

How HUF can help save tax on MFs

HUF is like creating a separate individual with its PAN from a taxation perspective.



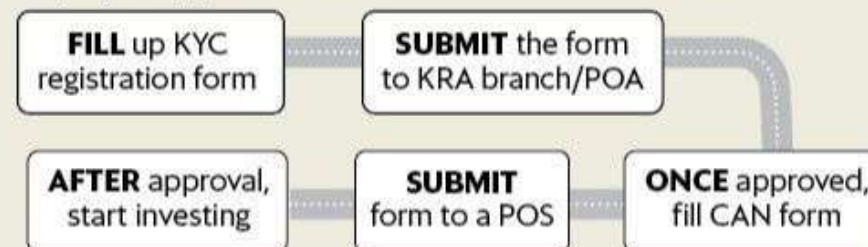
from a taxation perspective.

	Without HUF (A)		Assuming ₹5 lakh capital gains from HUF (B)		
	Husband	Wife	Husband	Wife	HUF
Gross salary	₹10 lakh	₹15 lakh			
Less: Standard deduction	(₹75,000)	(₹75,000)			
Taxable salary	₹9.25 lakh	₹14.25 lakh			
Capital gains (equity MF)	₹7.5 lakh	₹7.5 lakh	₹5 lakh	₹5 lakh	₹5 lakh
Salary & tax payable is constant	₹42,500	₹1,25,000	₹42,500	₹1,25,000	
LTCG tax @12.5%	₹78,125	₹78,125	₹46,875	₹46,875	₹9,375*
Health and education cess @4%	₹4,825	₹8,125	₹3,575	₹6,875	₹375
Total tax	₹1,25,459	₹2,11,250	₹92,950	₹1,78,750	₹9,750
Total tax (w/o HUF)	₹3.36 lakh		Total tax (with HUF)	₹2.81 lakh	

How to open an account?

Example using MFU platform. Most platforms offer HUF account facilities

Step by Step process



Documents required

For CAN registration

- ▶ Self attested HUF PAN card
- ▶ Self attested karta/UBO PAN card
- ▶ Bank proof

For KYC registration

- ▶ PAN of HUF
- ▶ Deed of Declaration of HUF or list of coparceners
- ▶ Bank passbook/bank statement in the name of HUF
- ▶ Photograph, POI, POA, PAN of karta

₹55,000
Tax savings
(Total tax A-B)

*Nil tax till ₹3 lakh income + ₹1.25 lakh exemption in capital gains)

Corpus to HUF

- ▶ Through will or ancestral property: **No tax**
- ▶ Gift from non-members: **No tax up to ₹50,000**
- ▶ Income from existing corpus (rent, dividends etc): **Taxed with HUF**
- ▶ Contribution by member: **Income generated will be taxed to the donor**

FACT
Unlike Individual accounts, opening an HUF account is an offline process