

HOW UTMOST PANEUROPE OPERATES FOR SPANISH TAX RESIDENT POLICYHOLDERS

WHAT ARE UTMOST PANEUROPE OBLIGATIONS IN TERMS OF SPANISH TAX?

Utmost PanEurope is a withholding tax agent in Spain and therefore is required to calculate and deduct Spanish withholding tax on the positive income obtained by the Spanish tax resident policyholder at an established fixed rate, currently at 19% when there is a Trigger Event. This tax withheld will be paid in favour of the Spanish tax authorities through the insurer's tax representative in Spain. Said deductions will be considered for the policyholder as payment on account of the Spanish Personal Income Tax and will be deducted from the total amount to be received. Given the above, when a Spanish resident policyholder makes a surrender from the policy, the amount to be received from Utmost PanEurope will be net of Spanish withholding tax.

However, the policyholder will be solely responsible for the payment of any additional tax due through their Spanish Personal Income Tax return, if applicable. When an Utmost PanEurope policyholder holds a policy that is subject to Spanish taxes, Utmost PanEurope is responsible for:

- i. Calculating any Spanish tax due where a Trigger Event occurs;
- ii. Deducting the appropriate Spanish withholding tax from the proceeds paid out by Utmost PanEurope as a result of the Trigger Event;
- iii. Making certain monthly and annual filings with the Spanish tax authorities; and
- iv. Paying the Spanish withholding tax deducted over to the Spanish tax authorities.

In case of death of the relevant life assured that triggers the payment of the death benefit, Spanish Inheritance and Gift Tax may be due, depending on the particular circumstances.

In the event that the death benefit is subject to Spanish Inheritance and Gift Tax, Utmost PanEurope will not withhold any amount on account of said tax. However, prior to the payment of the death benefit, Utmost PanEurope will require the beneficiary to provide sufficient evidence to prove that the payment of the Spanish Inheritance and Gift Tax has been made or that it is not applicable at all.

WHAT IS A TRIGGER EVENT IN THE CONTEXT OF SPANISH TAX?

A Trigger Event includes the following:

- › A full surrender of your policy
- › A partial surrender of your policy (including regular withdrawals)
- › A change of policyholder and/or life assured
- › Reaching maturity date (for mixed option policies only).

HOW ARE GAINS CALCULATED FOR SPANISH TAX PURPOSES?

The gain element on a life assurance policy is defined as the difference, if positive, between the amount of premium paid and the surrender value of the policy, in case of a full surrender. For Spanish tax purposes the gain will be calculated in policy currency.

Utmost PanEurope will adjust the gain calculation for any partial surrenders to date and any Spanish tax already paid. For a partial surrender, the gain will be proportionate to the amount that would be due on full surrender, which means that the taxable income amount will be determined by the difference between the sum collected by the policyholder and the amount of the premiums paid.

WHAT IS THE RATE OF SPANISH WITHHOLDING TAX?

The current rate of withholding tax applicable in Spain is 19%.

WHAT IF I HAVE A TRIGGER EVENT AND THERE IS NO GAIN?

If no gain arises on a Trigger Event, no Spanish tax is payable and therefore no Spanish withholding tax will be deducted by Utmost PanEurope from the proceeds paid to you.

WILL I RECEIVE ANY INFORMATION OUTLINING THE SPANISH TAXES APPLIED BY UTMOST PANEUROPE IN RESPECT OF MY POLICY?

Yes. Where you make a surrender on your policy, Utmost PanEurope will issue you with a letter detailing the amount of Spanish taxes deducted (if any) in respect of the surrender.

If a loss has occurred on your transaction, Utmost PanEurope will include details of the loss in this letter. You should consult your Spanish tax advisor to discuss possible utilisation of any losses.

WHO SHOULD I CONTACT IF I HAVE FURTHER QUERIES IN RELATION TO SPANISH TAX?

Our client services team will be happy to assist where you have additional queries in relation to how Utmost PanEurope applies Spanish tax on your policy. Please contact us on +353 1 5252 636 (Monday to Friday 9am to 5pm).

If your query relates to your own personal tax situation (for example, queries in relation to your Spanish tax returns, reporting liabilities and/or your tax residence status) you should contact your Spanish tax advisor in the first instance.

Utmost PanEurope dac does not provide tax or legal advice. This material has been prepared for general information purposes only. The information presented is not tax or legal advice, is not to be acted on as such, may not be current and is subject to change without notice. You should consult your own tax or legal advisors before engaging in any action.

A WEALTH *of* DIFFERENCE

www.utmostinternational.com

Utmost PanEurope dac (registered number 311420) is regulated by the Central Bank of Ireland.

Registered Office address: Navan Business Park, Athlumney, Navan, Co. Meath, C15 CCW8, Ireland.

Utmost PanEurope dac is a Category A Insurance Permit holder with the Jersey Financial Services Commission.

Utmost Wealth Solutions is registered in Ireland as a business name of Utmost PanEurope dac.

Utmost PanEurope dac is authorised to operate in Spain on a freedom of services basis (FoS) and is duly registered for such purposes with the Register of Insurance and Reinsurance Undertakings of the Spanish General Directorate of Insurance and Pension Funds under the number L0466.

UI PR 00151 | 07/23