

ASSESSMENT NARRATIVE FOR MAY 2020 APS IHTTE PAPER



Chartered
Institute of
Taxation

Excellence in Taxation

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 that a direct gift of 25 shares in Lewis Timber Supplies Ltd to Laura will result in a CGT charge and a PET for IHT purpose for Jennifer. Calculate the gain and explain availability of holdover relief.
2	15%	Identify that a transfer of 25 shares to Laura from the trust will result in CGT for the trustees and is an exit for IHT purposes. Calculate the gain and explain holdover relief is available for CGT and 100% BPR for IHT.
3	20%	Identify that a transfer from the trust will half the trust's dividend income and the IHT instalments will have to be paid partly from the cash funds.
4	20%	Identify and calculate the IHT exit charge and CGT liability arising on transfer of 3 Oaklands Ave to Anthony in Dec 2022. Explain availability of CGT holdover relief and triggering of the remaining IHT instalments.
5	5%	Identify and calculate Anthony and Tiffany's CGT liability (no PPR relief available) in Dec 2022 if they sell the property themselves.
6	25%	Identify the CGT & IHT issues if the trustees sell the property themselves – CGT charge with no holdover relief and an IHT exit charge on transfer of cash to Anthony. Consideration of payment of IHT instalments and impact on the trust's cash fund.
7	5%	Identify and explain that a POAT charge will arise if Jennifer moves into Larch Cottage before 10 January 2021.

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	45%	Advice and recommendations on whether the 25 shares should be transferred to Laura via a direct gift from Jennifer or a transfer from the Lewis Family Settlement (including consideration of the trust cash fund).
2	45%	Advice and recommendations on whether the trust should sell the property and distribute cash to Anthony or whether they should transfer the property and allow Anthony (& Tiffany) to sell it themselves. To include consideration of the trust's cash fund.
3	10%	Advice and recommendations on Jennifer's proposed move to Larch Cottage in Summer 2020.

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