

Your client, Dan, requires advice on the inheritance tax implications arising as a result of the recent death of his father, Noah

Noah:

- Was resident in the UK from 1 April 1998 until his death on 31 May 2017, following a short illness.
- Had a domicile of origin in the country of Skarta and did not acquire a domicile of choice in the UK.
- Has one child, Dan.

Noah – information for inheritance tax:

- Noah had not made any lifetime gifts.
- Noah left all the assets in his estate upon his death to Dan.

Noah – valuation of assets owned at death on 31 May 2017:

| | £ |
|--|---------|
| House located in the country of Skarta | 242,000 |
| Chattels and cash in the UK | 335,000 |

Inheritance tax and liabilities in the country of Skarta:

- Under the tax system in Skarta, the inheritance tax payable will be £56,080.
- Legal and administration fees of £12,400 will be payable in Skarta in respect of Noah's house.
- There is no double tax treaty between the UK and Skarta.

Required:

(a) (i) State, giving reasons, whether or not the house in Skarta will be included in Noah's chargeable estate on death for the purposes of UK inheritance tax. (3 marks)

(ii) Assuming that the house in Skarta is subject to inheritance tax in the UK, calculate the value of Dan's inheritance from Noah after all taxes and liabilities have been paid. (6 marks)