The Chartered Institute of Taxation

Advanced Technical

Inheritance Tax, Trusts & Estates

May 2023

Suggested solutions

ANSWER 1

1) Discretionary Trust income tax computation

	Non-savings	Interest	Dividends
	£	£	£
Bank Interest		3,600	
Dividends			11,000
Rental income (£12,000-2,500)	9,500		
Accrued income		300	
Gross Trust Income	9,500	3,900	11,000
Less: Expenses 500 x 100/91.25			(548)
Income after expenses	9,500	3,900	10,452

Tax	£
1,000 x 20%	200
RAT 8,500 x 45%	3,825
3,900 x 45%	1,755
10,452 x 39.35%	4,112
548 x 8.75%	48
Tax payable by trustees	£9,940

Treasury stock is exempt from Capital Gains Tax

Raspberry Ltd	£
8 October sale	
Proceeds	35,000
Cost (£225,000 x 50/450)	(25,000)
Gain	10,000

Raspberry Ltd	£
14 January sale- 30 day matching	
Proceeds	40,000
Cost (£58,125 x 50/75) x 50	(38,750)
Gain	1,250

Trust export 5 February	UK commercial property	Raspberry Plc	Strawberry Plc
	£	£	£
Proceeds	450,000	384,000	70,000
Cost	(200,000)	(260,625)	(50,000)
Gain	250,000	123,375	20,000

Raspberry Ltd	
6 March 2023	£
Proceeds	37,500
Cost (£384,000 x 40/480)	(32,000)
Gain	5,500

Total Capital Gains	410,125
Less: AEA	(6,150)
Taxable gains	403,975
CGT @ 20%	80,795
Income tax	9,940
Total Income and Capital Gains tax due 31 January 2024	£90,735

A trust is resident in the UK for income and capital gains tax purposes if either:

-all the trustees are UK-resident or

-at least one trustee is UK resident and the settlor was UK resident or domiciled at the time the settlement was created.

Therefore the trust was UK resident until 5 February and at this point the trust became non-UK resident. The change of trustee to make the trust non-UK resident would have triggered an export or emigration charge. The trustees would have been deemed to have disposed of all assets at market value and immediately reacquired them.

Split year treatment is not available for trustees and therefore the trustees are subject to income and capital gains tax for all income received and disposals made during the tax year.

It is possible to make an election to defer the gain on the commercial property until sale however on eventual sale the entire gain would be taxable i.e. the property cannot be rebased to its April 2019 value.

2)

	£
Initial value of relevant property	900,000
Nil rate band	(325,000)
	575,000
Notional IHT £575,000 x 20%	115,000
Effective rate £115,000/£900,000	12.778%
Actual rate 12.778% x 30% x 31/40	2.971%
Exit charge on Tilly's distribution £75,000 x 2.971%	£2,228
Tax due 31 July 2023	

MARKING GUIDE

TOPIC	MARKS
Part 1)	
Allocation of standard rate band	0.5
Tax rates	0.5
Expenses gross up	1.0
Deduct exps prop income	0.5
Calc	0.5
Tax all income not just pre Feb	0.5
CGT treasury stock exempt	0.5
Raspberry CGT calcs x 3 (normal, 30 day matching and then one after export)	3.0
AE	0.5
Trust residence rules and conclude trust no longer resident	1.0
Trust export charge triggered Feb 2023, deemed disposal market value	1.0
Possible to elect to exclude UK property from calc- then taxable on whole gain on sale	1.0
No split year treatment available for a trust	1.0
Tax due on export 3 CGT calcs (or 2 plus one election to defer)	3.0
Tax due date	0.5
	15
Part 2)	
Initial value of trust	1.0
Less AE	0.5
Notional tax	0.5
Effective rate	1.0
Quarters	1.0
Tax due	1.0
	5
TOTAL	**20**

ANSWER 2

A distribution received by a UK resident and domiciled individual such as Veronica is subject to UK tax to the extent that there is accumulated income or there are undistributed gains (stockpiled gains) in the trust.

The UK anti-avoidance rules state that where a trust is set up with a UK tax avoidance motive a distribution to a UK resident beneficiary would first be matched with any undistributed accumulated income in the trust and taxed to income tax on the beneficiary. This is likely to be the case for this trust as UK tax advice was sought before the trust was set up.

