

आयकर अपीलिय अधिकरण, 'सी' न्यायपीठ, चेन्नई।
IN THE INCOME TAX APPELLATE TRIBUNAL
'C' BENCH: CHENNAI

श्री एबी टी. वर्की, न्यायिक सदस्य एवं
श्री अमिताभ शुक्ला, लेखा सदस्य के समक्ष

BEFORE SHRI ABY T. VARKEY, JUDICIAL MEMBER AND
SHRI AMITABH SHUKLA, ACCOUNTANT MEMBER

आयकर अपील सं./ITA No.1983/Chny/2024
निर्धारण वर्ष/Assessment Year: 2009-10

The ACIT, Corporate Circle-4(1), Chennai.	v.	Madras Cricket Club, No.1, Bells Road, Chepauk, Chennai-600 005.
		[PAN: AACCM 6390 E]
(अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)
Department by	:	Ms.Anitha, Addl. CIT
Assessee by	:	Mr.D. Anand, Advocate
सुनवाईकीतारीख/Date of Hearing	:	09.07.2025
घोषणाकीतारीख /Date of Pronouncement	:	22.08.2025

आदेश / ORDER

PER ABY T. VARKEY, JM:

This is an appeal preferred by the Revenue against the order of the Learned Commissioner of Income Tax (Appeals)/NFAC, (hereinafter referred to as "the Ld.CIT(A)"), Delhi, dated 30.11.2023 for the Assessment Year (hereinafter referred to as "AY") 2009-10.

2. The main grievance of the Revenue is that the Ld.CIT(A) erred in deleting the addition of ₹1,93,36,486/- made by the AO on account of 'entrance fees' received from Members who don't have voting rights by relying on the Tribunal's decision in the case of CIT v. The Presidency



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Club in ITA No.237/Mds/2011 wherein it was held that the income received from non-members will be in the nature of Revenue receipts. The Revenue is also aggrieved by the fact that the Ld.CIT(A) has followed the order of the Tribunal in the assessee's own case for AYs 2012-13, 2013-14 & 2014-15 whereas the Revenue has challenged the said Tribunal orders before the Hon'ble Madras High Court which is still pending adjudication; and therefore, the Ld.CIT(A) erred in following the Tribunal order in the assessee's own case (supra).

3. The brief facts are that the assessee is a 'Section 8 Company' under the Companies Act, 2013 and is functioning as a Club providing sporting facilities to its Members besides being a place for Members to have social interaction among themselves. For AY 2009-10, the assessee's Club had filed its return of income (RoI) on 30.09.2010 admitting 'nil' income which was later on taken up for scrutiny and the AO framed assessment u/s.143(3) of the Income Tax Act, 1961 (hereinafter referred to as 'the Act') dated 22.12.2019i determining income at ₹48,85,518/-. Later on, the AO found that the assessee company has taken the 'entry fees' from Members who doesn't have voting rights to the tune of ₹1,93,36,486/- into its balance sheet without routing it through the P & L a/c. Therefore, according to him, 'entrance fees' received from such Members (other than full members) amounting to ₹1,93,36,486/- are not forming part of the



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mutual benefits of the Club. Therefore, he was of the view that there was escapement of income and therefore, he reopened the assessment of the assessee by issuing notice u/s.148 of the Act and thereafter framed re-assessment u/s.147/143(3) of the Act by making an addition of ₹1,93,36,486/-.

