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| **Leicester De Montfort Law School**  **Legal Practice Course**  **Taxation**  **Pre-Session Quiz Questions: Inheritance Tax** |

**Prepare answers to the following quiz questions. Check your answers against the answers available online before attempting the questions in the session materials.**

(a) What is the current nil rate band threshold?

(b) At what rate is IHT payable?

(c) Brian owns 400 shares in an unlisted company, Tuna Canning Limited (40% of the share capital). His wife owns 300 shares in that company. A single share is worth £5. On Brian’s death, how will the value of his shareholding be calculated for IHT purposes?

(d) Charles sells an antique table to David for £2,000. He finds out 2 months later that it was made by Chippendale and was actually worth 10 times that amount. Is there any liability to IHT on that sale?

(e) In January 2021 Graham transfers £4,000 cash into a discretionary trust.

In January 2022 he transfers £5,000 cash into the same trust.

He had not made any transfers in the tax year prior to creating the discretionary trust.

Is either of these transfers (or any part of them) liable to IHT?

(f) Frances runs her own business: she owns a factory and the machinery in it. She transfers both into a discretionary trust, having made no transfers in the previous 7 years. What further information do you need before you can decide whether business property relief is available?

(g) Esther has owned 30% of the shares in Felix Cat Foods PLC (a listed trading company) and 30% of the shares in Greedy Dogs Limited (an unlisted trading company) for 10 years. Would either of these shareholdings qualify for business property relief?

(h) In July 2022 Andrew transfers £340,000 in cash to the trustees of a discretionary trust. He has made no other transfers within the previous 7 years. How much IHT is payable?

(i) William died on 3 May 1996, leaving an estate worth £320,000. He left legacies of £75,000 to each of his two children, remainder to his wife, Jean. (The nil rate band when he died was £200,000. He had not made any transfers in the 7 years before his death)

Jean dies on 4 June 2022, leaving her estate (which does not include a qualifying residential interest) of £450,000 to be divided equally between her two children. (She had not made any transfers in the 7 years before her death)

Is any IHT payable on Jean’s death?

(j) In what circumstances does the residence nil rate band apply?

(k) Kate dies on the 1st June 2022 (she is survived by her husband). She leaves her entire estate to her three children in equal shares. Kate’s estate is worth £750,000 and includes her house worth £250,000 and owned in her sole name. She had not made any transfers in the 7 years before her death. Calculate the IHT payable on Kate’s death.