pdf pages: 5; 6; 7

Paragraphs: Unnumbered judicial text

Source role: judicial text

3.

Topic: Pre-amendment section 12 and contribution/corpus construction

Source url: [Open cited source](#)

Pdf pages: 7; 8; 9; 10

Paragraphs: Unnumbered judicial text

Source role: judicial text

4.

Topic: Limited circular treatment and dismissal

Source url: [Open cited source](#)

Pdf pages: 10; 11

Paragraphs: Unnumbered judicial text

Source role: judicial text

5.

Topic: Dated statutory contrast only

Source url: [Open cited source](#)

Pdf pages: 166; 173; 174

Paragraphs: Section 11(1)(d); section 12 and page 173 footnote 3

Source role: bounded historical statutory text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Sujata V. Manohar, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

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

Identified source rendition: 11 PDF pages; SHA-256

c8711972a8b7c7621b3e19738a37b2ebd5845cb23ff3a0ac1cf9d2c3a0a032d7. Original bytes preserved.

Complete unnumbered judgment from physical page 4/SCR 700 through physical page 11/SCR 707. Pages 1–3 and opening of page 4 are reporter material, distinguished from the Court's reasons. No adjacent judgment.

[Open cited source rendition](#)

The third cheque is visibly Rs 20,000, not the OCR's ambiguous W,000; the three cheques total Rs 55,000. The printed date is 19 November 1966 although the case expressly concerns AY 1966-67. That chronological tension is preserved without silently substituting 1965 or inventing an accounting-year explanation.; The loan-use conclusions were findings of the tax authorities accepted in the reference; the Court did not newly trace every rupee or decide that repayment is intrinsically non-charitable.; The interest question under sections 139 and 215 was not pressed and has no merits holding here.; The source's description of the 1972 amendments and corpus exception is historical. Later versions of sections 2(24), 11, 12 and registration provisions are not certified.; The cases discussed on corpus contributions and the quoted 1967 circular are not independent facts about this trust's donations.

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 has not been verified. Only the expressly identified bounded comparisons have been checked. No current-law or Income-tax Act, 2025 mapping is certified.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 11](#)

SHA-256: c8711972a8b7c7621b3e19738a37b2ebd5845cb23ff3a0ac1cf9d2c3a0a032d7

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

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