

The Assistant Commissioner of Income Tax, Madras, etc. etc. v. Thanthi Trust etc. etc.

Civil Appeal Nos. 4406–4410 of 1996 / Civil Appeal Nos. 4395–4402 of 1996 / Civil Appeal Nos. 4759–4761 of 1998 / Civil Appeal Nos. 497–499 of 2000 / Civil Appeal No. 5772 of 2000

[2001] 1 SCR 727 | 2001-01-31

How did three successive business-income restrictions affect a charitable trust whose newspaper business itself formed part of its corpus, and did earlier exemption litigation preclude the Revenue from invoking the later statutory restriction?

2(15) (context) | 11(1)(a) | 11(4) | 11(4A) (original and substituted versions) | 13(1)(bb) (then in force)

Three-judge bench | S.P. Bharucha, J. | N. Santosh Hegde, J. | Y.K. Sabharwal, J.

Assessment years: 1979–80, 1980–81, 1981–82, 1982–83, 1983–84, 1984–85, 1985–86, 1986–87, 1987–88, 1988–89, 1989–90, 1990–91, 1991–92, 1992–93, 1995–96, 1996–97

Three statutory regimes; mixed relief; later-use limits

Thanthi denied newspaper-business exemption for AYs 1979–80 to 1991–92 and sustained it for the identified post-1992 years under different wording. Business held under trust did not defeat the earlier restrictions; separate books and actual charitable application were undisputed for the later period. Do not treat its feeding-charity language as a universal modern rule or import later GPU conditions backwards. AUDA's bounded contextual limitation is stated; comprehensive later treatment and current-law mapping remain unverified. The report's include/exclude slip, compressed headnote and historical-date anomaly are disclosed rather than silently corrected.

01 FACTS OF THE CASE

The founder settled the Dina Thanthi newspaper business as a going concern upon the Thanthi Trust in March 1954. The trust was declared irrevocable in 1957. A 1961 supplementary deed directed surplus income, after expenses, to educational purposes, scholarships, hostels and orphanages. Earlier litigation had upheld the obligation to apply the surplus to those objects. A High Court decision concerning AYs 1968–69 and 1969–70 regarded the business as a means to fulfil charitable objects; special leave on the section 11 eligibility issue was declined (physical PDF pages 5–7/SCR 731–733).

Three later groups of Revenue appeals challenged High Court rulings sustaining exemption. The first concerned AYs 1979–80 to 1983–84 under section 13(1)(bb); the second AYs 1984–85 to 1991–92 under the original section 11(4A); and the third the substituted section 11(4A) applicable from 1 April 1992, with AYs 1992–93, 1995–96 and 1996–97 identified. For the last group, application of newspaper income to education and relief of the poor, and maintenance of separate business books, were undisputed (pages 8–10 and 15).

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

02 DISCUSSION BY THE HON'BLE COURT

For section 13(1)(bb), a business held as part of the trust corpus was nonetheless carried on by the trust. The Court rejected the contention that the provision affected only businesses carried on outside the corpus. The statutory exception required business conducted in the actual accomplishment of a primary object of relief of the poor, education or medical relief. The newspaper merely supplied money for the charitable work; it did not itself accomplish those objects. Exemption therefore failed for the first period. The earlier High Court finding could not foreclose the new statutory issue: the earlier decision had not been rendered under section 13(1)(bb), and similar wording did not create a res judicata bar against the Revenue's later contention (pages 11–13/SCR 737–739).

For the original section 11(4A), section 11(4)'s inclusion of a business in property held under trust did not displace the additional business-income conditions. The original provision covered, with separate books, either a trust wholly for public religious purposes carrying on printing/publication of books or a notified business, or an institution wholly for charitable purposes whose beneficiaries mainly performed the business work. The Court treated trusts and institutions as differently constituted entities for those clauses. This trust was not wholly for public religious purposes and was not an institution within the second clause, so its newspaper income did not qualify for AYs 1984–85 to 1991–92 (pages 9–10 and 13–14/SCR 735–736 and 739–740).

For the substituted provision effective 1 April 1992, the Court refused to import the former actual-carrying-out test. The new language, requiring business incidental to attainment of the trust's objectives and separate books, was more beneficial. On the accepted facts, use of the newspaper income to achieve the trust's educational and poor-relief objectives satisfied the incidental-business requirement, and separate books were maintained. The Court consequently sustained section 11 benefit for AY 1992–93 and thereafter in the controversy before it (page 15/SCR 741).

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

03 JUDICIAL DECISION

Civil Appeal Nos. 4406–4410 of 1996, 4395–4402 of 1996, 4759–4761 of 1998 and 5772 of 2000 were allowed insofar as they related to AYs 1979–80 to 1991–92; the corresponding Madras High Court judgments reported at 213 ITR 626 and 213 ITR 639 were set aside. Civil Appeal Nos. 497–499 of 2000 were dismissed, leaving the post-substitution relief for the identified later years intact. No order as to costs; no remand (page 15/SCR 741).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Mixed: Revenue for AYs 1979–80 to 1991–92; assessee for the disputed post-1992 years

Earlier-period Revenue appeals allowed to the stated extent; Civil Appeal Nos. 497–499 of 2000 dismissed; no costs

Final statutory merits determination across three distinct historical regimes

Neither business-corpus status nor application of profits to charity supplied an all-period exemption. The words “1992–93 and thereafter” are not an adjudication of every unlisted future assessment year or a present-law certificate.