4. Aggrieved, the assessee preferred an appeal before the Ld.CIT(A) who was pleased to delete the addition by following the order of this Tribunal in the assessee's own case for AYs 2012-13, 2013-14 & 2014-15 (supra). Against the aforesaid action of the Ld.CIT(A), the Revenue preferred this appeal before us mainly stating that the Revenue has challenged the Tribunal orders which were relied upon by the Ld.CIT(A) to give relief to assessee before the Hon'ble Madras High Court which is still pending and therefore, the Ld.CIT(A) ought not to have followed the Tribunal order for AYs 2012-13 & Others. Coming to the action of the AO, on this issue, it is noted that the assessee collected 'entrance fees' from its Members [who didn't enjoy voting rights] to the tune of ₹1,93,36,486/- which was directly reflected in its balance sheet rather than in its P & L a/c. Such an action of the assessee, which according to the AO was against the principles of prudence nor as per the method of accounting and by relying on the decision of this Tribunal in the case of Presidency Club (supra) the AO was of the view that 'entrance fees'



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received from the Members [who doesn't have voting rights] won't be forming part of the mutual benefits of the Club and therefore, it is in the nature of Revenue receipts and is chargeable to tax. On appeal, we find that the Ld.CIT(A) has followed the Tribunal orders in the assessee's own case for AYs 2012-13, 2013-14 & 2014-15 (supra) wherein the Tribunal had an occasion to examine similar action of the AO on this issue and is noted to have distinguished on facts the decision in Presidency Club (supra) and has upheld the action of the Ld.CIT(A), who followed the ratio laid down by the Hon'ble Supreme Court in the case of CIT v. Rantipur Club Ltd and the principles laid down by the Hon'ble Bombay High Court in the case of CIT v. Willingdon Sports Club reported in 302 ITR 279, while adjudicating the issue of 'entrance fees' collected from Members who doesn't enjoy the voting rights. The Tribunal thus upheld the action of the Ld.CIT(A) deleting similar addition made in those years (supra). It would be gainful to refer to the relevant findings of the Tribunal for AY 2012-13, which is reproduced as under:

7. We have considered the rival submission and perused the materials available on record.

8. In the present case, a perusal of the written submission as filed by the leaned Departmental Representative, clearly is unable to show any specific restriction in respect of the usage of any of the facilities by any of the non-permanent members or members who do not have the voting right. Though in para-7 & 8 of the written submission, the learned Departmental Representative has referred to certain specific restriction upon the usage of the facilities, none of the articles referred to in the said paragraphs when read in the Articles of Association of the club show any restriction in respect of the usage of any of the facilities. A perusal of the decision of the Id.CIT(A) in the said present case further shows that the learned CIT(A) has rightly distinguished the decision in the Presidency Club case to the effect that the rights of privilege granted to



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the non-voting members are very much limited. It is also noticed that the learned CIT(A), had also followed the principles laid down by the Hon'ble Supreme Court in the case of Commissioner of Income Tax vs. Rantipur Club Limited referred to supra, as also the principles laid down by the Hon'ble Madras High Court in the case of Commissioner of Income Tax vs. Willingdon Sports Club referred to supra, when adjudicating the issue of the entrance fee collected from other members to be liable to be held deleted following the principles of mutuality and consequently deleted the addition. The Revenue has not been able to dislodge these findings either.

This being so, we find no error in the findings of the learned CIT(A). Consequently the order of the learned CIT(A) on this issue stands upheld.

9. In the result, the appeals of the Revenue in ITA No.381/Chny/2017 and ITA Nos.1752 & 1753/Chny/2017 are dismissed.

5. Since no change in facts or Law could be brought to our notice on this issue, and since no stay has been granted by the Hon'ble Madras High Court against the Tribunal order (supra), respectfully following the decision of this Tribunal in the assessee's own case (supra), we uphold the action of the Ld.CIT(A) deleting the addition.

6. In the result, appeal filed by the Revenue is dismissed.

Order pronounced on the 22nd day of August, 2025, in Chennai.

Sd/-
(अमिताभ शुक्ला)
(AMITABH SHUKLA)
लेखा सदस्य/**ACCOUNTANT MEMBER**

Sd/-
(एबी टी. वर्की)
(ABY T. VARKEY)
न्यायिक सदस्य/**JUDICIAL MEMBER**

चेन्नई/Chennai,
दिनांक/Dated: 22nd August, 2025.
TLN

आदेश की प्रतिलिपि अग्रेषित /Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT, Chennai / Madurai / Salem / Coimbatore.
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF