

Commissioner of Income Tax, Madras

Vs

Andhra Chamber of Commerce

Civil Appeal No. 222 of 1980 and Special Leave Petitions (Civil) Nos. 4165-4175 & 3779 of  
1979

(E. S. Venkataramiah, P. N. Bhagwati, A. P. Sen JJ)

02.05.1980.

#### JUDGEMENT

1. This appeal by special leave is covered by the judgment of this Court in C.I.T. v. Andhra Chamber of Commerce ((1965) 55 ITR 722 : AIR 1965 SC 1281) and in Addl. C.I.T. v. Surat Art Silk Cloth Manufacturers Association ((1980) 121 ITR 1 : (1980) 2 SCC 31 : 1980 SCC (Tax) 170 : (1980) 2 SCR 77 : AIR 1980 SC 387). It is clear from the judgment in C.I.T. v. Andhra Chamber of Commerce ((1965) 55 ITR 722 : AIR 1965 SC 1281), that the objects of the Andhra Chamber of Commerce fell within the last head of charitable purpose denoted by the words "advancement of any other object of general public utility" and were, therefore, charitable within the meaning of Section 2(15) of the Income Tax Act, 1961, unless it could be shown that they involved the carrying on of any activity for profit. The words "not involving the carrying on of any activity for profit" came up for consideration before this Court in Addl. C.I.T. v. Surat Art Silk Cloth Manufacturers Association ((1980) 121 ITR 1 : (1980) 2 SCC 31 : 1980 SCC (Tax) 170 : (1980) 2 SCR 77 : AIR 1980 SC 387), and there it was held by the majority of the judges that it was only where the predominant object and the purpose of the activity carried on was to earn profit, that the object could be said to involve the carrying on of an activity for profit but if the predominant object was to subserve the charitable purpose then the inhibition of these last nine words would not be attracted. It is clear from the facts set out in the judgment of the High Court that profit-making was not the predominant object of the activity carried on by the Andhra Chamber of Commerce but the predominant object was to promote trade and commerce which was an object of general public utility. The High Court was, therefore, right in taking the view that the objects of the Andhra Chamber of Commerce fell within the last category of charitable purpose given in Section 2(15) of the Act and its income was exempt from tax under Section 11(1) of the Act.

2. The appeal is accordingly dismissed with no order as to costs.

3. S.L.P. (Civil) No. 4165 of 1979, S.L.Ps. (Civil) Nos. 4166-4171 of 1979, S.L.Ps. (Civil) Nos. 4172-4175 of 1979 and S.L.P. (Civil) No. 3779 of 1979 are also dismissed.

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