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Meri Punji
WE PLAN, YOU PROSPER

UNLOCKING INHERITED ASSET BY LEGAL HEIR

(Property | Vehicles)

PART-1



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From the Editor's Desk

Passing is a fitting word to signify the end of a life; for one's passing means passing of the life's possession too. Sadly, the matters of heart and the matters of money rarely go as planned (or willed). After the demise of the loved one, conflicts over wills and court cases go hand in hand in the country.

Who is the true heir? How is a will settled? Who can claim a particular asset? How does distribution happen? Is there a tax on inheritance? The issue answers all such questions and more.

Hope you find the information useful.

Best,
Team Meri Punji



Punji (noun/Hindi) - Capital meaning, wealth in the form of money or other assets owned by a person or organization or available for a purpose such as starting a company or investing.

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WHAT HAPPENS WHEN A PERSON DIES LEAVING ASSETS?

When a person leaves for their heavenly abode, one of the two scenarios plays out in the material world. Either their family inherits wealth and property as laid out in the departed soul's will or as the law sanctions it.

In case of a will, all the movable and immovable assets of the deceased reach the benefactors of their choice. But in the absence of a will, the government divides the asset(s) according to the rules listed in the Hindu Succession Act, 1956 or the Indian Succession Act, 1925.



How Do Survivors Inherit Various Asset Classes?

Here are the procedures and documentation required for inheriting different classes of assets after a family member's demise.

Real Estate

Any property owned by the deceased will go to the inheritor(s) mentioned in the will. However, the transfer will only happen after completion of a few legal formalities. The legal heir or heirs must submit the death certificate, photocopy of the will, and property papers to carry out the process.

If there is no will

In the absence of a will, all legal heirs (spouse and children) must find an amicable way to distribute property and hand it in writing to their lawyer. This written note is called a settlement document. However, if multiple legal heirs, all of whom carry a letter of administration and succession document, cannot reach a settlement, the succession laws will apply to the property.

In such a scenario, the property gets equally divided between the spouse and children (regardless of their gender).

Stocks, Shares and Mutual Funds

Since stocks, shares and mutual funds are not generally issued until a nominee is assigned, the absence of a will is less concerning here. However, the nominee won't inherit the market investments if the deceased willed it to someone else.

In case of a will, the named heir receives the stocks and shares after submitting a notarized death certificate and a will's copy to custodians such as NSDL or CDSL.

If there is no will

In the absence of a will, these investments go to the next of kin (spouse and children who may or may not be the nominee), but they must produce a letter of administration or a succession certificate. Issued by a civil court, this certificate certifies a person as the rightful successor of a deceased individual. In addition, they may also need to submit a FATCA self-certification document if claiming mutual funds.

PPF, EPF, NPS and Life Insurance

Proceeds from the deceased person's PPF, EPF, NPS and life insurance are transferred to the appointed nominee. There is typically no need to submit probate of a will, letters of administration or succession certificates. The nominee can fill out Form G to withdraw funds from the deceased's PPF account. For EPF withdrawal, the nominee must fill out Form 10D and a composite death claim form.

For life insurance, the nominee will have to go through the claims process stipulated by the deceased's insurer, and for NPS, they simply need to fill out the NPS claim form.

If no nominee was appointed

A PPF, EPF, NPS and life insurance nominee appointment is almost similar to willing the fund to them, as only family members (spouse or children) can become nominees in this case. However, if the deceased did not appoint one, the claimants must submit the will, as it will likely contain the benefactor's name. Without a will, they will need a succession certificate and administration letter, and the fund proceeds will be equally divided among the spouse and children.

Gold

While digital gold follows the same process as the inheritance of stocks, shares and mutual funds, physical gold is generally willed to the benefactor.

If there is no will

In the absence of a will, the law of Hindu Succession or the Indian Succession applies, where the entity in question is divided equally between the spouse and children. If the spouse is not alive, then equally between the children.

Fortunately, India doesn't impose any inheritance tax, so individuals can write a will without burdening their benefactors. A will also discourages any discord among family members after a loved one passes away. It will also contain the names of benefactors that can claim assets if the deceased doesn't leave behind a spouse or children. But without a will, spouse, or children, the entire property and wealth of the deceased go to the government.

To ensure you're leaving behind nothing but good memories for your family, effective estate planning is the way to go.

UNLOCKING INHERITED ASSETS BY LEGAL HEIR: PROPERTY



When one passes away without a will, what happens to the property they own? Who inherits the deceased's current and ancestral property in the absence of a spouse and legal children? Can daughters claim equal rights in the property if they are married? Such a situation brings many questions to light. However, the answers are not as easy as they might seem.

How Does Property Succession Work in the Presence of a Will?

Property transfer becomes relatively easy if there's a will present. The pre-appointed executors of the can administer properties to individuals mentioned in the will. These may include or exclude the deceased's spouse and children. However, there is one exception where legal heirs can challenge a will's property endowments, if they are excluded out of the will.

As per the Indian succession laws, a deceased person can will only a self-acquired property to anybody they want. However, if the deceased had themselves inherited a property, it must be passed on to their legal heirs i.e. their spouse and children.

If the will says otherwise, the deceased's successors can challenge it in court and rightfully claim their share. This share will be equally divided between all successors, unless one or more heirs relinquish their share or write them over to other successors.

