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THE JURISTIC STATUS OF THE HINDU DEITY: EXAMINING THE MISCLASSIFICATION OF DEITY- OWNED PROPERTY AS TRUST PROPERTY IN TEMPLE AUDIT

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Abstract

Recognition of a deity as a legal person is one of India's most unique contributions to legal philosophy. Indian law grants consecrated idols (deities) an independent legal identity. These deities have the right to hold property, file suits and also take on liabilities. This unique principle has been consistently upheld in various court rulings from *Pramatha Nath Mullick v. Pradyumna Kumar Mullick* (1925)¹ to *Yogendra Nath Naskar v. CIT* (1969).² Although this is a well-established and widely known principle, it has still not been rightly applied in contemporary tax audits and tax administration. For the purpose of tax assessment, it is a common practice in many South Indian temples to classify the deity's assets as trust property, specifically as public charity trusts. This is a misclassification and results in wrong assessments and jurisdictional overreach. The Tamil Nadu Hindu Religious and Charitable Endowments Act of 1959,³ grants the Executive Officers only administrative control over the temple. The 1959 Act does not empower them to create any trust over the properties owned by a deity. This paper looks into this common misapplication of the statutory provisions, especially the Income Tax Act, 2025,⁴ within the framework of the Tamil Nadu Hindu Religious and Charitable Endowments Act, 1959. The paper also examines the gaps resulting in such misclassifications and proposes measures to align temple audit practice with constitutional principles.

Keywords: Hindu deity, juristic person, temple taxation, HR&CE Act, Income Tax Act 2025, RNPO registration, trust, religious endowments, temple audit, Executive Officer, shebait, irrevocable trust, charitable trusts.

¹ *Pramatha Nath Mullick v. Pradyumna Kumar Mullick* (1925) 52 IA 245 (PC), per Lord Shaw.

² *Yogendra Nath Naskar v. Commissioner of Income Tax, Calcutta* AIR 1969 SC 1089.

³ Tamil Nadu Hindu Religious and Charitable Endowments Act, 1959 (Tamil Nadu Act 22 of 1959).

⁴ Income Tax Act, 2025, Chapter XVII-B, Sections 332–355.

1. INTRODUCTION

A consecrated deity is recognized by the Indian law as a juristic person having an independent legal identity. As a juristic person, the deity has the right to own property, enter into legal agreements and is capable of suing. The aforesaid principle has evolved over a period of time owing to various judicial pronouncements.⁵ Although this doctrine is well recognized under the law, it remains one of the most consistently violated principles in tax administration practice.

The Hindu Religious and Charitable Endowments Act, 1959 (hereinafter "the HR&CE Act") is the primary statute governing the management of Hindu temples in Tamil Nadu. Under this statute, the State Government, through the HR&CE department, has supervisory authority over temple affairs. It exercises its supervisory through a hierarchical structure comprising the Executive Officers and the HR&CE Commissioner. Executive Officers are empowered to manage temple properties and accounts and ensure that the provisions of the Act are complied with.⁶ However, they have no power to create a trust over properties vested in the deity.

In this regard, the distinction between administration and ownership does not hold much weight in modern day practice. Temple auditors, chartered accountants engaged by the Executive Officers for statutory audit purposes, regularly file income tax returns for temple deities as if they are charitable trusts established under Sections 11 to 13 of the Income Tax Act, 1961.⁷ The new Income Tax Act (2025) has replaced the previous framework, further tightening it. Under Chapter XVII-B of the Income Tax Act (2025), for being eligible for RNPO registration, the property should necessarily be held under irrevocable trusts for charitable or religious purposes.⁸ Temple properties held in the name of the deity and managed by the Executive Officers who have no beneficial interest or ownership as per the HR&CE Act cannot satisfy this condition. The misclassification that was invalid under the 1961 Act has become unlawful under the 2025 Act.

This paper aims to examine this problem with specific reference to Tamil Nadu. This study analyzes the framework of HR&CE, the jurisprudence of the personhood of deities, the RNPO

⁵ Supra note 2.

⁶ Tamil Nadu HR&CE Act, 1959, Section 45.

⁷ Income Tax Act, 1961, Sections 11–13 (repealed with effect from 1 April 2026).

⁸ Income Tax Act, 2025, Section 332(1)(b).

structure under the 2025 Act and the particular instances where present-day audit procedure fail to comply with legal provisions. The point is clear: a deity is an individual juristic person and not a trust. An Executive Officer is a statutory manager and not a trustee. Temple income must be treated as such. Ignoring these fundamental legal principles has led to inaccurate audits that require immediate attention.

