ASSESSMENT NARRATIVE - INHERITANCE TAX, TRUSTS & ESTATES

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 the taxation regime applying to the trust. Identify the basis upon which IHT charges and CGT charges will arise.
2	10%	Identify that the default position will result in significant ten-year charge.
3	5%	Identify that the potential distribution to Oliver results in CGT hold-over relief not being available.
4	5%	Identify that the trust income balance should be distributed before the trust terminates.
5	5%	Identify powers available to trustees to advance capital to beneficiaries prior to the trust termination date.
6	35%	Identify the IHT implications of the timings of the advancements, including consideration to the plans of the beneficiaries.
7	30%	Identify the CGT implications of the timings of the advancements, including consideration to the plans of the beneficiaries.

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:

10%	Advice on the options available to trustees regarding terminating the trust early.
10%	Advice on income distributions to both beneficiaries.
30%	Advice and recommendations on what action should be taken regarding the capital appointment to Susan taking into consideration Susan's objectives.
50%	Advice and recommendations on what action should be taken regarding the capital appointment to Oliver. This includes considering Oliver's capital loss history and objectives.

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