To transfer the deceased's property in the heirs' name, sufficient proof is required. These include documents like:

- Original paper of the property
- The deceased's will and testament
- The deceased's death certificate
- The executor of the will might check each heir's identification documents, such as their Aadhaar card, voter ID card, etc.

How Does Property Succession Work in the Absence of a Will?

In an ideal scenario, where families live in harmony, the division of property will be amicable and equitable, even in the absence of a will. This is also what the Indian government wants, which is why the laws of Hindu succession or the Indian succession rest on these two qualities.

The government enforces these laws through the Hindu Succession Act of 1952 or the Indian Succession Act of 1925. The former Act applies to all Hindus, Sikhs, Jains and Buddhists residing in the country, whereas the latter applies to all other religions within India.

As per both the Acts, the deceased's property is shared equally by their spouse, sons and daughters, regardless of whether they are married or single. These three entities are called class-I legal heirs. But if the deceased has an ex-wife, only the children before the time they got divorced are entitled to an equal share in the deceased's property.



Even though this law is straightforward at its core, issues may arise if extended family or distant relatives stake claims of being legal heirs. This is why the true heirs must procure a succession certificate. The document issued by a civil court certifies the holder as the deceased's true successor. The application process for a succession certificate may end up taking anywhere between 5 to 7 months.

Is There Any Tax on Inherited Property?

There is no tax on transferring inherited property to the rightful heir in India. However, earnings from leasing, renting or selling your ancestral or inherited property is considered a part of your taxable income and taxed depending on the slab you fall in.

In Conclusion

Inheriting your parent's or husband's property without paying any tax is your legal right. However, this process gets much easier when there is a will clearly stating the rightful inheritors.

Lastly, remember that the deceased's property is equally distributed among the spouse and children only in the absence of a will. However, when there is a will, the property only goes to the inheritors picked by the deceased, which can include equal, unequal or zero shares to the spouse, sons and daughters or anyone who may or may not be related to the deceased.

UNLOCKING INHERITED ASSETS BY LEGAL HEIR: VEHICLES



An individual leaves many worldly possessions behind upon their demise. One among them is the vehicles that become a part of their willed or unwilled estate. Depending on who stands to inherit the deceased's vehicle, a transfer application must be placed with the RTO.

Whether the new owner wishes to continue driving the vehicle or sell it, a title transfer is essential. This is why it's crucial that the concerned authorities check the ownership title before anything else. At the time of evaluating the title, three scenarios will play out.

- **Scenario 1** - The vehicle will be owned by a single person who has left a will.
- **Scenario 2** - The vehicle will be owned by a single person who did not leave a will.
- **Scenario 3** - The vehicle will be jointly owned, where there is no question of a will.

Let's understand who inherits the vehicle under each scenario.

Single Ownership with a Will

If the deceased car owner drafted a will and clearly stated who inherits any vehicle they own, things become easy. The new owner named in the will can apply for a title transfer with the relevant RTO. Once the legal heir submits the required documents, the RTO verifies them and transfers the title to the new owner.

Single Ownership without a Will

If an individual dies intestate i.e., without a will, all assets go to the immediate kin according to the laws of succession in India. However, since the vehicle is one physical item and cannot be broken equitably, the RTO transfers the title ownership in the following order.

- Spouse gets the first ownership
- Children own the vehicle after the spouse. They inherit the vehicle chronologically
- (the older sibling gets it first)

To acquire the title transfer, however, the legal owner must submit all the necessary document proofs to the relevant RTO.

Joint Ownership

In the case of joint ownership, the joint owner can become the full owner of the vehicle. They can claim the car in their name and can dispose of it or drive it, depending on their preference. To transfer the ownership in this scenario, the joint owner requires the following documents.

- A copy of the deceased's death certificate
- Duly filled out ownership form available at the relevant RTO

Since the vehicle's registration certificate will already reflect the joint owner's name, they only require the two documents mentioned above.

Who Pays the Vehicle Loan on the Deceased's Car?

If a car owner passes away without repaying their vehicle loan, the lending institution cannot legally force the inheritor to keep the car and repay the debt. However, if the vehicle's new inheritor wishes to keep and drive the car, they must pay the outstanding loan balance.

Safe to say that the deceased's car loan is not forgiven. If the inheritor does not wish to pay the loan, the lending institution will repossess the vehicle and sell it off to cover the balance.

What Happens to the Vehicle's Insurance After Death?

With the deceased's car transfer, its insurance policy will also be transferred to the new owner. To transfer the policy, the new owner must reach out to the motor insurance company of the deceased. They can then guide the new owner and collect the documents needed to transfer the insurance policy in their name.

However, if the deceased's vehicle insurance has expired, the new owner must purchase a new policy in their name.

Two Cents

The death of a loved one is indeed a difficult time, but one that also brings many legal responsibilities on your shoulder. Fortunately, the well-defined process around vehicle ownership, which is the same for all types of vehicles, makes the asset distribution process quick and seamless.



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Every individual is unique and so are his or her investment needs. Investment planning must always be aligned with one's goals. Hence, our approach is to help you chalk out an investment strategy that is best fit for 'you'.

We see ourselves as educators rather than advisors. Our endeavor is to build awareness about the various kinds of investment products in the market. After all, an informed decision is always a better decision.

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