2. LITERATURE REVIEW

2.1 Judicial Development of Deity Legal Status

The Privy Council's decision in *Pramatha Nath Mullick v. Pradyumna Kumar Mullick* (1925) 52 IA 245 led to the incorporation of the principle of legal personhood of a deity in Indian law. In this judgment, Lord Shaw held that a Hindu idol is an independent legal entity with the capacity to own property and that the deity can sue and be sued through its shebait. The same principle was interpreted in relation to taxation law by the Supreme Court in *Yogendra Nath Naskar v. CIT* AIR 1969 SC 1089. In the said case, it was held that a Hindu idol is taxable as an individual but not as an association of persons, corporate body, or trust. The Court classified the deity within the individual assessee category.

Subsequently, this approach was followed by other judgments. In *CIT v. Sri Jagannath Jew* (1977), the Calcutta High Court held that it was incorrect to say that the income of the temple must be treated as if it were from a trust as property held by a juristic person is not a trust property at all.⁹ From the perspective of constitutional law, *Shirur Mutt v. Commissioner, HR&CE* AIR 1954 SC 282 affirmed that the right of a religious denomination under Article 26 regarding the right to own and manage property could not be overridden for administrative convenience.¹⁰ This is inconsistent with the approach of trust as perceived by the tax authorities. In *Shiromani Gurdwara Prabandhak Committee v. Som Nath Dass* AIR 2000 SC 1421, it was further held that religious institutions occupying a sui generis legal position do not fit into trust law.¹¹

2.2 Statutory Framework

The Tamil Nadu HR&CE Act, 1959 rests on the basis that temple properties belong to the deity, while the administrators have only power to manage and not own the property. Section 45 of

⁹ *Commissioner of Income Tax v. Sri Jagannath Jew* (1977) 108 ITR 43 (Cal).

¹⁰ *Commissioner, Hindu Religious Endowments, Madras v. Sri Lakshmindra Thirtha Swamiar of Sri Shirur Mutt* AIR 1954 SC 282.

¹¹ *Shiromani Gurdwara Prabandhak Committee v. Som Nath Dass* AIR 2000 SC 1421.

the Act defines the powers of Executive Officers. It refers only to the power to administer the property and does not discuss trusteeship or ownership. The Act has no provision empowering any HR&CE authority to create a trust over the deity's property.

On the other hand, the Income Tax Act, 2025 introduces a significant change. Chapter XVII-B consolidates all provisions relating to the charitable and religious entity, replacing the previous Sections 11–13 of the 1961 Act. The new term "Registered Non-Profit Organisation" replaces "charitable trust" and allied categories. Furthermore, Section 332 now contains the term "irrevocable trust" as an explicit condition to get registered as RNPO. This requirement cannot be satisfied by a property held by a deity as an individual juristic person.

2.3 Identified Gap

Existing scholarship on temple administration has addressed constitutional validity, legislative competence of HR&CE and denominational rights. The area of intersection of temple law and taxation law has also received limited attention but focusing on the eligibility of exemption within the framework of trust rather than questioning whether that framework applies at all. The specific issue of misclassification during audit has received no dedicated study. This gap between established principles regarding legal personhood of deity and actual tax practice is the key area of focus of this paper.

3. CONCEPTUAL FRAMEWORK

3.1 The Deity as Juristic Person

A juristic person is any entity upon whom the law confers legal personality. In the case of a Hindu deity, juristic personality arises not only by way of statutory creation, but also as a result of a combination of shastric dedication procedure (rituals) and judicial recognition.¹² Once the deity is duly consecrated, the donor is irrevocably divested of all interest in the property and the property vests in the deity itself as the owner. The shebait or the HR&CE Executive Officer (in the case of temples), becomes the manager over the property which belongs to the deity alone.¹³

The deity owns property, receives income, and is also subject to tax assessment as an individual. However, since the deity cannot act of its own volition, it is to be represented by a human agent acting on behalf of the deity within a strictly defined authority framework. Here,

¹² Deoki Nandan v. Murlidhar AIR 1957 SC 133.

¹³ Profulla Chorone Requitte v. Satya Chorone Requitte AIR 1979 SC 1682.

the capacity to represent the deity's interest is precisely representative and not proprietary. The Supreme Court's ruling in *Yogendra Nath Naskar* places the deity within the individual assessee category for income tax purposes, with all consequent implications for return form, computation and applicable exemptions.

