Institution **CIOT - CTA**
Course **Adv Tech IHT Trusts and Estates**

Event **NA**

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Exam ID [redacted]

Count(s)	Word(s)	Char(s)	Char(s) (WS)
Section 1	**883**	**3874**	**4720**
Section 2	**723**	**3336**	**4031**
Section 3	**1153**	**5282**	**6426**
Section 4	**940**	**4331**	**5210**
Section 5	**623**	**2934**	**3386**
Section 6	**766**	**3589**	**4220**
Total	**5088**	**23346**	**27993**

Answer-to-Question-_1_

Liability to inheritance tax is based on the situs of the UK assets and the Long term UK resident position individual.

An individual is Long term UK resident they have been resident in the UK for 10 out of the previous 20 tax years. If an individual is LTUKR then they are chargeable to UK IHT on their worldwide assets.

George has only been UK resident since 6th April 2028. Therefore he will only be LTUKR from the tax year 2028/29.

While NLTUKR George will only be chargeable to UK IHT on his UK assets. His foreign assets are excluded property and will remain excluded until he becomes LTUKR.

The trust that George created on the 1 December is an excluded property trust as the assets are all foreign situs. Therefore, although this is a discretionary trust and therefore should be liable to the releant property regime , no exit charges or principal charges will be due while George remains NLTUKR.

The trust therefore follows the LTUKR residency status of the settlor.

This trust is also not an excluded property trust.

The trust is however UK resident for tax purposes as the settlor is UK resident at the time of the trust creation and assuming the trustees are UK resident.

If George were to leave the UK on the 6th April 2027, he will not have been LTUKR and

therefore the trust will remain an excluded property trust and will not be liable to UK IHT while it only holds foreign assets.

If George leaves the UK on the 5th April 2028 he would be LTUKR at this point. The trust from that point will cease to be an excluded property trust.

LTUKR status is not broken as soon as the individual becomes non-resident. Instead there is an IHT tail that will need to be broken in order to broken before the trust falls outside of IHT scope again.

The IHT tail for George would be 3 years. Therefore the trust will have non-excluded property at the date of its first Principal charge.

The value of the principal charge will be adjusted for the number of quarters that the property was not relevant property to reduce the 10 year charge.

If there is accumulated income in the trust at date of exit charge not been distributed for 5 years or more this will increase the value of the trust at PC charge

However, when George becomes NLTUKR again the trust will then be an excluded property charge and the trustees will be liable to an exit charge based on the assets leaving the UK scope of IHT and becoming excluded property again. The value of the exit charge is the market value of the assets at the date of disposal.

Principal Charge	1 December 2030			
Current Value of the trust	1,000,000			

Less NRB	(325,000)			
	675,000			
IHT @ 20%	135,000			
ER 135,000/1,000,000 X 100	13.5%			
Quarters from creation to PC	40			
Quarters from creation to conversion	29			
AR: 13.5% X 30% X 40-29/40	1.114%			
PC 1,000,000 X 1.114%	11,140	Due 30th June 2031 iht100d		

When George becomes NLTUKR again on 5th April 2031 there will be an exit charge calculated as follows:

5th April 2031				
Value at PC	1,000,000			
Less NRB	(325,000)			
	675,000			
IHT @ 20%	135,000			
ER : 135,000/1,000,000 x 100	13.5%			
Quarters from PC to exit	1			
AR 13.5% X 30% X 1/40	0.101%			
Gross Up 0.101% x 100/99.899	0.1011%			
EC: 1,050,000 X	1,062	Due by the trustees 31		

0.1011%		October 2026 on IHT100C		

Disposal of UK property

When an individual becomes non-resident they are generally not liable to UK CGT on any disposals. However, there is an exception to this rule when there is a disposal of UK residential property or an interest in UK land.

Therefore when George becomes non-resident he will still be liable to UK CGT under the NRCG rules and he will need to report any disposal even if no gain within 60 days of completion.

As George has used the property as his main residence he will get PRR that will reduce the gain. If for the full ownership the property has been used as his main home the full gain would be exempt. However, if he retains the property and moves overseas he would only get PRR if he stays in the property for at least 60 days.

