IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 25-03-2026

CORAM

THE HON'BLE DR JUSTICE G. JAYACHANDRAN
AND
THE HON'BLE MR.JUSTICE SHAMIM AHMED

Tax Case Appeal No. 77 of 2015

Commissioner of Income Tax
Central Circle,
Chennai

..Appellant

Vs

M/s Vellore Institute of Tehnology
No.54 Thenamaran Street,
Vellore 632 014.

..Respondent

PRAYER: Tax Case (Appeal) is filed under Section 260A of the Income-Tax Act, 1961, against the order of the Income Tax Appellate Tribunal, Chennai "D" Bench, dated 09.06.2011 in ITA No.1332/Mds/2010 for the Assessment Year 2001-02.

For Appellant:	M/s.V.Pushpa Senior Standing Counsel
For Respondent:	Mr. R.V. Easwaran Senior Standing Counsel For M/s. Suhrith Parthasarathy

JUDGMENT

(Judgment of the Court was delivered by Dr.G.Jayachandran J.)

The Tax Case Appeal has been filed by the Revenue against the order passed by the Tribunal holding that the assessee, which is a trust not conducting business for profit, cannot be mulcted with tax on the donations collected toward its corpus fund.

2. The short point involved is whether the respondent's educational institution, run by the trust found collecting money from the student under the guise of donation towards the corpus fund. The Revenue contended that the said donations were not voluntary, but were collected under compulsion, leaving students at the mercy of the institution. The Tribunal, after going through the records and the evidence collected, found that no student had made any statement to substantiate the claim of the Department that the donations were given under compulsion and not voluntarily.

3. While so, the donations received by the trust has to be considered at face value. Regarding voluntariness of a donation, the best person to speak is the donor themselves, not the Income Tax officials scrutinising the case. This Court has considered the records and has held against the Revenue in the case of ***CIT vs. M/s.Savitha Institute of Medical Technical Sciences (TCA Nos. 111, 112 & 113 of 2015)***.

4. In the absence of any evidence to substantiate the plea that the donations were received under compulsion and not voluntarily, the finding of the Tribunal has to be upheld, since the issue is purely a question of fact. The statements of the persons who manage the affairs of the trust carry only limited probative value and must be properly corroborated by the donars also.

5. In the absence of such proof, we find the substantial questions of law against the Department. Accordingly, Tax Case Appeal stands dismissed. No costs.

(G.J.,J.) (S.S.A.,J.)
25-03-2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No

rpl

DR.G.JAYACHANDRAN J.
and
SHAMIM AHMED J.

rpl

TCA No. 77 of 2015

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