Once the accumulated income in the trust has been exhausted then the remaining distribution is matched with realised gains in the stockpiled gains pool. Any distribution matched to the stockpiled gains pool is subject to Capital Gains Tax (CGT) on the beneficiary. The distribution is matched to gains on a last in first out basis. Once a capital gain has remained in the trust for more than one year there is a supplementary charge imposed which will increase the effective CGT rate for the beneficiary on the distribution by 10% of the standard CGT rate (up to a maximum of six years thus 60%) for each year the capital gain has remained in the trust. For example if the distribution is matched to capital gains realised three tax years before the distribution the effective CGT rate would be 13% ((10% x (3 x10%) + 10%) or 26% (20% x (3 x 10%) +20%)) depending upon whether the individual is a higher or basic rate taxpayer.

It is not possible to match capital distributions made to non-residents to the pool of accumulated income as this has not been segregated and therefore Veronica would be taxed on this income. Similarly distributions to non-UK resident beneficiaries will not reduce the stockpiled gains pool.

£10,266 (£120,000 – (£8,500 + £ 101,234)) of the distribution remains unmatched and will be carried forward to match against future Trust income or gains.

Veronica's income prior to distribution £40,000
Basic rate band remaining £10,270 (50,270 - £40,000)

	£	£
Distribution matched to income	8,500	
Total Income Tax £8,500 x 20%		**1,700**
Distribution matched to capital gains	101,234	
Less annual exemption	(12,300)	
	88,934	
Tax at 10% x £1,770	177	
Tax at 20% x £87,164	17,432	
Total CGT charge		**17,609**

Gains in 2019-20 matched to losses carried forward.
Personal losses cannot be used.

	£		
Matched to 2020/21 gains 30% charge	21,364		
Matched to 2019/20 gains 40% charge	12,200		
Matched to 2017/18 gains 60% charge	11,213		
Supplementary charge			
£(21,364/101,234 x 17,609)	3,716 x 30% =	1,114	
£(12,200/101,234 x 17,609)	2,122 x 40% =	848	
£(11,213/101,234 x 17,609)	1,950 x 60% =	1,170	
			3,132

Summary	£
Income Tax charge	1,700
Total CGT due	17,609
Total CGT supplementary charge	3,132
Total tax due 31 January 2024	**£22,441**

MARKING GUIDE

TOPIC	MARKS
Calculations	
Income tax calculation	1
CGT calculation	1
2019/20 offset losses S2(2) pool	0.5
Cannot use personal CGT losses	0.5
Correct supplementary charge rates used	1
Apportionment of annual exemption to gain	1.5
Calculation of supplementary charge	2
Total tax due & date	1
Explanations re matching	
S731 motive defence unlikely to apply	0.5
Match distribution to income	1
Match remainder to capital gains	1
Explanation re matching	1
Explanation re supplementary charge	1
Remainder of distribution carried forward and matched in future	1
Explanation no matching of capital distribution Mateo	1
TOTAL	**15**

ANSWER 3

1)Tax on Initial gift	£
Gift to Trust	2,450,000
Less BPR*	(1,700,000)
Less AEA's x 2	(6,000)
CLT	744,000
Less: nil rate band	(325,000)
Taxable	419,000
IHT x 20/80	104,750
Gross transfer £(744,000 + 104,750)	£848,750

*100% BPR on Candle Ltd shares, 50% BPR on the office.

Tax on death	£
CLT	848,750
Add BPR withdrawn	1,700,000
	2,548,750
Less NRB	(325,000)
	2,223,750
IHT @ 40%	889,500
Less Taper Relief (4-5 years- 40%)	(355,800)
	533,700
Less lifetime tax paid	(104,750)
Extra tax due from trustees	
	£428,950

Tax due 31 October 2023

As Hitesh did not survive seven years from the date of the gift and the shares are no longer held at Hitesh's death BPR is withdrawn.

The transfer of the office to the trust qualified for business property relief at 50% however at Hitesh's death the office must be relevant business property in the hands of the trustees. The retention of the office will not be enough on its own to preserve the BPR therefore in this instance this would be withdrawn.

2)

As the IHT is largely attributable to the withdrawal of BPR the trustees should consider actions which would allow BPR to be claimed.

In order for BPR to be available on death the donee must either:

- Retain the property until the death of the donor or
- Sell the original property and replace it with other business property within three years.

As the Candle Ltd shares were sold in 2022, being within the last three years, the trustees could consider purchasing replacement property.

In order to qualify the trustees must reinvest all the net proceeds of sale in replacement property. In this case the net proceeds of the Candle Ltd shares would be as follows:

	£
Proceeds	1,800,000
Cost of sale	(150,000)
Cost	(1,500,000)
	1,500,000
Less Annual exemption	(6,150)
Gain	143,850
Tax @ 20%	£28,770
Proceeds to reinvest (£1,800,000-(£150,000+£28,770))	£1,621,230

The provisions are all or nothing. Therefore, the entire amount of £1,621,230 must be reinvested in order to obtain the relief. The new investment must qualify for BPR but can be a different type of investment or company. There must be a tangible connection between the sale proceeds and the replacement property. The trustees should therefore use the proceeds of sale to purchase the new BPR property. If the new investment is in BPR qualifying property the tax on the death estate would be as follows:

	£
Gross chargeable transfer	848,750
Add BPR withdrawn on the office	200,000
	1,048,750
Less NRB	(325,000)
	723,750
IHT @ 40%	289,500
Less Taper Relief (4-5 years)@ 40%	(115,800)
	173,700
Less lifetime tax paid	(104,750)
Extra tax due from trustees	£68,950

The reinvestment would therefore save IHT of £360,000.

MARKING GUIDE

TOPIC	MARKS
Part 1)	
Calculation of tax on original CLT:	
Total gift, less BPR,	0.5
Calculate IHT	0.5
Gross up	1.0
Tax on death estate:	
Revisit CLT, withdraw relief BPR	1.0
Tax on death	1.5
Less lifetime tax	0.5
Apply taper	0.5.
Tax due date	0.5
Explanation re withdrawal of relief re office & shares	2.0
	8
Part 2)	
BPR shares sold within last 3 years so still an opportunity to reinvest in BPR assets	1
Must reinvest the whole net proceeds of sale	1
Calculate the amount which must be reinvested	1
Need to replace with other property which qualifies for BPR but can be a different type of asset	1
There must be a tangible connection between the sale and reinvestment	1
Calculate the IHT saving	2
	7
TOTAL	**15**

ANSWER 4

	Notes	Free Estate £	Settled House (Jeanie) £	Settled Family Trust £
Freehold property	1	570,000	570,000	
Investments				
Quoted UK	2			
Pineapple Crush plc		30,600		
Peach Melba plc		49,800		
Fruit Salad Unit Trust		5,215		
Unquoted UK	3			
Jerram Ltd		274,286		685,714
BPR 100%		(274,286)		(685,714)
Commercial property				500,000
BPR 50%				(250,000)
Bank accounts		43,987		
Premium Bonds		50,000		
Chattels				
Personal and Household		25,000		
Motor Vehicles		15,000		
War medals (Excluded property)	4	-		
Liabilities		(10,013)		
TOTAL		£779,589	£570,000	£250,000
Charity donation	5	(57,912)	(42,343)	(18,572)
		721,677	527,657	231,428
Nil Rate Band and Transferrable	6	(200,466)	(146,571)	(64,286)
Charity donation added back		57,912	42,343	18,572
Charity donation		(118,827)		
Chargeable Estate		£460,296	£423,429	£185,714
Inheritance Tax @ 36%		£165,707	£152,434	£66,857

Payable by: 31 August 2023

NOTES

1. Property jointly owned but Jeanie is ultimate beneficiary of the 50% share inherited from her father. 5% discount for multiple ownership.

2. Quoted Investments valuation

	Nominal	Quarter up	Value
Pineapple Crush plc	15,000	204p	£30,600
Peach Melba plc	30,000	166p	£49,800
		Lower price	
Fruit Salad Unit Trust	5,321.94	98p	£5,215

3. Unquoted investments

Total holding 70% (20% plus 50%). Value of 70% £960,000

Free Estate 20/70 x £960,000 = £274,286

Family Trust 50/70 x £960,000 = £685,714

Maria has a qualifying life interest in the shares held by the trust therefore the trust property forms part of her estate. The total holding of 70 shares is valued as one asset for IHT purposes and prorated across the estate components.

As the company is an unquoted trading company, and the shares have been held for more than two years, 100% business property relief is available for both Maria's executors and the trustees.

The commercial property is used by the trading company, in which Maria has a controlling beneficial interest, but owned by the Trust, therefore 50% BPR is available.

4. Medals

A decoration or award for valour or gallant conduct (provided that the asset has never been the subject of a transfer in return for consideration) is excluded property. The exemption includes medals awarded by the British Crown or by another country to Armed Forces or emergency services personnel and to other individuals in recognition of their achievements in public life. Military medals are therefore exempt from IHT. s. 6(1BA) IHTA 1984.

5. Charity 10% Baseline

Total Estate	**£**
Free	779,589
Trust - property	570,000
Family Trust	250,000
	1,599,589
Less NRB	(411,323)
	1,188,266
10% - Charity gift	£118,827

Merger election

The election has to be made by all the “appropriate persons”. “Appropriate persons” are the Executors, in respect of the general component and the co-owner in respect of the survivorship component. In the example above, the election would be made jointly by the Executors and Jeanie. Under para 7(6) Sch 1A IHTA 1984, where settled property is included within an election, the “appropriate person” is the trustees. The election must be made in writing within two years of the death (para 9 Sch 1A IHTA 1984).

6. Nil Rate Band

Peter		**£**	**£**
NRB			300,000
Gift to daughter Jeanie	14 November 2006	100,000	
Annual exemptions	2005/06 & 2006/07	(6,000)	(94,000)
Used at date of death	Property (QIIP Spouse exemption)		nil
	Balance of estate		(100,000)
Unused NRB (%)		35.33%	106,000
Transferrable NRB	35.33% x £325,000		£114,823

Settled component covered by BPR

Maria		**£**	**£**
NRB			325,000
Gift to granddaughter	27 April 2018	20,000	
Annual exemptions	2018/2019 & 2017/2018	(6,000)	
Marriage exemption		(2,500)	(11,500)
Gift to grandson	30 April 2019	20,000	
Annual exemption	2019/2020	(3,000)	(17,000)
Available NRB			£296,500
		TOTAL	**£411,323**

Gift to Jeanie not included as made more than seven years before death.

7. Residential Nil Rate Band

	Total estate	**Add back BPR**	**Total**
	£	**£**	**£**
Free	779,589	274,286	1,053,875
Trust - property	570,000		570,000
Family Trust	250,000	935,714	1,185,714
	£1,599,589		£2,809,589

Total estate exceeds threshold and tapering (£2.7 million) so no RNRB or TRNRB available.

MARKING GUIDE

TOPIC	**MARKS**
Freehold property – discounted by 5%.	1.0
Quoted investments. Quarter up.	0.5
Unit trust Lower price	0.5
Unquoted investment – Aggregated value prorated. Explanation	2.0
QIIP - TSI	0.5
Shares and property qualify for BPR, Rates	2.0
WW1 Medals – excluded property. Explanation	1.0
Charity 10% baseline calculation, includes NRB	1.0
Availability of merger election - explanation	1.0
Peter NRB calculation. %age unused. Spouse exemption	1.5
NRB calculation. Annual & marriage exemptions.	2.0
Estate value for RNRB threshold	1.5
Deduction of charitable gift	1.0
Allocation of NRB	1.0
Chargeable Estate between components	1.5
IHT @ 36%	1.5
Due date	0.5
TOTAL	**20.0**

ANSWER 5

1. Intestacy & Domicile

Lisa died intestate, with a surviving spouse and no children. The estate therefore passes to Shemar as her surviving spouse.

However, Shemar is non-UK domiciled, and so the estate is not covered in full by the spouse exemption.

The estate will have the benefit of Lisa's nil rate band plus the restricted spouse exemption of £325,000 available for a non-domiciled spouse. The restricted spouse exemption will be reduced by lifetime gifts being the cash gift of £250,000 and £75,000 of the gift of the villa. The balance of £125,000 (net of the annual exemption) was a PET. As this was less than seven years ago the PET has failed and is deducted from the NRB in priority to the estate. Annual exemptions will be available to offset against the PET.

The spouse exemption is a lifetime allowance. Even though the gift of cash in 2014 was more than seven years ago it is still included in the calculation.

The residence nil rate band is not available as the estate exceeds the £2.35 million threshold.

		£	£
UK Estate			4,500,000
Foreign Estate			275,000
			4,775,000
Restricted Spouse exemption		325,000	
Less used	15 November 2014	(250,000)	
	16 December 2019	(75,000)	-
Nil Rate Band		325,000	
PET	16 December 2019 (£125,000 - £6,000 AE)	(119,000)	(206,000)
			£4,569,000
IHT @ 40%			1,827,600
Double taxation relief	£275,000 x 38.27%		(105,242)
			£1,722,358

Relief for the tax suffered on the Italian property is given at the lower of the IHT due on the asset at the estate rate or the actual tax paid. In this case the estate rate of 38.27% (£1,827,600/4,775,000 x 100) produces a lower figure and so the foreign tax credit is restricted.

The amount of the estate available to pass to Shemar on Lisa's death will be net of the IHT liability and foreign tax suffered. This amount will then form part of his estate on his death.

2. Options

One option that is available when the estate is intestate is to consider a Deed of Variation. However, this would not achieve the objective of mitigating the Inheritance Tax liability on the estate. With no further reliefs available and the restriction on the spouse exemption, the liability would remain the same, unless a large proportion is gifted to charity.

The most beneficial option available would be for Shemar to consider making an election under s.267ZA IHTA 1984, to be treated for IHT purposes as UK domiciled.

The election must be made in writing to HMRC by Shemar within two years of the date of Lisa's death. The election is irrevocable. The electing spouse can choose the date that it applies from, up to seven years before the date of the election, or date of marriage if later.

The result of making the election is that the full spouse exemption would be available on Lisa's estate, and, if the election is backdated, the 2019 PET is also covered so that the full NRB is available for transfer on Shemar's death.

However, the result of the UK domicile election is that Shemar's worldwide assets will be liable to UK IHT on his death.

If Shemar becomes non-UK tax resident for four successive years the election ceases, and he will revert to having non-UK domiciled status at the start of the fifth tax year. In this scenario, on his death, only UK assets will be liable to IHT provided he has not obtained a UK domicile of choice or is not deemed UK domiciled at this point.

The decision whether to make the election or not depends on Shemar's future plans and the current state of his health, as well as the balance between the amount of the UK estate versus the non-UK estate. If Shemar is planning to remain UK resident and the combined UK estate exceeds the non-UK estate, as is currently the case, the election is usually beneficial.

It is necessary to calculate the estate transferred to Shemar both with and without the full spouse exemption applied and in the latter case calculate the IHT on the combined estate UK and Non-UK.

	£
Net estate to pass on intestacy	4,775,000
Less IHT	(1,722,358)
Less Foreign tax paid	(107,500)
	£2,945,142

Whilst the Inheritance Tax would be payable six months after the date of death the administrators and Shemar do have two years to make the decision and therefore can consider the options available.

MARKING GUIDE

TOPIC	MARKS
Part 1)	
Intestate estate. Whole estate to spouse. No children.	0.5
Spouse Non Dom – Limited spouse exemption	0.5
Lifetime gift – Use of exemption. Lifetime allowance.	1.5
IHT calculated after available NRB and Spouse exemption (no RNRB)	1.5
Double taxation relief offset. Lower of average estate rate or actual	1.0
Calculation	2.0
	7.0
Part 2)	
Deed of variation – what would it achieve	1.0
Election to be treated as UK domiciled.	0.5
Must be in writing with two years	0.5
Irrevocable	0.5
Spouse exemption now available to cover entire estate	0.5
Choice of date up to seven years before DoD	0.5
Gift now covered by exemption	0.5
Full value of NRB available to transfer to Shemar's estate	0.5
Worldwide assets subject to UK IHT	0.5
Election ceases if leaves UK 4 successive years. Revert to non-dom	0.5
Need to calculate IHT on combined estates to compare	0.5
Comparison of estates passing net of IHT	1.0
If UK estate exceeds non-UK usually beneficial	0.5
UK IHT due 6 months. Two years to decide	0.5
Sub-total	**8.0**
TOTAL	**15.0**

ANSWER 6

The trust was created before 22 March 2006. No amendments were made to the trust terms to take advantage of transitional rules re 18 -25 trusts; therefore the trust is subject to the rules for relevant property trusts. The beneficiaries will reach age 25 as follows:

Adriana	16 April 2003
Sam	21 October 2007
Jamie	6 May 2009
Lou	30 November 2014
Xavier	18 January 2026
Celina	18 January 2026

Trust valuation at 7 January 2023 is as follows:

Asset	**£**
Portfolio UK Equities	3,458,000
Interest bearing securities	296,354
Industrial Units (Nine)	960,000
AIM portfolio	500,000
	5,214,354
Capital Gains Tax liability	(13,900)
TOTAL	£5,200,454

Relevant property (RP)

The trust contains a mixture of relevant property and non-relevant property as there is a qualifying interest in possession (QIIP) over part of the trust.

Adriana was aged 25 before 22 March 2006 and holds a QIIP in a share of the trust assets. Her share of the assets has never been RP.

Sam reached 25 during the transitional period between 22 March 2006 and 5 April 2008. However, this is not a transitional serial interest, as the criteria has not been met. Even though there is an IIP, it is not a QIIP and therefore Sam's share of the assets is RP.

