

Course Book

01/2019

Chapter 3 Activity 5 (answer)

Part c – the correct answer is £6,125, as demonstrated in the workings

Question Bank

01/2019

Task 2.1

Part a – please disregard part a – the answer is technically correct but examines the savings income starting rate which is not on your syllabus. Part b is examinable.

Task 2.2 (answer)

Part c – the correct answer is £3,175, as demonstrated in the workings

Task 2.7

Please disregard this question as it tests the starting rate band which has been removed from the syllabus at short notice.

BPP PA2 Task 13

In part b please change Georgia's investments to £72,000.

In the solution to part b please change to:

Death estate:

	£
Property	674,000
Less repayment mortgage	(160,000)
	514,000
Motor cars	172,000
Investments	72,000
Bank loan	(22,400)
Nephew's legal fees *	(0)
Funeral expenses	(5,500)
	730,100
Tax:	
Residence nil rate band: £250,000** × 0%	0
Nil band: £458,500*** × 0%	0
£21,600 × 40%	8,640
Total IHT due	8,640

* The promise to pay the nephew's legal fees is not deductible as it is purely gratuitous (not made for valuable consideration).

** Residence nil rate band of £125,000 (death in 2018/19) is available as home left to direct descendant. Husband's deemed unused RNRB of 100% (as he died prior to 2017/18) can also be claimed.

*** Georgia's nil band: £(325,000 – 94,000 PET less 2xAEs) 231,000

Unused nil band of husband: £(325,000 × 70%) 227,500