

CIOT - ATT-CTA

Paper: **CTA Awareness**

Part/Module: **Module B**

-----ANSWER-13-BELOW-----

Answer-to-Question-_13_

- 1) The £400,000 to her husband is exempt for IHT
- 2) The £150,000 to her daughter is a PET and is not chargeable to IHT providing Wendy lives 7 years
- 3) The £500,000 to a discretionary will be reduced by the annual exempt limit of £3,000 then reduced by her lifetime limit of £325,000 and then will be taxed at 20%
- 4) The gifts of £200 are exempt from IHT as small gifts in a year

-----ANSWER-13-ABOVE-----

 -----ANSWER-14-BELOW-----

Answer-to-Question-_14_

Esters estate	£4,200,000
residence relief passed to a descendant	£0 as exceeds £2M
Nil rate band	(£325,000)
Total	£3,875,000
IHT at 40%	£1,550,000
less QSR	£230,096
Total IHT due	£1,319,904
Quick succession relief for 2-3 years	
£515,217 X 60% X	(£1,500,000 / £2,015,217) = £230,096

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IHT from John's will attributable to Esther
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 £790,000 X £1,500,000 / £2,300,000 = £515,217
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-----ANSWER-14-ABOVE-----

 -----ANSWER-15-BELOW-----

Answer-to-Question-_15_

The inheritance tax due would be

tax paid at time of gift £650,000 - £325,000 x 20/80 =
 £81,250

As per IHTA S131 a fall in value claim can be made

	£650,000	
minus	£620,000	
fall	£30,000	
Tax due	£620,000	
minus nil rate band	£325,000	
Total	£295,000	
IHT at 40%	£118,000	
minus tax paid	(£81,250)	

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IHT due by trustees		£36,750			
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-----ANSWER-15-ABOVE-----

-----ANSWER-16-BELOW-----

Answer-to-Question-_16_

1) Kens shares would be valued as a percentage of the whole 100% as opposed to valuing his actual percentage which may or may not be a controlling interest and therefore the valuation could be a lot lower valuing his exact percentage

2) The valuation of the unit trust is the price quoted on the day of trading and is the lower of the bid and offer

The valuation of the shares is either a quarter up from the bid price or an average of the highest and lowest marked bargains on the relevant day - whichever ever gives the lowest valuation is the one that is used

-----ANSWER-16-ABOVE-----

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-----ANSWER-17-ABOVE-----

-----ANSWER-18-BELOW-----

Answer-to-Question-_18_

as Herbert did not use his nil rate band this can be transferred to Marge

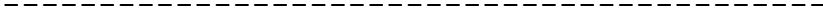
Estate	£1,500,000
Nil rate band X 2	(£650,000)
IHT	£850,000

as the gift to the charity of £250,000 is > 10% of the net estate IHT can be charged at 36%

£850,000 X 36% = £306,000 IHT due

-----ANSWER-18-ABOVE-----

Exam Mode **OPEN LAPTOP + NETWORK**



-----ANSWER-19-BELOW-----

Answer-to-Question-_19_

1) In 1972 Daniella would have a domicile of origin in Portugal because this is where her father was born

In 2021 Daniella would still have a domicile status of Portugal of choice as this is where she intended to return to, she would only gain a domicile of choice as UK if that is where she intended to stay and she could elect for that Domicile status otherwise she would have been deemed domicile of UK if she had been resident for 15 of the 20 years

2) The tax treatment of Dani Lda is that as she is not domiciled in the UK and therefore assets situated outside the UK are excluded property and therefore does not come under an inheritance tax charge, assets in the UK will be charged to inheritance tax

-----ANSWER-19-ABOVE-----

-----ANSWER-20-BELOW-----

Answer-to-Question-_20_

-----ANSWER-20-ABOVE-----

-----ANSWER-21-BELOW-----

Answer-to-Question- _21_

provide income for a child
it is protected

-----ANSWER-21-ABOVE-----

-----ANSWER-22-BELOW-----

Answer-to-Question-_22_

-----ANSWER-22-ABOVE-----

-----ANSWER-23-BELOW-----

Answer-to-Question-_23_

-----ANSWER-23-ABOVE-----

-----ANSWER-24-BELOW-----

Answer-to-Question-_24_

-----ANSWER-24-ABOVE-----
