

## UNIT 12 – BANKING - Benami Property

### What is Benami?

Benami essentially means property without a name. In this kind of transaction the person who pays for the property does not buy it under his/her own name. The person on whose name the property has been purchased is called the **benamdar** and the property so purchased is called the **benami property**. The person who finances the deal is the real owner. The property is held for the benefit - direct or indirect - of the person paying the amount.



### What constitutes Benami property?

Property that does not stick to the following criteria:

- a) Property held in the name of spouse or child for which the amount is paid out of known sources of income
- b) A joint property with brother, sister or other relatives for which the amount is paid out of known sources of income
- c) Property held by someone in a fiduciary capacity

This means, by law, if you buy a property in name of your parents, too, can be declared as benami.

In August, Parliament had passed the **Benami Transactions (Prohibition) Act**, with the assurance from Finance Minister Arun Jaitley that genuine religious trusts would be kept out of the purview of this new legislation.

The new legislation will make a provision of seven year imprisonment and fine, replacing the three-year jail term, or fine, or both.

**Here is all you want to know about Benami Act and how it will affect you:**

### What is Benami Act?

First, a benami transaction is one where a property is held by one person and the amount for it is paid by another person. Therefore, in a benami transaction, the name of the person who paid the money is not mentioned. Directly or indirectly, the benami transaction is done to benefit the one who pays.

### What isn't a benami transaction?

1. Property held under the name of spouse or child, for which the amount is being paid through a known source of income.
2. A joint property with brother, sister or other relatives for which the amount is paid out of known sources of income.
3. Property held by someone in a fiduciary capacity; that is, transaction involving a trustee and a beneficiary.

### **What falls under benami transaction?**

Assets of any kind — movable, immovable, tangible, intangible, any right or interest, or legal documents. As such, even gold or financial securities could qualify to be benami.

### **How it affects the people?**

It is being done to curb on black money. People with unaccounted income will sure have a tough time ahead. As for the general public, it won't be much of an issue if their transactions are legal.

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