

**22 SEP, 2022**

**ARTICLE No. 04**

**WHAT IS HUF: -**

As the name suggests it’s a Hindu Undivided Family. It’s a separate entity recognized like Individual, Companies etc. Only Hindu’s, Buddhist, Jains and Sikh’s. It means only these people can form HUF.

**HOW HUF WILL BE FORMED: -**

As per Hindu Law, the day male member gets married his HUF comes into existence. But, as per Income Tax Act, HUF comes into existence when child is born in the family. Child now includes both boy as well as girl. Earlier, only boy child was considered as child for HUF but as per amendment in the act in 2005, girl child also considered for forming HUF.

**TAX PLANNING THROUGH HUF: -**

As per below mentioned there are some tax benefits enjoyed by Individual equally allowed to HUF as well.

* Basic slab exemption
* Slab wise tax rates
* 80C/D and other deductions under chapter VI A

So if any individual having his HUF can claim these benefits in both cases. It means in his individual ITR and under HUF as well. This is the biggest tax advantage HUF has as, separate PAN will be issued for registering HUF. For taking this tax advantage HUF is being formed now days. As HUF treated separate legal entity of taxation purpose. However, HUF not allowed to have professional income source like doctors etc.