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Opening of Pandora Box or long awaited Resolution: Apex court take on Charity and Educational Institutions



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I. Introduction

"If every rich person gave 50 percent of their wealth to charity, I would not say they should pay more taxes."

The statement above, made by George Soros, one of the world's richest businessmen and philanthropists, emphasises the importance of tax incentives in promoting charity. Charitable institutions have played a significant role in sharing government responsibility for providing various services to the underprivileged and for the development and welfare of the country. In order to encourage such charitable trusts and organisations, the Indian Income Tax Act has granted exemptions from tax under its various provisions. From AY 2014-15 to AY 2017-18, the amount of exemptions sought has increased from Rs. 2.6 trillion to Rs. 6.9 trillion, as per the performance audit report tabled in the Parliament on August 8, 2022¹, demonstrate the exponential increase in charitable activities. Along with advancing the noble cause of charity,

it is essential to guard against abuse of these exemption clauses. The regulatory restrictions on these institutions have been tightened as a result, making sure that only eligible institutions can be granted this exemption and that it cannot be exploited.

"Experience is making mistakes and learning from them" - Bill Ackman. Through learning over the past century, India's tax laws have experienced multiple changes to the concept of charitable purpose in light of numerous court rulings and dynamic changes in the ecosystem of charitable institutions. The Supreme Court of India (referred to as 'the SC' or 'the Apex Court' as well) in its recent judgments in ***ACIT (E) v. Ahmedabad Urban Development Authority 'Ahmedabad Urban'***² and ***New Noble Education Society 'New Noble'***³ (read along with Misc. application, Dated: November 3, 2022)⁴ not only analysed the history of the exemption provisions, but also discussed the myriad national and international rulings on this subject.

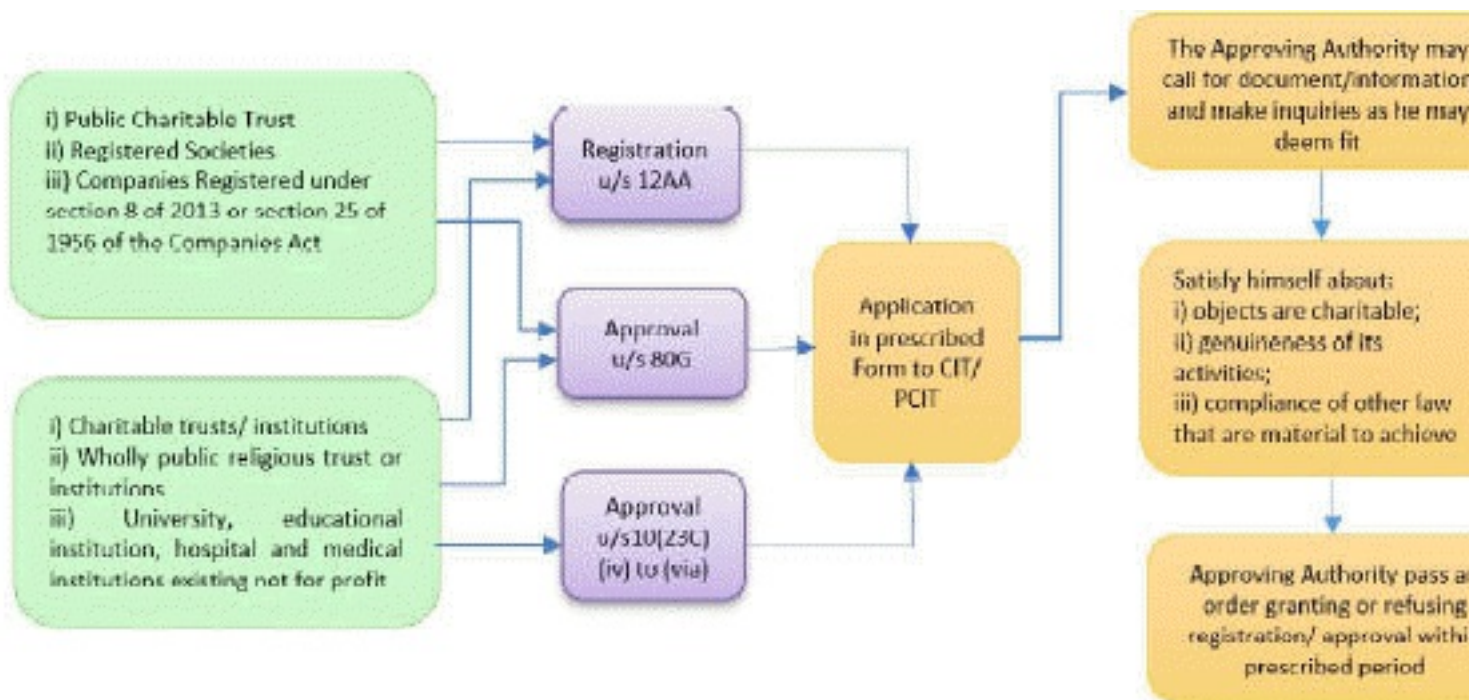
In this article, the author has discussed the legal framework of exemption for charitable institutions in India and has made an effort to analyse the provision related to charity in the light of these judgments. Even though the judgments are quite specific to the advancement of objects of general public utility ('GPU') and educational institutions, the author has made an effort to understand the impact of these judgments on other limbs of the charity, the actions needed for the present charitable institutions, and the possible way forward for the government authorities and charitable organizations while granting approval for, and applying exemption from tax.

