ATT May 2026

Paper 5: Inheritance Tax, Trusts & Estates

Examiners' report

General comments

Considering the issues we are aware that some candidate experienced when sitting the exams, we were pleasantly surprised at the quality of the scripts and answers received.

Question 1

Part 1

A generally well answered question with almost all candidates identifying the correct reliefs to focus on. Although many did not pick up on the nuances of dates, most gained plenty of the available marks by focussing on the basic conditions and applying these to the scenario.

Part 2

Follow through marks were awarded where the analysis in part one was incorrect which meant that most candidates did fairly well in this part. The most common error was candidates not applying the annual exempt amount and capital losses in the most beneficial way.

Question 2

Part 1

A generally well answered question with a large number of candidates scoring full marks. Common errors included identifying the trust as fully discretionary and calculating tax at trust rates.

Part 2

A mixed response from candidates. Many lost marks by not calculating the exit charge based on the initial trust value, but a large number of candidates did recognise the gift as a reduction to the nil rate band.

The second part of this question was poorly answered. The majority of candidates did not recognise the Crowe V Appleby principles, despite this being a commonly examined topic. Other planning points were recognised, and gained marks, but most candidates failed to talk about the early advancement of the trust property.

Question 3

A well answered question on the whole. Nearly all candidates correctly identified the residency status of the individuals, and issues with DTR and allowable foreign costs were dealt with confidently.

A large number of candidates treated the loan as a liability on the estate, rather than an asset and a surprising number of candidates taxed the PETs within the death estate, losing marks for correctly allocating the nil rate band, and applying taper relief.

Question 4

Part 1

Generally well answered, however exceptionally few candidates calculated the rental income correctly.

Part 2

A mixed level of abilities were shown on this part of the question. Where candidates identified that Dylan is a minor and the consequences of this, they scored fairly well, but very few were able to discuss the position to the required level of detail to obtain full marks.

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Part 3

This part was poorly answered, even with follow through marks provided. The majority of candidates did not calculate the income distributions correctly with reference to the capital distribution.

Part 4

Well answered on the whole.

Question 5

Part 1

Very well answered on the whole, although very few candidates commented on the CGT treatment of the disposals. The majority of candidates achieved the basic calculation marks available, and correctly identified the GWROB and POAT gifts.

Part 2

Although most candidates had identified the GWROB in part one of the question, many did not consider the double charging provisions when considering the position on death. They either charged both the PET and the boat within the death estate or decided that as the value was higher on death that would create a higher IHT charge, without working through the position in chronological order.

Part 3

Fairly well answered on the whole, especially for around half the candidates who mentioned the double charging provisions.

Part 4

A very mixed bag in terms of the level of detail included in the answer, and whether they identified the key issues (scope of work, confidentiality etc). However, most candidates achieved at least a couple of basic marks.