

TAX AND OTHER IMPORTANT INFORMATION FOR MALTA FOR MALTA BASED TRUSTEES ONLY



This document provides the policyholder with important information before investing in the European Executive Investment Bond – PRIIPs provided by Utmost PanEurope dac.

Currently, we will only accept applications from Malta based trustees where the trust is exempt from Malta income tax in terms of the provisions of Article 12(1)(d) of the Malta Income Tax Act; where the beneficiaries consist solely of individuals who are not resident in Malta; and where the trustee has or intends to have business interests of more than 90% outside Malta.

INFORMATION ABOUT THE COMPANY

Utmost PanEurope dac is limited by shares.

Our Registered Office is:

Utmost PanEurope dac
Navan Business Park
Athlumney
Navan
Co. Meath
C15 CCW8
Ireland

Our Administration Address for Correspondence is:

King Edward Bay House
King Edward Road
Onchan
Isle of Man
IM99 1NU

Registered Number: 311420 Ireland.

E-Mail address: IOM.admin.ireland@utmostinternational.com

We are authorised by the Central Bank of Ireland and are permitted to carry out unit-linked life assurance business. We are conducting business on a freedom to provide services basis in Malta.

TYPE OF POLICY

The policy is known as a 'linked long term contract of insurance' in Malta. It is a unit-linked, single premium, whole of life assurance policy which provides benefits on the death of the last life assured. Unit-linked means that part of the premium – the 'Allocation Percentage' – buys notional units in our internal unit-linked policyholder funds. In the case of the European Executive Investment Bond – PRIIPs, the contract itself represents a unique unit-linked fund – the 'portfolio fund'. The investments of the portfolio fund for the European Executive Investment Bond – PRIIPs can include external funds, transaction account and bank deposits. Investments can also be made into stocks and shares for the European Executive Investment Bond – PRIIPs.

The payment methods include cheque, telegraphic transfer and asset transfer for the initial single premium for the European Executive Investment Bond – PRIIPs. You may offer to pay additional single premiums using these methods for the European Executive Investment Bond – PRIIPs.

INVESTMENT RISK AND RESPONSIBILITIES

You/member (or your Fund Adviser) decide which Investments are most suitable to your needs.

We accept no responsibility for the investment performance of an investment. The value of shares and Units can fall as well as rise and they, as well as bank deposits, could in exceptional circumstances become valueless either temporarily, because of suspension, or permanently. You accept this risk by taking out this policy.

We do not give investment advice. The fact that we may allow or refuse a particular collective investment scheme, stock, share or Bank Deposit as an investment does not indicate any judgement by us about its investment potential or the propriety of the provider of the asset.

In particular, there is no guarantee of return of capital so you or your member may receive back less than you have paid, particularly in the early years.

We may allow investments which advertise guaranteed returns. It is for you (or your Fund Adviser on your behalf) to satisfy yourself of the likelihood of the guarantee being met. We accept no responsibility for, and offer no advice about, the value of any such guarantee.

We offer an external fund range with varying risk characteristics, information for these funds is available upon request from Utmost PanEurope although you may or your fund adviser may prefer to contact the fund provider directly or through its website.

We offer a transaction account which is invested in accordance with our Treasury policy which is available upon request from Utmost PanEurope.

We offer Bank Deposits and public company shares with varying risk characteristics. Such assets will not have the same type of information as for internal and external funds. As such it will normally be for you or your fund adviser to access the relevant information yourselves.

By requesting investment into an External Fund, stock, share or Bank Deposit, you or your Fund Adviser on your behalf, expressly agree to accept the risk that for any reason whatsoever management of the Investment may not be in accordance with its objectives and parameters. This includes negligent and fraudulent activity.

In addition, you accept any risk entailed in any change to such objectives and parameters and it is your personal responsibility to monitor the External Fund, stock, share or Bank Deposit to the extent you or your Fund Adviser consider necessary.

The value of the portfolio fund investments determines the fund value of the policy. These values can fall as well as rise. In addition, if any of the assets are denominated in a foreign currency, there will be exchange rate risks.

Depending on the assets of the funds, there may be limits on the liquidity of the assets, which may include a restriction on the days on which units may be created or cancelled. This may be particularly true of funds investing in immovable property, where the value is generally a matter of a valuer's opinion rather than fact. If there are difficulties liquidating any assets of the funds, we may defer any transactions involving allocation, cancellation or fund switch of units until such time as we consider appropriate.

By requesting investment into an External Fund, Bank Deposits, Transaction Account, stock or share, you or your Fund Adviser on your behalf, accept these investment risks and responsibilities.

TAXATION

Tax on Utmost PanEurope dac

We are established in the Republic of Ireland and as such we are not liable to payment of Irish tax on income or capital gains attributable to our policyholder funds. There may be an amount of withholding tax on income, which cannot be reclaimed.

Fund adviser fees

When a fund adviser fee is charged to the Portfolio Fund, the deducted fee will include any Irish Value Added Tax (VAT) due (currently 23%).