II. Legal Framework for Charitable Institutions in India

Charitable institutions can get themselves registered under various enactments depending upon their legal structure and cause of incorporation, e.g. the Societies Registration Act, 1860; the Religious Endowments Act, 1863, Companies Act, 2013, etc. The Indian Constitution also guarantees a distinct legal space to such institutions through Article 19(1)(c) in the Concurrent List (Item 28), which means that both the Central and the State Governments are competent to legislate on this subject. Further, in the case of foreign contributions, the Foreign Contribution (Regulation) Act, 2010, is also applicable.

The income-tax exemption was provided long ago in the Revenue Act,

1862, which was further inherited in the Income-tax Act, 1922 ('the Old Act') and 1961 ('the Act'). The procedure of registration to avail income-tax exemption can be described in the below diagram, i.e.,



Section 2(15) of the Act defines the expression "charitable purpose" to provide tax exemptions subject to compliance with certain provisions defined in **Section 10(23C), Section 11, Section 12, Section 13, etc. of the Act**. These entities receive donations, voluntary contributions, and other income from activities that are charitable in nature. The receipts of such entities are required to be applied to the objects for which these trusts and institutions have been set up.

III. Definition of charitable purpose in reference to advancement of any other object of GPU

- Ahmedabad Urban Case

The three-judge bench of the Supreme Court in the Ahmedabad Urban Case has dealt with more than 100 SLPs where not only Housing Boards, Trade associations, Sports Association, Institute of Chartered Accountants of India ('ICAI') and stock exchanges, etc. were before the Court **in relation to the interpretation of the proviso to Section 2(15) of the Income-tax Act, 1961, and answer to the question as to whether they were involved in the object of GPU and, if so, whether they were carrying on any trade, commerce or business.**

The SC has not only analysed the definition of the Charitable Purpose since its inception in the erstwhile Income-tax Act, 1962, amendments to its definition, parliamentary speeches while introducing

amendments, circulars, numerous rulings of this court and high courts during the past century, but also the contentions of learned eminent lawyers none other than, Mr. Harish Salve, Mr. Arvind Datar, Mr. Ajay Vohra, and Mr. K. K. Chythanya.