3.2 Trust Law and Its Inapplicability

As per the Indian Trust Act of 1882, a trust needs a competent donor who transfers his property to trustees for the benefit of a definite beneficiary or purpose.¹⁴ With regard to the temple, the deity is the owner of the property. In order for the formation of a trust, the deity being the owner will have to make the trust document. As the deity cannot act physically, he cannot do that himself. His agent can also perform on his behalf but only if he has legal power to do so.¹⁵ But the HR&CE Act does not give any legal power for the same.

The Income Tax Act, 2025 sharpens this analysis considerably. As per Section 332, for RNPO registration, properties should be held under an irrevocable trust for charitable or religious purposes. This condition cannot be satisfied by a consecrated deity as it only holds the property as the owner and not as a beneficiary of a trust.¹⁶ The RNPO framework accordingly does not apply.

3.3 Executive Officer as an Administrator

The authority of an Executive Officer under the HR&CE Act is derived, delegated and statutory. As per Section 45 of the 1959 Act, such authority pertains only to management and administration. Legal title to the trust property vests in a trustee and not in the Executive Officer. A trustee's powers emanate from the trust deed whereas those of an Executive Officer come from the Act and cannot exceed the ambit of the same. The RNPO scheme (as well as its predecessor the Sections 11–13 scheme) is only applicable to organizations having trustees who manage property held under a trust. Such an application in relation to property of a deity-owned temple would be erroneous on all counts.

4. RESEARCH METHODOLOGY

This paper takes a doctrinal research approach. The study relies on three types of primary source documents: legislation including the Income Tax Act, 2025 (specifically, Chapters

¹⁴ Indian Trusts Act, 1882, Section 3.

¹⁵ Supra note 6.

¹⁶ Supra note 8.

XVII-B, Sections 332-355 and 2(23)),¹⁷ the Tamil Nadu HR&CE Act, 1959, the Indian Trusts Act, 1882 and Article 26 of the Constitution; judicial precedents starting from the decision in Pramatha Nath Mullick (1925) to current High Court decisions on temple taxation; and other regulatory documents including CBDT guidance,¹⁸ prescribed return forms and ICAI audit standards relevant to religious institutions.¹⁹

The study acknowledges certain limitations. The first is that the doctrinal methodology does not provide quantitative data on how many temples in Tamil Nadu have been misclassified. Conducting a separate study on this could enhance the current research. The second limitation is that the conclusions drawn in this paper about the HR&CE Act apply only to Tamil Nadu and do not extend to other states. Lastly, the Income Tax Act of 2025 is yet to be interpreted by any court concerning temples. Therefore, this study focuses solely on text analysis of that act.

5. ANALYSIS: AUDIT MISCLASSIFICATION PROBLEM

5.1 Current Practice and Its Legal Deficiencies

The auditor appointed for the purpose of audit begins by assuming that the temple is a religious institution qualifying for RNPO exemption. Then, the auditor files under Chapter XVII-B, verifies and certifies accounts using the mandated RNPO audit form and claims exemption based on the 85% application rule (Section 341 of the 2025 Act).²⁰ Each of these actions relies on the common and frequent practice followed by temple auditors over the years, instead of actually analyzing the law. This is taken further by a lack of clear regulatory guidance to challenge it.

The Executive Officer has merely a custodial role over property owned by the deity and this relationship does not resemble trusteeship in any manner. A trustee has legal title, whereas an Executive Officer does not. A trustee's authority is derived from a trust document, while an Executive Officer's authority comes from the statutory provisions and does not extend beyond that. When the auditor treats the Executive Officer's role as equivalent to a trustee's relationship with trust property, the following steps, including the return form, exemption claim and audit certificate, are affected by this initial misunderstanding.

¹⁷ Income Tax Act, 2025, Section 2(23).

¹⁸ Central Board of Direct Taxes, Circular No. 11/2008.

¹⁹ Institute of Chartered Accountants of India, Guidance Note on Audit of Public Charitable Institutions (2019).

²⁰ Income Tax Act, 2025, Section 341.

5.2 Consequences of Misclassification

The consequences of such misclassification are significant and real. Tax calculations vary greatly as tax computations for individual assesseees under applicable income categories give different results than RNPO computations under the 85% application rule. If an assessee claims RNPO exemption without satisfying the irrevocable trust condition in Section 332, the entire exemption faces legal challenges. This could, in turn, affect multiple assessment years at once, leading to tax, interest and penalties that could severely impact temple management and administration.

