

Amount recd on account of Honorary post of Secretaryship and Life membership in a society: Held Taxable receipt not Capital in Nature: ITAT order reversed:

Assessee had received certain sum of money on account of relinquishing his life membership and secretaryship in Jayanagar Education Society, in which society assessee was founder life member and served the same as teacher from its inception till superannuation. This receipt was claimed by assessee as capital receipt non chargeable to tax. Same was assessed by AO as revenue receipt and accepted as such by CIT-Appeals. However, ITAT accepted assessee's appeal and hold the receipt as capital in character. Karnataka High Court accepting revenue's stand in elaborate order has concluded that:

- a) Amount recd by assessee can't be termed as capital receipt since to forgo life membership or secretaryship, there is no capital asset which is transferred to payer of money by assessee.*
- b) Since assessee was not earning out of relinquished posts and rendering honorary services, assessee did not loose monetarily and as such amount recd cannot be termed as capital receipt.*