Section 2(15) of the Act provides **definition of 'charitable purpose'** which includes (i) relief of the poor (ii) education (iii) yoga (iv) medical relief (v) preservation of the environment (including watersheds, forests, and wildlife) (vi) preservation of monuments or places or objects of artistic or historic interest and **(vii) the advancement of any other object of general public utility**. It further provides that advancement of any other object of general public utility shall not be a charitable purpose, if it involves

- (a) the carrying on of any activity in the nature of trade, commerce or business, **or**
- (b) any activity of rendering any service in relation to any trade, commerce or business, for a cess or fee or any other consideration, irrespective of the nature of use or application, or the retention of the income from such activity, unless –
 - such activity is undertaken in the course of actual carrying out of such advancement of any other object of general public utility; and
 - the aggregate receipts from such activity or activities during the previous year, do not exceed 20% of the total receipts, of the trust or institution undertaking such activity or activities, of that previous year;

The following analysis summarises the main points of the ruling on the SC's moot question:

(1) Whether charitable activities should be in the course of "actual carrying on" of the GPU object or it can be the pre-dominant object

The SC in Ahmedabad Urban case has **overruled the principle of "predominant test"** in the case of advancement of any other object of GPU which had been enunciated in its own decision of *Addl. CIT v. Surat Art Silk Cloth Manufacturers' Association*⁵ ('Surat Art Silk') by larger, five-judge Bench. It was held in Surat Art Silk that what was

important is the predominant object of the activity involved in carrying out the object of GPU is for the charitable purpose or to earn profit and merely because some profit arose from such activity would not lose its charitable character.

The paradigm shift brought forth by Section 2(15) after its amendment in 2008 and as it stands now is that a GPU charity is prohibited from engaging in any action of a trade, commercial, or business nature, or from rendering any service in connection with such activities for any consideration (including a statutory fee etc.). This is emphasized in the negative language employed in the main part of Section 2(15). *Therefore, the idea of a predominant object among several other objects, is discarded.*

However, relaxation from such **prohibition** is provided in case, **first**, such activities **are in the course of "actual carrying on" of the GPU object**, and **second**, the quantum of receipts from such activities **should not exceed 20% of the total receipts**.

(2) When consideration is significant above the cost incurred and not on a cost basis

The consideration for advancement of an object of GPU charity on a cost basis or nominally above cost, cannot be considered "trade, commerce, or business" or any services in relation thereto. It is only *when the charges are markedly or significantly above the cost incurred by the assessee in question, that they would fall within the mischief of "cess, or fee, or any other consideration" towards "trade, commerce or business"*. The SC has tried to clarify this point through an example, i.e.,

"In the case of Gandhi Peace Foundation disseminating Mahatma Gandhi's philosophy (in Surat Art Silk) through Likewise museums and exhibitions and publishing his works, for nominal cost, ipso facto is not business., providing access to low-cost hostels to weaker segments of society, where the fee or charges recovered cover the costs (including administrative expenditure) plus nominal mark up; or renting marriage halls for low amounts, again with a fee meant to cover costs; or blood bank services, again with fee to cover costs, are not activities in the nature of business. Yet, when

*the entity concerned charges substantial amounts- over and above the cost it incurs for doing the same work, or work which is part of its object (i.e., publishing an expensive coffee table book on Gandhi, or in the case of the marriage hall, charging significant amounts from those who can afford to pay, **by providing extra services, far above the cost-plus nominal mark-up) such activities are in the nature of trade, commerce, business or service in relation to them. In such case, the receipts from such latter kind of activities where higher amounts are charged, should not exceed the limit i.e. 20% of the total receipts as of now.**" (emphasis applied) - Para 173 (Ahmedabad Urban)*

(3) In case *business is incidental* to the attainment of objectives (Section 11(4A))

The Apex Court has held that the reference to "income being profits and gains of business" with a further reference to its being incidental to the objects of the trust cannot and does not mean proceeds of activities incidental to the main object, incidental objects, or income derived from incidental activities. The proper way of reading the reference to the term "incidental" in Section 11(4A) is to interpret it in the light of the sub-clause (i) of the proviso to Section 2(15), i.e., that the activity in the nature of business, trade, commerce or service in relation to such activities should be conducted actually in the course of achieving the GPU object, and the income, profit or surplus or gains can then, be logically incidental.

There is no conflict between the definition of charitable purpose and the machinery part of Section 11(4A). Further, the obligation under Section 11(4A) to maintain separate books of account in respect of such receipts is to ensure that the quantitative limit imposed by sub-clause (ii) of Section 2(15) can be computed and ascertained in an objective manner.

(4) Exemption u/s 11, when property is held under Trust (Section 11(4))

Section 11(1) confers an exemption from tax where the property itself is held under a trust or other legal obligation as defined in section 11(4). Thus, *where the property held in trust, or where property settled by the donor or trust creator*

in favour of the trustees itself is a business undertaking, then the income from such an undertaking is covered by Section 11(4). It does not apply to cases where a trust or legal obligation is not created on any property, but only the income derived from any particular property or source is set apart and charged for a charitable or religious purpose. Similarly, when a business itself has been set aside for the objects of the trust, then such a business is held under trust and will fall under sub-section (4).

(5) Exemption for Specified bodies for specified income u/s 10(46)

Any consideration, charged by a body, authority, board, trust or commission (notified by the Central Government) requires that, whether such consideration is at cost with a nominal mark-up or significantly higher, to determine if it falls within the mischief of "commercial activity" as mentioned in the section 10(46)(b) of the Act and the phrase, "Commercial" has the same meaning as "trade, commerce, business" in Section 2(15) of the Act. However, in the case of such notified bodies, there is no quantified limit in Section 10(46). Therefore, the Central Government would have to decide on a case-by-case basis whether and to what extent, exemption can be awarded to bodies that are notified under Section 10(46).

(6) Applicability of the judgment Assessment Years (AYs) in question and future AYs

It has been clarified by the Apex Court in the "*Miscellaneous Application in the Ahmedabad Urban Case*"⁶ that the law declared by this court's judgment will apply for the AYs in question, which were before this court and were decided wherever the appeals were decided against the revenue, they are to be treated as final. However, the reference to future application has to be understood in this context, which is that for the assessment years which this court was not called upon to decide, the concerned authorities will apply the law declared in the judgment, having regard to the facts of each such assessment year.

(7) Structure-wise analysis of SC decision/concluding comments for all SLPs or Civil Appeals

A gist of the concluding comments with respect to different structural institutions is as follows:

S. No.	Structure	Organizations/Institutions	Conclusion
1	Statutory Authorities, corporations, or bodies	Statutory Institutions for housing, industrial development, supply of water, sewage management, supply of food grain, development and town planning, etc., e.g., Ahmedabad Urban Development Authority, the Gujarat Housing Board.	<i>(i)</i> The SC has held that if the activities are actually carried out for the advancement of the objects of GPU, even though they are in the nature of trade, commerce, or business, it does not bar the institution from tax-exemption.
2	Statutory regulatory bodies	Institutions tasked with exclusive duties of prescribing curriculum, disciplining professionals and prescribing standards of professional conduct, e.g., ICAI, ICWAI, ICSI, Andhra Pradesh State Seeds Certification Authority.	
3	Trade promotion bodies, councils, associations or organizations	Bodies involved in trade promotion or set up with the objects of purely advocating for, coordinating and assisting trading organisations, e.g., Apparel Export Promotion Council (AEPC), CII, ASSOCHAM.	<i>(ii)</i> If the consideration is charged on a cost basis, it can't be considered for business.
4	Non-statutory bodies	Non-statutory bodies performing public functions, e.g., ERNET, NIXI and GS1 India	<i>(iii)</i> In case, the consideration charged is significantly higher than the cost, the receipts
5	Sports associations	State cricket associations and associations for other	

	games, e.g., Saurashtra Cricket Association, Baroda and Rajkot Cricket Associations.	would indicate that the activities are in fact of the nature of "trade, commerce or business", and as a result, it is required to comply with the threshold limit defined in the respective provision (e.g. 20% in section 2(15))
6 Private Trusts	Constituted pursuant to a will, e.g., Tribune Trust, or any other trust constituted for charitable purpose.	

