

8. Leonora, an additional-rate taxpayer, has asked her investment manager to arrange for her portfolio of quoted shares, valued at £800,000, to be transferred to her 16-year-old son as an outright gift. The shares show a capital gain of £200,000. The Capital Gains Tax (CGT) and Inheritance Tax (IHT) implications are that
- A. she will have a 24% CGT liability, but no IHT arises at the time of the gift.
 - B. she will have a 24% CGT liability and a 20% IHT liability arises at the time of the gift.
 - C. there will be no CGT or IHT liability because the gift is to a minor.
 - D. there will be no CGT liability, but IHT will be charged at a rate of 20% of the value of the gift.

Key option: A

Learning outcome: 2.2