An advantage of keeping the residence is that as he is leaving his estate equally to his children he will benefit from the RNRB of £175,000 maximum as he is leaving his estate to his children.

The UK home will however remain in charge for IHT as a UK asset. And therefore on his death this will still be chargeable to UK IHT @ 40% after NRB and RNRB

2,000,000 - 325,000 - 175,000 = 1,500,000 @ 40% = 600,000

If George sells the property now while he has full PRR available he will have no CGT consequence as PRR will fully exempt the CGT. If he moves the CGT proceeds offshore then when he is NLTUKR he will have no UK assets.

Foreign assets in his estate will not be subject to IHT on death of a NLTUKR.

CGT will be charged at 24% if he is a higher rate tax payer with AEA of £3,000.

----------ANSWER-1-ABOVE----------

----------ANSWER-2-BELOW----------

Answer-to-Question-_2_

Part 1

Residency Status of the trust :

A trust residency positin is based on the residency status of the trustees unless there is a mixed residency trust in which case the residency status of the settlor at the date of creation will need to be taken into consideration

The trustees are all resident in Jersey, therefore the trust is non-resident for UK income tax and Capital Gains Tax.

When a trust is non-resident, the trustees will only be liable to UK income tax on UK source income.

For CGT, a non-resident trust is generally not liable to UK CGT on any disposals of the assets regardless of the location of the assets baring a few exceptions.

The exceptions to the above rule is if the trustees make a disposal of assets that fall within the NRCG rules. This will be any disposals of UK residential property, an interest in UK Land or property or the disposal of an asset used in a UK trade.

As the trust has no UK assets they will not be liable to UK CGT or Income tax as the trust is not generating UK source income.

The transfer of assets abroad anti-avoidance rules will apply to look to tax the UK resident settlor or beneficiary on income and gains arising in the non-resident trust.

The settlor of the trust is Balraj. He is currently UK resident. Balaraj Made a relevant transfer into the trust and trust income has now become payable to a person abroad. The trust is settlor interested as his wife can benefit from the trust.

Therefore s.720 will apply and it will look to place an income tax charge on Balraj as the income arises in the trust. Balraj as the right to recover any income tax payable from the person abroad.

Balraj is not in his first 4 years of residency and therefore will not be able to exempt the Income under the FIG regime as he is not a newly qualified resident.

The safe harbour election is not available as Balraj took advice to minimise his UK tax liability. Therefore he can't argue that avoidance of UK tax was not his prime reason.

For CGT, s.86 looks to place a CGT charge on the UK resident settlor if the trust is settlor interested. For CGT settlor interested is whether the settlor or his spouse, civil partner, children or grandchildren or step children can benefit from the trust.

However, prior to April 2025 the settlor had to be UK domiciled. Therefore any Gains arising prior to April 2025 would not have been liable to s.86.

The trust gains will have stayed in the trust and taxed under s.87. S.87 places a charge on the UK resident beneficiary on a capital distribution made to them.

The unmatched capital distirbution will be carried forward and taxed against future trust gains under s.87.

Any gains not matched in the year that they were made or the following year will be subjet to a supplmentary charge. The supplmentary charge is an addition to the CGT liability at 10% increasing to the max of 60%. But the charge only starts from the 2nd year so only starts at 20%.

If the settlor were to become non-resident then s.731 will apply and it will place a UK income tax charge on the UK beneficiary on income distributions matched with relevant income in the pool.
If relevant income is in the pool then any capital distributions will be matched with relevant income first before stockpile gains.

Balraj may have claimed the remittance basis on the income taxed on the arising basis which would mean the income would be in the relevant income pool for Daniel to be taxed on the distirbution however, there is no indication that Balraj claimed the remittance basis so I have assumed he payed the UK tax

Part

s.87 gains are matched on a LIFO basis.