Tax relief on premiums

It is our understanding that the premiums under our contracts are not eligible for tax relief.

Tax on a Maltese based retirement scheme administrator offering a pension scheme which meets UK HMRC QROPS rules.

› **Irish Tax**

There is no policyholder liability to Irish tax provided that we have an appropriate declaration that the policyholder is non-resident in Ireland at inception of the policy.

› **Maltese Tax**

The policy should represent a chargeable asset for the purposes of Malta tax on capital gains such that any capital gains realised upon the maturity, redemption or surrender (including a part surrender) of a policy by a Malta resident trustee should, in principle, be chargeable to tax in Malta at the flat rate of 35% – although such gains may represent 'investment income for Malta income tax purposes and may accordingly be subject to final withholding tax levied at the flat rate of 15%.

However, such capital gains should be wholly exempt from tax in Malta in terms of the provisions of Article 12(1)(d) of the Malta Income Tax to the extent that they would be derived by a retirement fund or retirement scheme licensed, registered or otherwise authorised under the Malta Retirement Pensions Act and insofar as such gains shall not be derived (directly or indirectly) from any immovable property situated in Malta.

a. Tax on transfer of UK tax relieved funds into the Malta Pension.

No Maltese tax should be payable upon the transfer of UK relieved funds into a Malta QROPS.

b. Tax on the pension funds in the Malta Pension which are invested in the European Executive Investment Bond – PRIIPs.

A Malta licensed retirement scheme is exempt from taxation on its income (other than income from immovable property situated in Malta) as a result of the application of section 12(1)(d) of the Malta Income Tax Act.

c. Tax on benefit payments out

No Malta tax should be levied or withheld on any benefit payments out to a member of a Malta licensed retirement scheme who is resident in a jurisdiction with which Malta has a double tax treaty in force provided the treaty i) allocates taxing rights in respect of the payments exclusively to the country of residence of the recipient – and ii) that the recipient is entitled to the full benefits of the treaty.

The Malta based trustee, making any such payment in its capacity as retirement scheme administrator of a Malta licensed retirement scheme, is generally required to withhold tax at the rate of 25% on the value of any benefits paid to a non-resident member in any other circumstances – including a payment to a member not resident in a jurisdiction with which Malta has a double tax treaty in force.

A non-resident member is required to be registered with the Malta tax authorities as a taxpayer and to submit annual tax returns in Malta. Such returns must confirm the extent of Malta tax withheld on any benefit distributed or that no such tax was withheld in light of the provisions of an applicable double tax treaty – in which case evidence of the recipient's residence and entitlement to benefit from the provisions of the said treaty must also be provided (ideally by virtue of a tax residence certificate issued by the tax authorities in the jurisdiction where the beneficiary is resident). Any such non-resident member may, however, authorise the Malta trustee in writing to register the member for Malta income tax purposes and to complete any required income tax returns on behalf of the member.

d. Tax on death benefits

The provisions of Article 12(1)(d) of the Malta Income Tax, result in no Malta tax being charged upon the payment of the death benefit by Utmost PanEurope to a Malta based trustee (in its capacity as retirement scheme administrator of a Malta licensed a scheme).

The payment of the Death Benefit to the trustee should then be held by the trustee under separate trusts for the benefit of nominated 'secondary' beneficiaries – so that any distribution by the trustee in favour of the beneficiaries should not represent Malta source pension income. The relevant resulting trust should be fiscally transparent for Malta income tax purposes (so that all income attributable to the trust would be deemed to be derived directly by the beneficiaries) to the extent that:

- i) none of the beneficiaries are ordinarily resident and domiciled in Malta; and
- ii) all the income (including capital gains) attributable to the trust would arise outside Malta for Malta tax purposes and/or comprise prescribed sources of income arising in Malta (including interest).

Also, no Maltese stamp duty should be payable upon maturity of the life insurance policy.

› Duty on documents

No Malta duty should be chargeable upon the issuance of a policy to the extent that the policyholder would be a Malta based trustee where the trust is exempt from Malta income tax in terms of the provisions of Article 12(1)(d) of the Malta Income Tax Act;

- ii) where the life assured and beneficiaries consist solely of individuals who are not resident in Malta; and
- iii) where the trustee has or intends to have business interests of more than 90% outside Malta.

LANGUAGE AND LAW OF THE CONTRACT AND HABITUAL RESIDENCE

All of the documents we provide will be in the English language. Consequently we are only prepared to consider applications from Applicants who request receipt of documents in English.

The law that your policy will be subject to is the law of the Republic of Ireland unless you request in your application and we agree to a different law being applied. We will advise you of the law in our offer to you.

CHANGE OF COUNTRY OF RESIDENCE

You must advise us if you change your country of habitual residence.

It will be for you to ascertain whether you will have any tax liabilities and/or reporting obligations to the tax authorities in your new country of residence.

