

**ASSESSMENT NARRATIVE FOR APS IHTTE  
MAY 2022 PAPER**

Structure

A simple pass or fail will be awarded.

Identification and Application

The following are the relevant topics for assessment with their weightings:

1	10%	Identify and calculate the CGT liability that will arise if the trustees sell the West Fields site.
2	15%	Identify that the appointment of West Fields to Peter will result in a CGT liability and the availability of holdover relief on the farm shop goodwill and assets.
3	10%	Identify that a transfer of West Fields into joint names with Saskia will allow her capital loss and annual exemption to be utilised. Calculation of the tax saving achieved.
4	35%	Identify the IHT and CGT implications of ending Peter's interest in possession with the trust continuing with Luke as life tenant. Calculation of lifetime IHT charge arising.
5	30%	Identify the IHT and CGT implications of ending Peter's interest in possession and Luke becoming absolutely entitled to the trust assets. Calculation of the CGT charge arising.

A grade of 0,1,2,3, or 4 is awarded to each topic. The weighting is applied to that grade to produce a weighted average grade. This is then converted to a final absolute grade by rounding up or down to the nearest grade. Thus, scores in the range 2.5 to 3.49 will be a grade 3.

Relevant Advice and Substantiated Recommendations

The following are the topics for assessment with their weightings:

1	30%	Advice and recommendations on whether the trustees should sell West Fields to the third-party purchaser or if the land and buildings should be appointed to Peter for onward sale. To include consideration of Saskia's capital losses carried forward.
2	20%	Advice on the IHT implications of the cessation of Peter's life interest including consideration of whether the remaining Yew Tree Farm assets will qualify for APR and BPR.
3	15%	Advice on the CGT implications of the cessation of Peter's life interest. To include consideration of whether holdover relief is available.
4	35%	Advice and recommendations on whether, from a tax point of view, the trust should continue with a life interest for Luke or if it should cease and Luke receive the farm assets absolutely.

The final grade will be determined for this skill in the same way as for Identification and Application