



# HUF – An InvestOptima Analysis

**Creation • Tax Benefits • Management**

 Disclaimer: For informational purposes only.  
Not investment advice.



## What is an HUF?



*A separate legal entity under the Income Tax Act*



*Covers Hindus, Sikhs, Jains, Buddhists*



*Can own property, earn income, and save tax*

## Members of HUF



*Karta – Head, unlimited liability*



*Coparceners – Equal rights, can demand partition*



*Spouses – Members but not coparceners*



## Residential Status – Both Residents and non residents can create HUF

-  *Resident – Controlled & managed from India*
-  *Non-Resident – Controlled wholly outside India*
-  *Depends largely on Karta's residency*



## Taxation of HUF – An additional tax entity is created as HUF leading to reduction in tax liability

-  *Same slabs as individuals (Old & New Regime)*
-  *Treated as separate person under Income Tax Act*



## Tax Benefits

- ✓ *80C: Investments (PPF, ELSS, LIC)*
- ✓ *80D: Health insurance*
- ✓ *80G: Donations*
- ✓ *Home loan interest deduction*
- ✓ *Capital gains exemptions (54, 54F, 54EC)*



## Example: Tax Savings

***Mr A + Family created an HUF***

 ***Rental income moved to HUF***

 ***Tax saved: ₹2.52 lakh in FY 2025-26***

***Mr A decides to start an HUF with his wife, son, and daughter as members.  
The property held by Mr. A earns an annual rent of Rs. 15 lakh which was transferred to the HUF.***

***Mr. A has an income from salary of Rs. 20 lakh.***

***Total tax paid by Mr. A = 4,91,400***

***Total tax paid by Mr. A & HUF = 2,39,200***

***Tax saving due to forming an HUF = 2,52,200***

***Due to this tax arrangement, Mr. A saved Rs. 2,52,200 in taxes.***

***The HUF paid Rs. 46,800 tax on the rental income.***



# How to Create an HUF?

-  *HUF Deed*
-  *PAN Card*
-  *Bank Account*
-  *Start operations*



## Advantages & Disadvantages

- ✓ *Separate PAN & tax benefits*
- ✓ *Income splitting*
- ✓ *Succession planning*
- ✗ *Partition disputes*
- ✗ *Compliance burden*
- ✗ *Not for salary income*



# How InvestOptima Helps

-  *HUF creation & documentation*
-  *Fund & investment management*
-  *Compliance with CA support*
-  *Personalized investment plan*



## Goal-Based Planning with HUF

 *Masters abroad*

 *Marriage*

 *Property purchase*

 *Retirement corpus*

 *InvestOptima helps plan cashflows for these needs at defined intervals*