

ASSESSMENT BASIS FOR MAY 2025 APS IHTTE 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%	Ryan Family Discretionary Settlement - identify that an IHT exit charge will arise on the appointment of shares or cash to Alice and will be based on the IHT rate applicable on 17/09/2019. Calculate the tax rate was 0%, so no IHT payable on appointment of cash or shares.
2	25%	Calculate the CGT arising on the appointment of shares to Alice vs the CGT arising on a sale of the shares by the trustees. Recognise no holdover relief is available on the appointment of shares to Alice, and that she will not pay any CGT on a personal sale of shares as she is non-resident.
3	25%	Margarat Ryan A&M Trust - identify and calculate the IHT exit charge arising when each grandchild is 25 years old using the 18-25 rules. Recognise 100% APR will be available on Buttercup Field when Polly is 25.
4	15%	Recognise the rule in Crowe v Appleby applies, so no CGT charge will arise when Isabella and Matthew are 25. Calculate the CGT arising on 18/01/2026.
5	15%	Identify whether or not holdover relief is available in respect of each beneficiary's share of the gain on 18/01/2026.
6	10%	Identify that holdover relief will be available to all beneficiaries if the trustees use their power to apply Polly's interest in the trust to her at the same time as Isabella and Matthew become entitled.

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. 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	5%	Advice and recommendations to the trustees of the Ryan Family Discretionary Settlement on the IHT implications of appointing the cash or shares to Alice.
1	25%	Advice and recommendations to the trustees of the Ryan Family Discretionary Settlement on the CGT implications of appointing the shares to Alice including consideration of holdover relief and her personal CGT position on the sale due to her non-resident status.
2	35%	Advice to trustees of the Margaret Ryan A&M Trust on the interaction of IHT exit charges and CGT holdover relief when each beneficiary becomes entitled to the trust assets.
3	35%	Recommendation to the trustees on using their power to apply the trust capital to Polly before she is 25 and at the same time Isabella and Matthew become entitled and the impact of this on the availability of CGT holdover relief and the net cash benefit to each beneficiary.

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