CAs Inherit Quick Wealth as the Affluent Fear Estate Duty

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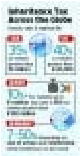
Widespread speculation about the possible reintroduction of estate duty is proving lucrative for many chartered accountants.Clients,mostly high net-worth ones,are seeking advice on how to restructure ownership of assets to avoid the possibility of huge tax payments by their heirs when the grim reaper comes calling.Estate duty,a tax on inheritance of wealth,is known in many countries as the death tax.In the US estate tax is imposed on the transfer of the taxable estate of a deceased person.The tax which is levied on the total market value of assets owned by a person at the time of death was abolished in India in 1985,during the tenure of VP Singh as FM.On November 8 last year,Finance Minister P Chidambaram,while delivering a lecture in the memory of renowned economist Raja Chelliah,wondered whether moderation of taxes had gone too far leading to accumulation of wealth in a few hands.He added that there should be a debate on inheritance tax while adding that he was still hesitant to speak about the subject.Most experts say the government is unlikely to impose estate duty.Indeed,the finance ministry has subsequently clarified that such a tax was not on the cards.But some are clearly taking no chances.Two methods are proving popular to avoid the muchfeared tax.One is to transfer assets of the wealthy to investment firms owned by their heirs.The other is to set up trusts in which heirs become beneficiaries.Since estate duty is a tax on transfer of wealth after the death of a person,no duty is attracted if assets are transferred to entities or vehicles that are not persons.Lawyer Sanjay Sanghvi,tax partner of Khaitan & Co,told ET: We have been advising clients for the past year on how to restructure their wealth.



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