Jamie and Lou reached 25 after 5 April 2008. Share of assets - RP.

Xavier & Celina have not yet reached 25. Share of assets - RP.

At 7 January 2023, 5/6th of the trust assets are RP and 1/6th (Adriana's share) is not.

Relevant property (5/6 of trust value)	4,333,712
Add back income > five years	
(Income < five years (2018-2023)	
£134,000 + (1/4 x £30,000) = £141,500) (164.000 – 141,500) (Note)	22,500
	£4,356,212

Note:

Income accumulated greater than five years old is treated as capital for the purposes of the ten-year anniversary calculation. The IIP part of the fund cannot include any of this income.

Distributions

There were capital distributions made in the ten years prior to 7 January 2023.

Adriana's 1/6 share is a QIIP not RP. There was no exit charge arising on the distributions made to her and these are disregarded from the calculation.

The distributions made to the three beneficiaries on 31 January 2013 were made within the first quarter following a ten-year anniversary and so were not liable to an IHT exit charge. As a result, under s66(5)b IHTA 1984 these are disregarded from the calculation.

The distribution made to Sam on 21 October 2022 was subject to an exit charge. As the trustees paid the IHT, the distribution is grossed up to calculate the amount due. The gross amount is included in the ten-year anniversary calculation.

The asset was RP until the date of distribution (39 complete quarters).

The rate used is the rate from the previous ten-year anniversary adjusted for the number of quarters.

Actual rate = 4.6% x 39/40 = 4.485%

Grossing up calculation

£150,000 x 100/95.515 = £157,043

IHT £7,043

Industrial Units

For CGT purposes, s260 TCGA 1992 may apply to hold over the gain where a capital distribution of a chargeable asset is subject to an IHT charge.

The appointment to Adriana is not subject to IHT, as such hold over relief may not be claimed. At 7 January 2023, the CGT is a creditor payable on 31 January 2024.

The appointments to Sam and Jamie are both subject to exit charges, therefore the gains arising can be heldover under s260 TCGA 1992. A claim would be required signed by both the trustees and the relevant beneficiary.

Units		3	7	8
		£	£	£
Appointment		106,200	95,000	95,000
	Legal	(550)	(550)	(550)
		105,650	94,450	94,450
Cost	£360,000/12	(30,000)	(30,000)	(30,000)
Gain		75,650	64,450	64,450
S260 TCGA 1992			(64,450)	(64,450)
AE		(6,150)	-	-
Chargeable gain		£69,500		
Tax @ 20%		£13,900		

Grossing up (Sam and Jamie)

£95,000 x 100/95.515 = £99,461

IHT £4,461 each

Total distributions for inclusion in the calculation

(£99,461 x 2) + £157,043 = £355,965.

Ten-year anniversary calculation 7 January 2023

			£
Relevant Property	Per calculation above		4,356,212
Less: BPR on AIM portfolio	£500,000 x 5/6		(416,667)
			3,939,545
NRB		325,000	
Less: Settlor's chargeable transfers		-	
Less Distributions	as above	(355,965)	
	Restricted to zero		-
			3,939,545
Notional tax	@ 20%		£787,909
Effective Rate	£787,909 / £3,939,545		20.000%
Actual Rate	20.000% x 30% x40/40		6.000%
Principal charge	£3,931,211 x 6.000%		£236,373

Due for payment by the trustees 31 July 2023.

MARKING GUIDE

TOPIC	MARKS
No 18-25 election. RP trust.	0.5
Beneficiaries - ages and date became entitled	0.5
Trust valuation less undistributed income, cgt liability.	1.0
Adriana – Pre 2006 IIP – Not RP	0.5
Sam – Transitional period but not TSI. RP	0.5
Jamie & Lou - RP	0.5
Xavier & Celina - RP	0.5
Distribution to Adriana not RP – no exit	1.0
Distributions in 1st Qtr – no IHT due, Disregarded from calc	1.0
Distribution to Sam RP, Gross up calculation	1.0
Relevant property calculation. Capital income >5 yrs	1.0
Appointment of Industrial Units, eligibility for s260, grossing up	1.5
Capital gains tax computation, s260 holdover, cgt charge	1.5
10 Year calculation – Assets less BPR (5/6)	1.0
NRB & distributions, restricted to zero	1.0
Tax calculations	1.0
Principal charge	0.5
Due date	0.5
TOTAL	**15.0**