The pattern of litigation is also notable. Since the mistake occurs at the basic level of litigation, it affects every related proceeding. Generally, neither party in a temple tax dispute questions this misclassification. Further, the temple management filed as an RNPO cannot easily change that status during the appeal. This misclassification creates a correction issue that becomes more expensive as years pass. The auditor who certifies RNPO compliance for a non-RNPO assessee also faces risks of professional liability under the Chartered Accountants Act, 1949.²¹ This risk becomes harder to ignore with the irrevocable trust condition in Section 332 of the 2025 Act.

6. PROPOSED REFORMS AND RECOMMENDATIONS

6.1 Regulatory Level

The most practical change required is the introduction of professional guidance regarding the aforesaid misclassification. The Institute of Chartered Accountants of India (ICAI) has not issued any guidelines on whether the deities qualify as individual assesseees or what kind of returns form they should file along with the audit. This lack of guidance is the main reason for the misclassification discussed in this paper. The issuance of a clear guidance note will specify that deities are individuals who can be considered individual assesseees and that registration as a religious and charitable institution cannot be applied for any temples established by deities because there is no irrevocable trust created for this purpose. A circular needs to be issued by the Central Board of Direct Taxes (CBDT) on this matter to clarify the procedure to consider deities as individual assesseees and that no RNPO application form for such temples can be considered further.

²¹ Chartered Accountants Act, 1949, Section 22 read with Schedule I, Part I.

6.2 Legislative Level

A provision in the Income Tax Act, 2025 can be inserted to state that a temple deity shall be considered a juristic person as far as tax valuation is concerned. It would further reinforce the decision of Yogendra Nath Naskar into the statute as well. Moreover, it is necessary for the Tamil Nadu HR&CE Act of 1959 to include an amendment that clearly mentions that properties managed by the Executive Officers will continue to be considered properties of the deity and that the management of such properties under the HR&CE will not create any kind of trust over them. This amendment would fill in the loophole that temple auditors and tax practitioners have exploited, regardless of their intent.

6.3 Operational Level

Temples currently filing under the RNPO framework need a structured procedure to enable a smooth transition to the appropriate framework (individual tax assessment). The corrections required in the future concerning the filing of revised returns individually for the years under open assessment and following the individual approach moving forward are legally and pragmatically feasible. The outstanding assessments for the years that have become time-barred need to be sorted out using the judicial and correctional avenues available on a case-to-case basis. Temple administration is advised to obtain a legal opinion to confirm the deity's individual identity prior to filing their revised returns.

7. CONCLUSION

There has never been any ambiguity regarding the juristic personality of a Hindu god as an individual legal entity. The concept has always been clear in several court rulings and also conforms to the basic tenets of Hindu endowment law. Consequently, temple properties owned by a deity cannot be treated as trust properties through administrative action and income tax returns for such temples must be filed under the individual assessee framework and not under the RNPO framework. This is further clarified in Section 332 of the Income Tax Act 2025, which makes irrevocable trust as a necessary condition, removing any doubts that might have existed earlier. It will be wrong to continue to file the income tax returns as RNPOs for temples owned by deities after April 1, 2026. It also poses a risk of professional discipline for certifying auditors. The reforms suggested in this paper, including ICAI guidance, CBDT clarification, legislative amendment and structured operational correction, are straightforward and not overly complex. They simply require that established legal principles be correctly applied in the administration process. The deity has always been an individual and it is time for India's tax

administration to recognize it as such.

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3. Section 45, Tamil Nadu Hindu Religious and Charitable Endowments Act, 1959 (Act XXII of 1959).
4. Indian Trusts Act, 1882.
5. Chartered Accountants Act, 1949.
6. Constitution of India, 1950.

Cases

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3. The Commissioner, Hindu Religious Endowments, Madras v. Sri Lakshmindra Thirtha Swamiar of Sri Shirur Mutt, AIR 1954 SC 282, (1954) 1 SCR 1005 (Supreme Court of India).
4. Commissioner of Income Tax v. Sri Jagannath Jew (1977) (Calcutta High Court)
5. Shiromani Gurdwara Prabandhak Committee v. Som Nath Dass, AIR 2000 SC 1421 (Supreme Court of India)

Regulatory and Guidance Materials

1. Central Board of Direct Taxes (CBDT) circulars and guidance notes
2. Institute of Chartered Accountants of India (ICAI) audit standards and guidance notes
3. Income Tax Rules, 2026 (replacing Income Tax Rules, 1962, effective April 1, 2026).

Forms

1. Form 105 (RNPO renewal form under Section 332, Income Tax Act 2025).