

Chapter 20: Guidance on answering the self-test questions

Question 1: Minnie and Boris divorce. Boris earns £100,000 per year and Minnie earns £150,000. As part of their financial order proceedings they sell their family home, a yacht, and a very valuable painting that Boris bought in 1999. Minnie buys a new house worth £489,000. Advise Minnie and Boris on any potential tax issues.

Minnie and Boris will have to pay tax at a higher rate as they earn over £33,501. There will be no capital gains tax payable on the sale of the family home as this is exempt under the extra statutory concession D6. There will be stamp duty payable on any new house bought by either party if it is over £175,000 and so Minnie will pay 3% on her new home.

Depending upon the value of the yacht and the painting and the amount they were sold for, there may be CGT payable on any gain made.