The above law applies to all institutions in case it falls under the limb of GPU activity, whether it is statutory or non-statutory, for profit or non-for-profit.

IV. Exemption to education institutions and relevance of governing State legislations - New Noble Case

In this case, the SC has dealt with the issue of providing an exemption to the educational institutions. The scope of the education, activities allowed to educational institutions, the power of state legislations in relation to approval of such institutions, their profit motive, etc. has been discussed at length. Clause (vi) of Section 10 (23C) of the Act, deals with the **exemption related to educational institutions**, where it provides that any university or other educational institution

existing solely for educational purposes and **not for purposes of profit.**

(1) Meaning/Scope of education for the purpose of Educational Institution under the IT Act

In its natural meaning, the subject of education is quite vast, and any activity which sought to increase knowledge is covered in it. While granting approval to educational institutions, its narrower meaning should be considered, as explained in the case of⁷, i.e.,

*"5. But that is not the sense in which the word "education" is used in clause (15) of section 2. What education connotes in that clause is the process of training and developing the knowledge, skill, mind and character of **students by formal schooling**" (emphasis applied)*

Hence, it can be interpreted that for the charitable purpose u/s 2(15) and education means, imparting formal scholastic learning.

(2) Educational institution should be 'solely' for the purpose of education

The plain and grammatical meaning of the term 'sole' or 'solely' is 'only' or 'exclusively'. P. Ramanath Aiyar's Advanced Law Lexicon⁸ explains the term as, *"'Solely' means exclusively and not primarily"*. The Cambridge Dictionary defines 'solely' to be, *"Only and not involving anyone or anything else"*.⁹ Thus, in the opinion of this court, a trust, university or other institution imparting education, as the case may be, should necessarily have all its objects aimed at imparting or facilitating education only.

(3) In case, the one of the objective of the institution is profit-oriented

If profit is one of the motives of the educational institution, it would not be entitled to approval under Section 10(23C) of the IT Act. At the same time, where surplus ("it should not be profit motive") accrues in a given year or set of years per se, it is not a bar, provided such surplus is generated in the course of providing education or educational activities.

(4) Profits which may be 'incidentally' generated or earned

by the charitable institution

It may be possible that the educational activity is generating the profit to the institution, *however, the objectives of the institution should be only providing education and such activity can be incidental to the activity of education.* The seventh proviso to Section 10(23C), as well as Section 11(4A) refer to profits which may be 'incidentally' generated or earned by the charitable institution.

(5) Whether the examination of records and accounts can be made at the time of grant of approval

It has been held by the Apex Court that the concerned authority is not bound to examine only the objects of the institution at the time of approval. To ascertain the genuineness of the institution and the manner of its functioning, the Commissioner or other authority is free to call for the audited accounts or other such documents for recording satisfaction that whether the society, trust, or institution genuinely seeks to achieve the objects that it professes. However, in respect of newly set up entities, it is not practically possible to examine their past records; hence, this point is applicable only to existing entities.

(6) Relevance of obligations under state and local laws

According to the ruling, any state or municipal legislation that require the registration of trusts or charities must also be followed by the relevant trust, society, other institution, etc. if they want to receive approval under Section 10(23C).