S.87 Trust Gains				

2021/22	12,000			
2022/23	3,525			
2023/24	nil			
2024/25	8,500			
Capital Distribution				
Capital Distribution	60,000			
2024/25	(8,500)			
2023/24	nil			
2022/23	(3,525)			
2021/22	(12,000)			
Unmathed Gain	35,975			
CGT Liability				
Matched Capital Gains	24,025			
Less AEA	(3,000)			
Gain	21,025			
CGT @ 24%	5,046			
Add supplementary charge				
[redacted] 5,046 x 8,500/24,025 x 20%	357			
5,046 x 3,525/24,025 x 30%	222			
5,046 x 12,000/24,025 x 40%	1,008			
Total Liability	6,633	Due 31 Januay 2028		

----------ANSWER-2-ABOVE----------

----------ANSWER-3-BELOW----------

Answer-to-Question-_3_

Part 1 :

Brian has two options in regards to the trust that may be most suited for Hannah.

The first option is a disabled persons trust and the second option is for Hannah to self-settle into a disabled persons trust.

Option 1 : Disabled persons trust

The qualifying conditions for a disabled persons trust is:

The beneficiary needs to meet the definition of a vulnerable person. This would be met if either the beneficiary was a relevant minor (not applicable in this situation) or if the person meets the definition of a disabled person or mentally disabled under the Mental Health Act.

A disabled person is someone who is in receipt of means tested govenment benefits such as the attendance allowance or disability allowance. If Hannah is receipt of these due to her life limiting condition she would be classified as a disabled person.

Or if Hannah meets the definition of mentally disabled under the mental health act.

The IHT implication of settling funds into a disabled person trust is that the initial settlement is a PET and therefore will only be chargeable to IHT if Brian were to die within 7 years.

Disabled persons trust are usually discretionary in nature in order to not affect the means tested benefits which would happen with an IIP.

The trust is also treated as a qualifying interest in possession trust. Therefore, there will be no exit charges on the distributions from the trust and there will also be principal charges on the 10 year charge.

A special income tax election can be made to treat the trust income and gains arising as if they had arisen directly to the disapplied person themselves.

To obtain the special income tax and capital gains tax treatment the trustees and the legal guardian or person must make a vulnerable persons election on the 31 Janaury following the end of the tax year in which the beneficiary first met the vulnerable person condition and will cease when the beneficiary of the trust no longer meets the conditions as a vulnerable person.

The second election is for the special income tax and capital gains tax treatment . This is made year on year by the trustees on the date they file the tax return being the 31 Janaury following the end of the tax year. This is not available for CGT in the year of death.

The special income tax treatment allows the trustees to benefit from the beneficiaries personal allowance, dividends allowance and savings allowances and be taxed at the rates of tax that would have applied if the income had arisen to the beneficiary themselves.

Any distributions from the trust still carry a net 45% tax credit so a pool should be maintained to ensure that the right amount of tax has been paid.

For CGT gains are treated as if they had arisen to the beneficiary therefore the trustees will benefit from the lower rates of CGT and the full AEA.

Crucially for the Disabled persons trust to continue to qualify for favoured tax treatment the trust income and assets must not be distributed to any other persons who do not meet the disabled person definition - there is an exception to this rule being an annual limit of £3,000 or 3% of the value of the trust.

Therefore Grace would not be able to be a beneficiary of the trust and a second discretionary trust should be created to protect the DPT.

OPTION 2 - Self settlment

Hannah while she has her mental capcity could self settle her own assets into a disabled persons trust. This would be neither a PET nor CLT. As there are no assets leaving Hannah estate.

Hannah could appoint Brian as the trustee so that he could manage the trust assets as Hannah condition continues to worsen.

For self settlements the vulnerable persons election above will need to be made in order to benefit from the Special CGT treatment as stated above.

However, for self-settlement the Special Income tax treatment election does not apply.

The trust will be settlor interested and therefore the trust will be taxed under s.624. Hannah will be taxed on the income as it arises after the trustees have been taxed on the income under the discretionary tax rates. If Hannah gets a repayment due to overpaying tax then this will go back into the trust.

Crucially, Brian is not able to self settle for Hannah into this type of trust.