LIVES ASSURED

An insurable interest is required at the start of the contract under the Maltese Civil Code. Examples of where insurable interest is deemed to occur include, a person on their own life and on the life of their spouse; a parent on behalf of a child; a corporate body on the life of an officer; on the life of a person on whom they depend for maintenance and support.

Minors cannot be lives assured for sum assured over €46,587.47 which should only cause problems for premiums above €4,687,740. One parent can sign on behalf of a child.

The prior agreement of the life assured should be obtained, where the policyholder (including corporate trustees) intend to sign the application on behalf of the life assured. Where this relates to a QROPS trustee application, it is prudent to also obtain the member's request for the following (where applicable):

- To invest into the policy;
- For pre contractual documentation and policy documents to be in the English language; and
- For the contract to be subject to Irish law.

ILLUSTRATIONS

The illustrations we produce are for guidance only and should not be regarded as a legally binding contract.

While the Proceeds of the Policy are not currently liable to deduction of tax in the Republic of Ireland, it is your responsibility to make yourself aware of the tax obligations in your country of residence.

The values shown in the illustration take into account the Utmost PanEurope annual management charge. They do not include underlying fund annual management charges that may also apply. These are available on request. The actual return may be different, as due to the nature of this type of investment the value of units and their yield may go down as well as up.

The projected benefits may not materialise, are merely indicative and market conditions may result in returns which are far inferior to the lowest projected return indicated.

The annualised rate is an indication of the average growth of the fund over one year and that any sharp fluctuations in the performance of the fund over a period of time are not necessarily represented by the performance of the fund over a period of time and are not necessarily represented by the performance rate of the annualised rate indicated.

The charges schedule of the Policy will confirm the charging basis chosen by you. Please ensure that the charging basis shown in the illustration, matches the charging basis chosen by you.

PAYMENTS OF CLAIMS

Payment of death benefits where there is a valid trust

If the death benefit is payable on the death of the life assured then provided there is a corporate trustee or at least one remaining trustee then there is no 'probate delay' and we are able to pay the trustees on production of proof of the death, such as a death certificate.

SURRENDER CHARGE

European Executive Investment Bond - PRIIPs

An Early Surrender Charge may also apply to your European Executive Investment Bond - PRIIPs depending on the charging structure chosen. If the charge applies to your policy then it will be shown in the Charges Schedule. It will also show the amount, duration and the basis for calculating the charge.

For certain charging structures for the European Executive Investment Bond - PRIIPs, some of the expenses associated with your policy are deferred so that a greater unit Allocation Percentage applies. The charge is designed to recompense us for the expenses we would otherwise be unable to recoup if you do not maintain your commitment beyond the early years.

Please note that these charges are not penalties.

CHANGING THE TERMS OF THE CONTRACT

We reserve the right to amend certain contractual provisions as explained in the Policy Terms. For example we may increase some of the charges. In the event of such amendment, you may terminate the contract if you wish by exercising your right to terminate the policy by surrender.

By completing the application form you accept that we have this right.

CANCELLATION RIGHTS

You may cancel the policy within 30 days of the earliest date you know the contract has started by giving written notice to us at our Office. Normally, this will be the date you receive our letter confirming the date the contract for your Policy started.

Upon receipt of the written notice of cancellation we will refund the premium you have paid at the contract date or, if the value of the assets have fallen, the value of the allocated units on the working day following the working day we receive your written communication.

This cancellation right does not apply to any variation of the contract, for example if we agree to you paying a lump sum premium after the Contract Date.

COMPENSATION SCHEME

You will not have access to either an Irish or Maltese compensation scheme.

COMPLAINTS AND OUT OF COURT CLAIM SETTLEMENT PROCEDURE

The Codes of Practice of the Irish Insurance Federation aim to provide the highest level of service and attention to customer expectations and to resolve any complaints fairly and quickly.

If you need to complain, please first write to Utmost PanEurope's Compliance Officer at our administration centre address.

If you are not satisfied with our response you can complain to:

Financial Services and Pensions Ombudsman Office of the Arbiter for Financial Services

Lincoln House
Lincoln Place
Dublin 2
D02 VH29

First Floor
St Calcedonius Square
Floriana FRN1530
Malta

Tel: +353 (01) 567 7000

Email: info@fspo.ie

Website: www.fspo.ie

Contact tel: (+356) 21249245

Email: complaint.info@financialarbiter.org.mt

Website: <https://financialarbiter.org.mt/>

This document is based on Utmost PanEurope's understanding of the taxation and legal framework in Malta as at 8 December 2021. However, we have only been able to indicate the general position, so whilst every effort has been made to ensure the accuracy of the document, we do not give tax or legal advice and can accept no responsibility for any act or failure to act based upon its content. Therefore we strongly recommend you to seek independent taxation and legal advice regarding the suitability of any particular product to your own personal circumstances.

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A WEALTH *of* DIFFERENCE

www.utmostinternational.com

Calls may be monitored and recorded for training purposes and to avoid misunderstandings.

Utmost PanEurope dac is regulated by the Central Bank of Ireland. Registered No 311420.

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

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

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