V. Principle emerged from the interpretation of the Apex Court Judgments

(1) Relevance of history of the statute/provision, FM speech in the parliament and circulars

In *Duparquet Co. v. Evans*¹⁰, Justice Cardozo stated that "*history is a teacher that is not to be ignored*". The SC held that the courts can look at the ***previous history of the statute***, and the changes it underwent to discern what is intended by the lawmakers when an amendment is introduced, or a new law enacted. In light of these factors, it would therefore, also be useful for the court to consider the

background that led to the amendment - firstly in 2008 and thereafter in 2012 and 2015, seeking to restrict the nature of activities that a GPU category charity can legitimately undertake. This principle is also enunciated in the cases of *Chief Justice of Andhra Pradesh v. L.V.A. Dixitulu*¹¹ and *Bhuwalka Steel Indus. Ltd. v. Bombay Iron & Steel Labour Board*.¹²

Speeches made in the legislature or Parliament, can be looked into to shed light on the *rationale* for an amendment. There is some authority for that proposition as held in "*State of West Bengal v. Union of India*."¹³ Speeches have their own importance and can be used to identify, understand, and determine the purpose of any new legislation or changes.

In respect of binding nature of circulars issued by the Revenue, the SC opined that, the views expressed in *Keshavji Ravji & Co. v. CIT*¹⁴, *Commissioner of Customs v. Indian Oil Corpn. Ltd.*¹⁵ and *CCE v. Ratan Melting & Wire Industries*¹⁶ reflect the correct position, i.e., **that circulars are binding upon departmental authorities, if they advance a proposition within the framework of the statutory provision. However, if they are contrary to the plain words of a statute, they are not binding. Furthermore, they cannot bind the courts, which have to independently interpret the statute, in their own terms.** At best, in such a task, they may be considered as departmental understanding on the subject and have limited persuasive value. At the highest, they are binding on tax administrators and authorities, if they accord with and are not at odds with the statute; at the worst, if they cut down the plain meaning of a statute, or fly on the face of their express terms, they are to be ignored.

(2) Interpretation of the phrase, "*unless the context otherwise requires*" prefacing to a definition

The importance of terms expressly defined in a statute is that they are internal and *binding* aids to interpretation. The prefacing - to any definition - of the phrase "*unless the context otherwise requires*" merely signifies that in case there

is anything expressly to the contrary, in *any specific provision(s)* in the body of the Act, a different meaning can be attributed. However, to discern the purport of a provision, the term, as defined has to prevail, whenever the expression is used in the statute. This rule is subject to the *exception* that when a contrary intention is plain, in particular instances, that meaning is to be given. - *Para 125 of Ahemdabad Urban*

(3) Applicability of proviso to section 2(15) to the first six limbs (refer definition above) of Charity

In the opinion of this court, the express deletion of the reference (by the amendments of 2008 -2012 and 2015) to 'activity for profit' on the one hand, and the enactment of an expanded list of what cannot be done by GPU charities if they are to retain their characteristic as charities, is an emphatic manner in which Parliament wished to express itself *and applicable only to GPU activities.*- *Para 138 of Ahmedabad Urban*

The same analogy has also been described by ASG by putting forth his submission that Parliament's intent, in changing the law, was to expressly forbid the tax exemption benefit if the entity was "involved" in carrying on trade or business. The prohibition from carrying on trade or commerce activities applied only to charities meant to advance general public utility and not the other categories such as education, medical relief, or relief to the poor (which are per se exempt).

(4) State obligation to pay tax when it is involved in trade or business

The SC court has held that the *decisive factor is not the status of the entity, but the nature of the activity carried out by it. If the nature of the activity is trade or business with a profit motive, then the same can be taxed even if it is carried out by state or its instrumentalities.* It was also contended that Article 289 does not grant absolute immunity from taxation.

The ASG, relying upon *Adityapur Industrial Area Development Authority v. Union of India*¹⁷, has submitted that there is no constitutional immunity from taxation, for the state because, by Article 289(2) even the state or its instrumentalities/agencies are not immune from taxation if

they carry on trade or business. In light of Article 289(2), there is no constitutional bar for the States (or the Union) to engage in or carry on trade or business, and Article 289 allows the Parliament to impose taxes on such trade or business.