The limit of £3,000 or 3% of the trust asset value continue to apply to this type of trust as stated above. Therefore Grace would not be able to be a beneficiary.

Part 2:

For a disabled persons trust on Death the assets in the trust will form part of Hannah death estate. This is because the trust is a QIIP.

The treatment of the trust assets in Hannah estate on death is regardless of whether Brian settled the funds into the trust or if Hannah self settled. IHT will be payable if Hannah's estate is above the NRB and the trustees will be liable to pay the tax related to the settled property i.e the assets in the disabled persons trust.

The trust will usually be wound up at this point unless the trust were to continue for another vulnerable disabled person. However, a new vunerable person election would need to be made.

For income tax , the special tax treatment will continue to apply in the year of death for the trustees for the trust if Brian settled the funds into the trust. Therefore the trustees income would continue to be taxed on the tax rates attributable to Hannah if the income had arisen directly to her.

For the self-settlement trust this would not be the case as the election was not applicable. Therefore the trustees would continue to be taxed at the RAT rates until the trust is wound up.

The trustees will have a CGT deemed disposal of all the trust assets at the death. However, death is not a chargeable event for CGT purposes and therefore no CGT will be payable unless there was a heldover gain claim on the settlement of the assets into the trust in which case a gain will be chargeable up to the value of the heldover gain.

If the trust were to continue with a new beneficiary being added to the trust who is not a vulnerable person then the trust would convert to a discretionary trust under the relevant property regime and will be subject to EC and PC on distributions out of the trust and on the 10 yearly anniversary of the original settlement of the trust.

Special Income tax and CGT election will cease to have effect and the trustees will be taxed at the RAT rates and distributions to beneficiaries are deemed to be non-savings with a 45% tax credit.

----------ANSWER-3-ABOVE----------

----------ANSWER-4-BELOW----------

Answer-to-Question-_4_

Agricultural property relief is available on land and building used for agricultural purposes and for farm land and buildings that have been used by the farmer for 2 years or tenanted land used in a partnership for 7 years.

BPR is available when relevant property is gifted or in the death estate that has been held for 2 years and not restricted by assets that are not used in the business or for future use of the business. The company needs to be mainly trading i.e at least 50%.

Lifetime Gifting :

15th March 2020

	jOSH	Tom	Layla	
Gift	50,000	50,000	50,000	
Less APR @ 100% (n1)	(50,000)	(50,000)	(50,000)	
PET	NIL	nil	nil	
Additional Tax on death				
PET	NIL	NIL	NIL	
Add withdrawn APR/BPR (N2)	50,000	NIL	nil	
Less NRB	(650,000)			
Taxable	nil			

n1: Agricultural property relief is available on land used for the purpose of argriculture and building at the agricultural value of land/buildings.

Business property relief is available on the disposal of shares in a partnerhsip that is mainly trading.

As the partnership operates a farming business and holds only agricultural land, grain stor and barn used in the partnership APR and BPR on this transfer. APR is in priority at 100% of AV (50% does not apply as the land is not tenanted on a pre 1995 lease).

As MV is the same as the AV BPR is not needed

N2: In order for APR and BPR to be available on a failed PET to donee needs to continue to own the asset at death or have reinvested the asset into a replacement property within 3 years of sale of the asset. The full net proceeds will need to be reinvested. There must be a tangible connection

Therefore Josh will have the APR withdrawn as he withdrew from the partnership and did not reinvest to qualifying APR/BPR.

Layla also sold her partnership share however, she did reinvested the next proceeds into an unicorporated trading business. While this is not farming and therefore wouldnt qualiy for APR it is a qualifying business for BPR at 100%.

As the partnership shares originally qualified for both APR and BPR at 100% there will be no withdrawal of APR/BPR at death as she has reinvested in relevant business property that the original transfer did also qualify for.

23 April				
Gift	230,000			
Less BPR @ 100% (N3)	(230,000)			
PET	NIL			
No ADDITIONAL tAX ON DEATH				

N3: BPR is available at 100% as he is gifting shares in AM Contractinf Ltd which is an unquoted trading company which have been held for at least 3 years.

