

## Lesson no. 3 – Individual & HUF

### Who has to obtain PAN?

PAN is to be obtained by following persons:

Every person if his total income or the total income of any other person in respect of which he is assessable during the previous year exceeds:

In the case of	Basic Exemption Limit
Individual	Rs. 2,50,000.00
Resident Individuals of the age of 60 years and above but below 80 years	Rs. 3,00,000.00
Resident Individuals of 80 years above	Rs. 5,00,000.00

Every person who intends to enter into [specified financial transactions](#) in which quoting of PAN is mandatory

### HINDU UNDIVIDED FAMILY (HUF)

1. Hindu Undivided Family ('HUF') is treated as a 'person' under [section 2\(31\)](#) of the Income-tax Act, 1961 (herein after referred to as 'the Act'). HUF is a separate entity for the purpose of assessment under the Act.
2. Under Hindu Law, an HUF is a family which consists of all persons lineally descended from a common ancestor and includes their wives and unmarried daughters. An HUF cannot be created under a contract, it is created automatically in a Hindu Family.
3. Jain and Sikh families even though are not governed by the Hindu Law, but they are treated as HUF under the Act.

## Assessment of HUF :-

An HUF is recognized as a separate assessable entity under the Act. Its income may be assessed if following two conditions are satisfied:

1. There should be a coparcenership. In this connection, it is worthwhile to mention that once a joint family income is assessed as that of HUF, it continues to be assessed as such in subsequent assessment years till partition is claimed by coparceners.
2. There should be a joint family property which consists of ancestral property, property acquired with the aid of ancestral property and property transferred by its members.

**Ancestral Property:** Ancestral property may be defined as the property which a man inherits from any of his three immediate male ancestors, i.e. his father, grandfather and great grandfather. Therefore, property inherited from any other relation is not treated as ancestral property. Income from ancestral property held by following families is taxable as income of HUF:

- A family of widow mother and sons (may be minor or major) ;
- Family of husband and wife, having no child ;
- Family of two widows of deceased brothers ;
- Family of two or more brothers ;
- Family of uncle and nephew ;
- Family of mother, son and son's wife ;
- Family of a male and his late brother's wife.

### Note

Property obtained by daughter from joint family property would be her absolute property. Any income therefrom is chargeable to tax in her hands in the individual status only. This will also apply to any legal heir obtaining property in the capacity of a descendent.