



• **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ **ITA 866/2005**

Date of Decision: 08.03.2006

**DIRECTOR OF INCOME TAX EXEMPTI ..... Appellant**  
Through **Ms. Premlata Bansal & Mr. Vishnu**  
**Sharma, Advs.**

versus

**M/S ETERNAL SCIENCE OF MAN'S S ..... Respondent**  
Through **Mr. O.S. Bajpai & Mr. V.N. Jha,**  
**Advs.**

**CORAM:**

**HON'BLE MR. JUSTICE T.S. THAKUR**

**HON'BLE MR. JUSTICE J.M. MALIK**

1. Whether reporters of local papers may be allowed to see the judgment?
2. To be referred to the Reporter or not?
3. Whether the judgment should be reported in the Digest?

: **T.S. THAKUR, J. (ORAL)**

The Income-tax Appellate Tribunal has, relying upon a division Bench decision of this Court in Commissioner of Income-tax Vs. Hotel & Restaurant Association, 261 ITR 190, held that the accumulation of its



income by the respondent-assessee for a plurality of purposes was permissible. The present appeal assails the correctness of the said order.

2. Ms.Bansal, counsel appearing for the Revenue, argued that the accumulation in the present case was for six different objects out of a total of 22 objects for which the trust had been established. These objects, in regard to which the accumulation was made by the assessee, are as under:

- a) Publication of books, Literature, Magazines, pamphlets etc. for children and for educating people in the art of living based on the Indian traditions and modern scientific knowledge.
- b) To provide monetary assistance to any Educational or other Institution engaged in the promotion of education or physical health, or social & spiritual upliftment or to collaborate with organization having such national or international programme for promotion of Social & Educational and or physical health including sports.
- c) To establish and run Nursery Schools for children.
- d) To establish and run Libraries for children and Adults.
- e) To donate to educational and other institution engaged in promotion of physical health, mental and intellectual health and so develop selflessness, love truth and real brotherhood.
- f) To acquire any movable and immovable property or lease, or gift or hire or purchase for any of the purposes of the Society including the above objects."

3. She submitted that while the plurality of the objects for



purposes of accumulation was permissible in law, in the light of the decision of this Court referred to above, the accumulation, in the instant case, was also for acquisition of movable and immovable property or lease or gift or hire or purchase for any other purpose of the society. She thus found fault with the order passed by the Tribunal in so far as it permitted accumulation even for purpose of acquisition of property without specifying the purpose for which such acquisition was being made.

4. There is, in our opinion, no merit in that contention. The Tribunal, as noticed earlier, rightly held on the authority of the decision of this Court referred to above that accumulation is permissible for a plurality of purposes also. The respondent-trust had accumulated its income for six different purposes extracted above. There is no controversy about five of the said objects being charitable in character. The criticism about the sixth object is that it permits acquisition of property whether movable or otherwise for the achievement of other objects for which the trust/society has been established. It was contended by Ms. Bansal that reference to any of the purposes of the society in clause (f) (supra) may include purposes which are not actually included in the memorandum or the objects of the



trust. She submitted that while all the 22 objects may be charitable in character as on date, the accumulation of income in terms of clause (f) may permit the trust/society to acquire land for a purpose which is not included as one of the 22 objects stipulated in the memorandum. That is not however the correct perspective from which the question has to be viewed. The trust in question has been established in terms of a memorandum to which the Tribunal has made a reference. It is not the case of the Revenue that any one of the objects out of the 22 objects enumerated therein is not a charitable object. If that be so, clause (f) permitting acquisition of movable or immovable property for achievement of one of those purposes would necessarily imply that the property is acquired for one of the charitable purposes stipulated in the memorandum. The apprehension of Ms. Bansal that the accumulation may be used for acquisition of property to be used for a purpose other than those enumerated in the memorandum is, in our opinion, far-fetched. Reference to the purpose of the trust in clause (f) must necessarily be confined to purposes that are enumerated in the memorandum and not those that the society/trust may otherwise have in mind.

5. There is, in the light of the above, no merit in this appeal,



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which does not even otherwise raise any substantial question of law for our consideration. The appeal fails and is hereby dismissed.

  
T.S. THAKUR, J

  
J.M. MALIK, J

March 08, 2006

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