

Grant of scholarship to deserving students to pursue higher studies was charitable in nature: HC

Summary – The High Court of Allahabad in a recent case of Seth Anandram Jaipuria Edu. Society Cantonment., (the Assessee) held that where charitable object of assessee was advancement of higher technical education to deserving students, assessee's claim of expenditure incurred on account of scholarship paid to incumbent for pursuing engineering was allowable

Facts

- The assessee was a society registered under societies Registration Act, 1860 and was running several educational institutions in State of U.P. The Assessing Officer disallowed payment of scholarship to an incumbent on the ground that it was for charitable purpose and it would be considered as income of assessee.
- On appeal, The Commissioner (Appeals) deleted additions made by Assessing Officer.
- On further appeal, the Tribunal affirmed the order of the Commissioner (Appeals).
- On appeal:

Held

- Scholarship to an incumbent was disbursed for pursuing Engineering course from University of California, Los Angeles, USA. The candidate was selected after a process of selection and finding him most deserving candidate, scholarship was disbursed to the said incumbent. This is in the process of charitable object of assessee Society for advancement of higher technical education to deserving students. It cannot be doubted that advancement of education is a 'charitable purpose'. The candidate, beneficiary, was directly or indirectly not related to Members of Society nor otherwise has any bearing or connection with the Society Members. Financial status of the said student or other things are immaterial so far as purpose for which scholarship to said incumbent is concerned. Hence, the Commissioner (Appeals) was justified that payment of scholarship was admissible as charitable expenditure.
- In the result, appeal lack merits. Dismissed.