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

05 AKHB REVIEW POINT

Begin with the assessment year, the precise statutory version and the character of the charitable object. Identify what property was actually settled, what business was carried on, how income was applied and whether separate books existed. The judgment deliberately reaches different results on substantially the same newspaper arrangement as the governing text changes. Its original section 11(4A) distinction between trusts and institutions belongs to that version and must not be carried into later wording without analysis. Equally, an earlier favourable finding does not answer a newly enacted statutory condition.

Bounded later comparison: AUDA (19 October 2022), paragraphs 155–168, separately discusses business held under trust and business carried on by a trust. Paragraphs 164–168 read Thanthi in its own context: newspaper business held under trust and an educational, per se charitable object. AUDA warns against extending its feeding-charity reasoning indiscriminately to general-public-utility bodies, and explains the effect of the later section 2(15) amendments and their interaction with section 11(4A). This is an express limitation on using the 2001 formulation as a universal modern exemption rule, not a rewriting of Thanthi’s three historical dispositions. The complete subsequent history remains unverified.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity and complete appeal batch

Source url: [Open cited source](#)

Pdf pages: 1; 5

Paragraphs: Cover and jurisdictional preface

Source role: reported metadata and judicial text

2.

Topic: Trust property, supplementary deed and earlier litigation

Source url: [Open cited source](#)

Pdf pages: 5; 6; 7

Paragraphs: Unnumbered opening history

Source role: judicial text

3.

Topic: Three statutory periods and identified assessment years

Source url: [Open cited source](#)

Pdf pages: 7; 8; 9; 10

Paragraphs: Unnumbered statutory quotations and procedural history

Source role: judicial text

4.

Topic: Section 13(1)(bb), corpus argument and res judicata

Source url: [Open cited source](#)

Pdf pages: 11; 12; 13

Paragraphs: Unnumbered first-controversy reasoning

Source role: judicial text

5.

Topic: Original section 11(4A) and trust/institution distinction

Source url: [Open cited source](#)

Pdf pages: 13; 14

Paragraphs: Unnumbered second-controversy reasoning

Source role: judicial text

6.

Topic: Substituted section 11(4A), undisputed application/books and exact relief

Source url: [Open cited source](#)

Pdf pages: 14; 15

Paragraphs: Unnumbered third-controversy reasoning and operative ending

Source role: judicial text

7.

Topic: Bounded later comparison: business under trust and scope of Thanthi

Source url: [Open cited source](#)

Pdf pages: 110; 111; 112; 113; 114; 115; 116; 117

Paragraphs: 155–168

Source role: bounded later judicial comparison

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

S.P. Bharucha, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATIONHon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 15 PDF pages; SHA-256

f1939fdb0cc337a14bf654e2faa4f33767da3d5d15ecbf8eb24b3c470df3f939. Original bytes preserved.

Complete unnumbered judicial text, physical PDF pages 5–15/SCR 731–741, beginning BHARUCHA, J. Earlier headnote and jurisdictional material distinguished; quoted earlier High Court findings and submissions not treated as Supreme Court holdings. No adjacent judgment.

Open cited source rendition

The judgment is unnumbered in this rendition; all primary reasoning pins use physical PDF and SCR pages. No paragraph numbers are invented.; The cover headnote compresses the original section 11(4A) categories as public religious and charitable purposes. The note instead follows the separate clauses reproduced and analysed in the judicial text at pages 9–10 and 14.; At SCR 737/physical page 11, the printed summary of section 13(1)(bb) says “operate so as to include”, although the statute quoted at SCR 734 says “exclude” and the ensuing reasoning unequivocally denies exemption. The apparent textual slip is disclosed, not treated as a contrary holding.; SCR 732/physical page 6 dates the originating summons 25 June 1961 although it discusses validation of the later 28 July 1961 supplementary deed. The note does not silently repair that reported chronology or rely on the summons date.; The substituted statutory quotation at physical page 10 prints “trust of an institution”; the judicial reasoning and the later comparison reproduce the trust-or-institution structure. Original bytes are preserved.; The holding concerns section 11 and historically applicable restrictions; it does not decide section 10(23C)(vi) educational-institution approval or apply later general-public-utility thresholds to the disputed years.

Section 13(1)(bb) operated from 1 April 1977 until its omission from 1 April 1984; the first disputed block is AYs 1979–80 to 1983–84. Original section 11(4A), effective 1 April 1984, governs AYs 1984–85 to 1991–92. The substituted section 11(4A), effective 1 April 1992, governs the third controversy: expressly identified AYs 1992–93, 1995–96 and 1996–97. The earlier assessment history is background, not an additional disposition in this batch.

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 AUDA comparison has been checked. No current-law or Income-tax Act, 2025 mapping is certified.

IDENTIFIED SOURCE LINKSreported judgment - PDF pages: 15

SHA-256: f1939fdb0cc337a14bf654e2faa4f33767da3d5d15ecbf8eb24b3c470df3f939

bounded later comparison - PDF pages: 167

SHA-256: ce01d61aa3407595bfb6be88f23d9fdddebaf44352576b5afa75c227eed65d54

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