As Josh continues to own the shares at Alex's death BPR will not be withdrawn.

27th December 2024				
Gift	25,000			
Less Marriage Exemption	(5,000)			
PET	20,000			
Additional Tax on death				
PET	20,000			
Less NRB	(600,000)			
Taxable	nil			

Death Estate

Moore Farmin Partnership	1,050,000			
APR @ 100% OF AV (n4)	(1,050,000)	NIL		
40% Shareholding in AM Contracting Ltd	200,000			
Less BPR @ 100% (n10)	(200,000)	nil		
Barn Owned Personally (n5)	105,000	105,000		
River Farmhouse	230,000			
Less APR @ 100% (N6)	(185,000)	45,000		
Commercial Rental Units (N8)		600,000		

Cashh and Chattels		65,000		
Total Estate		815,000		
Less funeral expenses		(5,000)		
Less NRB (N7)	650,000 - 50,000 - 20,000	(580,000)		
Chargeable Estate		230,000		
IHT @ 40%		92,000	N9	

Note 7 : Alex will benefit from the transferrable NRB from Steph as her entire estate passed to Alex and therefore this would have been an exempt transfer.

Therefore on death Alex NRB is uplifted by 100% : 325,000 x 200% = 650,000

n5: The barn is owned personaly by Alex and let to the farm however, he does not have a controlling interest in the farm and therefore will not get BPR at 50%. No APR is available as it is not used for the purpose of argiculture

N6: The farmhouse was used by Alex to run the daily operations of the farm. As long as the farmhouse was of a character appropriate to the value of the farming land then APR will be allowed at 100% of the AV.

N8: Rental Units are not mainly trading and therefore will not benefit from any APR or BPR.

n10: BPR is availale at 100% as it is an unquoted trading company held for more 2 years

N9 : Due date for the IHT400 form is 12 months from the end of the month of death i.e 4th April 2027

The executors pay the IHT due within 6 months of death i.e 31 October 2026 or when the IHT return is submitted if earlier.

An application can be made to pay some of the tax due in instalments.

Tax due by instalment is payable in 10 equal instalments. Starting from the normal due

date and annually from there.

The instalment option is available for shares mainly in an unquoted trading company, land and buildings and business and partnership shares

Argicultural land (up to the AV) , shares in an unlisted trading company, business and partnership shares are not interest bearing. The rest is interest bearing. The excess above the agricultural value will be interest bearing.

Therefore the Moore Farming Partnership can have IHT due paid by instalments and not interest bearing.

The AM contracting Ltd shares are also able to benefit from the instalment option under s. 228.

The riverhouse will benefit from the instalment option up to the AV as non-interest bearing and then the value abovee that will be interest bearing on the outstanding amount.

The commercial rental will be interest bearing.

If the property or shares are sold while tax is outstanding the whole amount will be taxable immediately.

----------ANSWER-4-ABOVE----------

----------ANSWER-5-BELOW----------

Answer-to-Question-_5_

Part 1:

2023/24	Non-savings	Savings	Dividends	
Bank Interest		6,700		
Dividends (n1)			2,750	
Rental Profits	10,650			
Less Loan Interets (n2)	(1,750)			
Total	8,900	6,700	2,750	
Income Tax @ 20%/20%/8.75 % (n3)	1,780	1,340	241	
2024/25	Non-savings	Savings	Dividends	
Bank Interest		6,000		
Dividends			3,275	
Rental Income	9,800			
Total Income	9,800	6,000	3,275	
IT @ 20%/20%/8.75 %	1,960	1,200	287	
2025/26	Non-savings	Savings	Dividends	
Bank Interest		2,000		
Dividends			400	
Rental Income	1,835			
Total	1,835	2,000	400	
IT @ 20% /20%/8.75%	367	400	35	
Income tax summary				
2023/24	3,120	Due 31 Jan 2025		

