

HUF Creation Process

A step-by-step guide

STEP 1: Create the HUF Deed

- Prepare the deed on stamp paper (₹100–₹500, depending on the state you are in) and get it notarized by a lawyer
- The deed should include the following details:
 - HUF name (“Full name of Karta” HUF)
 - Karta: Head of the family (traditionally male). In case the head is deceased, the wife can be the karta
 - Members: Wife, daughter-in-law, son-in-law (non-blood relatives)
 - Co-parceners: Son, daughter, grandchildren
 - Date of formation and assignment of an initial capital to the HUF for its use
- In case you have ancestral property/inheritance, then as a karta, you can assign that as well to the HUF. The same must be clearly mentioned in the deed with all the relevant details
- The deed must be signed by the Karta on all pages, including the stamp paper.
- Two witnesses are also required to sign the deed

Link to sample deed: [link](#)

STEP 2: Apply for PAN of HUF

- Apply via the income tax website: [Apply for PAN](#)
- Fill the form and submit all the details under the category HUF
- You will get a notification from the income tax department.
- Submit a copy of the documents listed below via courier after paying the application fee:
 - PAN and Aadhar Card of Karta
 - Executed HUF Deed
 - Address proof of HUF (Generally kept at the same address as that of Karta to avoid confusion)
 - PAN issued in the name of HUF named as “Full Karta Name HUF”

STEP 3: Create HUF Seal

- This is not legally mandatory, but is required by most banks for account opening
- Format:

“Karta Name” HUF
For Karta

STEP 4: Open HUF Bank Account

- Submit bank account opening form: This is an offline process and may take some time. It's best to open with the bank where you have an existing relationship, as bank officials will be able to help in

STEP 5: Open a DEMAT account & opt for MF investment

- Again, an offline process, where, depending on the company, you will have to sign all the forms and submit a copy of the KYC documents of Karta, co-parceners, HUF PAN, and HUF Deed.
 - Note: Dhan app provides online opening of a demat account for HUF, we have not used it, so this is just for info.
- For mutual fund investment, you can visit the website of the mutual fund company and start direct investing

Pro tip: For better tracking of all investments, share the same email ID as given for personal investments, tracking of MFs via CAMS and Kfin becomes easier. Subsequently, you can invest easily via these apps once this linkage is up and running

DISCLAIMER

This document is for educational purposes only. Legal and tax advice should be taken before implementation.

If you need assistance in creating a private family trust, reach out to us at finwise.owl@gmail.com.