(5) Whether denial under one exemption provision preclude the entity to claim exemption under other provisions.

The Apex Court has held that the denial of benefit under Section 10(46) after 01.04.2011 does not preclude an entity from claiming that it is set up for a charitable purpose and seeking exemption under Section 10(23C) or other provisions of the Act. (*para 253, B.4 of the Ahmedabad Urban*).

It is further held that, the fact that bodies which carry on statutory functions whose income was eligible to be considered for exemption under Section 10(20A) ceased to enjoy that benefit after deletion of that provision w.e.f. 01.04.2003, does not *ipso facto* preclude their claim for consideration for benefit as GPU category charities, under Section 11 read with Section 2(15) of the Act. (*para 191 (i) of the Ahmedabad Urban*).

Hence, it can be interpreted that denial under one exemption provision of a law does not disentitle an entity to claim exemption under other provisions it.

VI. The impact and suggested plan of action for Authorities and Charitable Institutions

The Apex Court decisions will have broad repercussions for the entire world of charity and related regulations. The author has to define the impact of these decisions and suggested the following steps:

- (i)** Even though, the word '**solely**' has been interpreted only in respect of educational institutions (*New Noble Case*), it is squarely applicable to other institutions, involved in
 - a. collection and distribution of news (*section 10(22B)*);
 - b. the control, supervision, regulation, or encouragement of the profession of law, medicine, accountancy, engineering or architecture, or such other profession (*section 10(23A)*);
 - c. the development of khadi or village industries or both (*section 10(23B)*);

d. the reception and treatment of persons suffering from illness or mental defectiveness or for the reception and treatment of persons during convalescence or of persons requiring medical attention or rehabilitation (hospitals and other institutions) (*section 10(23C) (via)*).

- (ii)** Institutions will be required to modify their memorandum or constitution of incorporation to align them to include only those activities that are actually carrying out the objects of the GPU charity.
- (iii)** ICAI, ICSI, and other educational institutions that are solely involved in educational activities have been considered under the GPU Charity category, even though the learned counsel, Mr. Arvind Datar, has appealed to consider them under the education category. No reasoning has been provided by the SC for such an interpretation. It is suggested that the tax authorities clarify their position regarding the nature of activity of such professional institutes.
- (iv)** The court clarified and held that
- a.* Where institutions provide their premises or infrastructure to other entities, trusts, societies, etc., for the purposes of conducting workshops, seminars or even educational courses (which the concerned trust is not actually imparting) **and outsiders are permitted to enrol in such seminars, workshops, courses, etc., then the income derived from such activity cannot be characterised as part of education or 'incidental' to the imparting of education.** Such income can properly fall under the other heads of income.
 - b.* In the same manner, if a school or other educational institutions run their own buses and provide bus facilities to transport children, running hostels, etc. for students of other schools, such facilities **can't be considered incidental to the educational activities.**

These clarifications require a significant change in the objectives of educational institutions, and these

institutions can expect several notices of reassessment or inquiry regarding their approval.

- (v) The Apex Court has not differentiated between statutory and non-statutory organisations while deciding the objective of their activities; hence, the charitable activities of statutory bodies and regulatory authorities will also be under the radar of scrutiny by the tax authorities.
- (vi) It is recognised that both local and state legislation are significant. It has been ruled that all institutions must abide by state and local laws regarding the governance of charitable institutions. All institutions have to examine the applicability of such laws and will be required to take the necessary action to comply with them.
- (vii) The court has clarified that, as these judgments depart from the previous rulings regarding the meaning of the term "solely", in order to avoid disruption and to give time to institutions likely to be affected to make appropriate changes and adjustments, the present judgement shall operate prospectively. CBDT should issue circular to clarify this position and provide an appropriate timeline for making such modifications.