First POA @ 50%	1,560	Due 31 Jan 2025		
Second POA @ 50%	1,560	Due 31 July 2025		
2024/25	3,447			
Less POA	(3,120)			
Due	327	Due 31 Jan 2026		
First POA	1,725	Due 31 Jan 2026		
Second POA	1,725	Due 31 July 2026		
2025/26				
Income Tax	802			
Less POA	(3,447)			
Tax repayment	(2,645)			

n1: The dividends from the ISA will maintain their exempt nature for 3 years after the deceased passing or when the admin period ends if earlier

n2: The loan interest on the loan for the IHT due will be an allowable deduction from the non-savings income for the first 12 months

n3: Executors pay Income tax at the basic rates of tax

Distributable Income	Non-savings	Savings	Dividends	
Gross Income 2023/24	8,900	6,700	2750	
Less Tax Paid	(1,780)	(1,340)	(241)	
Distributable Income	7,120	5,360	2,509	
Gross Income 2024/25	9,800	6,000	3,275	
Less Tax paid	(1,960)	(1,200)	(287)	

Distributable Income 2024/25	7,840	4,800	2,988	
Gross Income	1,835	2,000	400	
Less Tax paid	(367)	(400)	(35)	
Distributable Income 2025/26	1,468	1,600	365	
Total Distributable income				
2023/24	7,120	5,360	2,509	
2024/25	7,840	4,800	2,988	
2025/26	1,468	1,600	365	
tOTAL	16,428	11,760	5,862	
1/4RD TO EACH LEGATEE	4,107	2,940	1,466	
Max share end of AP (N4)	4,107	2,940	1,466	
Less income distribution 2023/24	(1,300)			
Total distribute to max at end of AP	2,807	2,940	1,466	

Max distribution in 2023/24 will reduce the income available to distribute to him at the end of the AP.

R185 - Max

2023/24	Net	Tax		
Non-savings	1,300	325		
2025/26	Net	Tax		
Non-savings	2,807	702		
Savings	2,940	735		
Dividends	1,466	141		

R185 for Dean, Evie and Jack

2025/26	Net	TAX		
Non-savings	4,107	1,027		
Savings	2,940	735		
Dividends	1,466	141		

Part 2:

The estate is a UK estate for both income tax and CGT as the executors and the deceased were UK resident

The executors will need to notify HMRC of their chargeability to tax by the 5th October in first year of charge.

The executors will get their own UTR number.

Income tax return is due on the 31 January following the end of the tax year if failed online and the 31 October if paper return submitted.

The executors were also liable to file Alison tax return from 6th April 2023 to her death on 23rd April 2023.

The executors do not meet the low income exemption (being £500) so all tax years will be liable to income tax.

The executors do not meet the informal reporting requirements either as their tax liability is more than £10,000 and the admin period lasted for more than 2 years.

Payments on account will be due for the following years tax liability with the SA return

on the 31 January and the second on the 31 July following the end of the tax year. The POA's are 50% of the previous years liability.

Executors will need to report the CGT within 60 days of completion as the disposal was of a residential property. Therefore it was due 1 April 2024.

Once the AP has ended for the executors than can apply for clearance from HMRC to discharge them of liability and to submit the tax return early instead of waiting for the normal filing date.

----------ANSWER-5-ABOVE----------

----------ANSWER-6-BELOW----------

Answer-to-Question-_6_

Part 1 : Death Estate and PMR

Post Mortem relief is available to the executors on the sale of the PLC shares and the properties.

Under s.179 PMR is available when there is a sale of unquoted shares within 12 months of death. The period is therefore from the 19th August 2022 - 19th August 2023.

Therefore the sale of the shares on the 20th August 2023 will not be available for relief.

It applies automatically to all sales in the period. Claim can only be made at the end of the 12 month period

All sales at a loss or profit in the 12 month period will be aggregated together and if an overall loss arises then this will be the allowable loss that will be able to be used to generate an IHT refund.

Any purchases up to to months after the last sale in the period will create a restriction on the allowable. However this is not applicable.

The rights issue does not cause a restriction and instead increases the probate value of the shares and the total shareholding to which we are comparing gross proceeds with.

	Probate	Gross Proceeds	Loss/(Profit)	
Dragon PLC (N1)	58,000	52,000	6,000	
Banana PLC	100,000	95,000	5,000	
Allowable Loss			11,000	
IHT Repayment	11,000 @ 40%	4,400		

N1: Rights Issue

Shares at death	4,000	50,000	
Add Rights Issue	2,000	8,000	
Total Shares	6,000	58,000	

The sale of land and building within 3 years from the date of death will also be able to benefit from post mortem relief. The period is therefoe 19th August 2022 - 19th August 2025

Sales in the 4th year at a loss will be able to be benefit from PMR as well but sales at a profit are ignored. The Townhouse was sold at a profit after the 3 year period and therefore is ignored.

Any purchases within the 3yr period ending with 4 months after the final sale will restrict the availability of the allowable loss.

Losses or profits at £1,000 or 5% of the probate value are ignored.

The claim is made by the executors and is irrevocable.

	Probate Value	Gross Proceeds	Loss/(Profit)	
Lodge	500,000	565,000	(65,000)	More than 1,000 and more than 5% of the probate value
Bungalow	310,000	275,000	35,000	More than 1,000 and more than 5% of the probate value

Allowable loss			nil	No claim should be made

Death Estate

Death estate Before PMR				
Total Estate	2,127,000			
Less NRB	(325,000)			
Taxable	1,802,000			
IHT @ 40%	720,800			
Death Estate after PMR				
Banana PLC Shares	95,000			
Citrus Plc	25,000			
Dragon PLC	52,000			
Townhouse	700,000			
Lodge	500,000			
Bungalow	310,000			
Cash	210,000			
Classic Cars	197,000			
Chattels	35,000			
Total Estate	2,116,000			
Less NRB	(325,000)			
Estate	1,791,000			
IHT @ 40%	716,400			

Part 2:

Assets thathave benefitted from a PMR claim will have the probate value reduced by the allowable loss that was calculated for each shares and properties.

CGT 2022/23	Dragon PLC			
Proceeds	52,000			
Less Cost of sales	(260)			
Less Probate value	(52,000)			
Less cost of obtaining probate (n1)	(250)			
Capital Loss to carry forward	(510)			
2023/24	Banana PLC	Citrius PLC		
Proceeds	95,000	12,000		
Less Cost of sales	(475)	(60)		
Less Probate Value	(95,000)	(25,000)		
Less Cost of obtaining Probate (n3)	(359)	(250)		
Capital loss	(834)	(13,310)		
2025/26	Lodge	Bungalow	Townhouse	
Proceeds	565,000	275,000	750,000	
Less Cost	(14,125)	(6,875)	(18,750)	
Less Probate value	(500,000)	(310,000)	(700,000)	
Less cost of obtaining probate (n4)	(1,890)	(1,172)	(2,647)	
Gain	48,985	(43,047)	28,603	

Total Chargeable Gain	77,588			
Less C/Y LOSS	(43,047)			
	34,541			
lESS aea	nil			
Less C/F losses	(14,654)			
Total	19,887			
CGT @ 24%	4,773	Due within 60 days of completion		

n1: SP 2/04 higher of :

Actual Cost : £250

8,000 x 52,000/2,116,000 = 197

N2: The AEA is available in full during the tax year of death and two following tax years

n3:

SP 2/04 higher of :

Actual Cost : £250

8,000 x 95,000/2,116,000 = 359

SP 2/04 higher of :

Actual Cost : £250

8,000 x 12,000/2,116,000= 45

n4:

SP 2/04 higher of : Lodge

Actual Cost : £2,625

8,000 x 500,000/2,116,000 = 1,890

SP 2/04 higher of : Bungalow

Actual Cost : £750

8,000 x 310,000/2,116,000 = 1,172

SP 2/04 higher of : Townhouse

Actual Cost : £2,000

8,000 x 700,000/2,116,000 = 2,647

Reporting requirements:

The sale of the shares are CGT payment and return are due with the SA return on the 31 Janauary following the end of the tax year.

The sale on the residential properties tax will be due 60 days after the completion of sale:

Lodge : 20th Octoer 2025
Bungalow : 30th November 2025
Townhouse : 1 December 2025