VII. Conclusion and way forward

Charity has a huge impact on the welfare of the state, and tax breaks help to make that happen. The importance of charity in attaining the goal of the United Nations has been stated by Ban Ki Mann (former secretary general), i.e., "*Charity plays an important role in upholding the values and advancing the work of the United Nations.*"

These judgments have made long-standing statutes more understandable and exposed the inconsistencies and weaknesses that have trickled into the judicial interpretation and definition, resulting in inconsistent standards. The laws governing charitable organisations will become much stricter as a consequence. The following steps can be suggested to the ecosystem of charitable trusts and institutions, guided by a joint interpretation of the Apex Court judgments and CAG's performance audit report (supra):

- ◆ The CBDT can think about letting the institutions file two different ITRs, one for educational activities and one for other

activities, so that, a clear demarcation can be made.

- ◆ The purpose of having two sets of overlapping Sections, especially with respect to educational and medical purposes, one under 'not for profit category' (which involves higher restrictions) under Section 10(23C) and another 'the charitable category' (with fewer restrictions) under Section 11 is not clear. CBDT should review these stipulations in light of clear Government policy determination.
- ◆ The Revenue can make sure that a field investigation into the existence and validity of the Trust's or Institution's activities is carried out, and that a report of the investigation with all essential supporting paperwork is kept on file, all before issuing registration.
- ◆ The CBDT can take action to improve the IT system so that data entry is consistent with the selection criteria for correctly identifying situations that need to be examined. It might compile the registration information of all Trusts and Institutions registered under Section 12AA/80G/10(23C) of the Act digitally and compare it to the information provided in ITRs to confirm the validity of registration while processing ITRs through CPC.

Charity is a noble cause, as stated by Mahatma Ghandi, who said that *"the best way to find yourself is to lose yourself in the service of others."* Even though charities should not look for tax deduction, tax deductions have always encouraged charities in a significant manner. At the same time, charity should not be an eyewash and cause money laundering and illicit way of tax evasion.

The author believes that the rulings of the Supreme Court will assist in attaining these objectives. Calvin Coolidge, the former president of the United States, has said that ***"It is not the enactment, but the observance of laws, that creates the character of a nation."***



- India (Report no. 12 of 2022)
2. *Asstt. CIT (Exemptions) v. Ahmedabad Urban Development Authority* [2022] 143 taxmann.com 278
 3. *New Noble Educational Society v. Chief CIT* [2022] 143 taxmann.com 276
 4. *Asstt. CIT v. Ahmedabad Urban Development Authority* [2022] 144 taxmann.com 78
 5. *Addl. CIT v. Surat Art Silk Cloth Mfg's Association* [1979] 2 Taxman 501/[1978] 121 ITR 1/[1980] 2 SCC 31.
 6. *Ahmedabad Urban Development Authority's case (supra)*
 7. *Sole Trustee Loka Shikshana Trust v. CIT* [1976] 1 SCC 254
 8. P. RAMANATHA AIYAR, *ADVANCED LAW LEXICON*, (6th Edn.), Pgs. 5249-5250 (2019)
 9. *Solely*, Cambridge Dictionary (4th Edn.) (2013).
 10. 297 U.S. 216 (1936)
 11. *Chief Justice of Andhra Pradesh v. L.V.A. Dikshitulu* [1979] 1 SCR 26
 12. *Bhuwalka Steel Indus. Ltd. v. Bombay Iron & Steel Labour Bond* [2009] 16 SCR 618
 13. *State of West Bengal v. Union of India* [1964] 1 SCR 371
 14. [1990] 49 Taxman 87/183 ITR 1/1992 (2) SCC 231
 15. 2004 taxmann.com 1061/2 SCR 511
 16. [2008] 17 STT 103/13 SCC 1
 17. *Adityapur Industrial Area Development Authority v. Union of India* [2006] 153 Taxman 107/283 ITR 97/ 5 SCC 100