

PRIVATE WEALTH PORTFOLIO (PWP)

ITALY TAXATION SUMMARY

INTRODUCTION

This note provides a summary of the Italian taxation treatment of Utmost PanEurope dac ('Utmost PanEurope') Italy PWP life insurance policy for Italian tax resident individuals. The summary also applies to Italian tax resident individuals who acquired a PWP life insurance policy in another jurisdiction and have endorsed the policy to be compliant with Italian tax legislation.

In addition, the note provides information about Utmost PanEurope's role as a withholding tax agent in Italy.

UTMOST PANEUROPE AS WITHHOLDING TAX AGENT

Utmost PanEurope acts as a withholding tax agent ('WTA') in Italy on behalf of the policyholder and/or beneficiaries, and as such is obliged to withhold any Italian Capital Gains Tax and/or Italian Stamp Duty tax which is payable to the Italian tax authorities.

It is Utmost PanEurope's role and responsibility as a WTA to calculate, deduct and pay any taxes due. Utmost PanEurope will deduct at source any Italian Capital Gains Tax and/or Italian Stamp Duty applicable in respect of transactions on a policy from the proceeds payable to the policyholder and/or to beneficiaries, under certain circumstances, as applicable. Utmost PanEurope then will pay the amounts deducted to the Italian tax authorities.

GROSS ROLL UP

No Italian taxes arise while gains and income grow within the policy; this is known as a gross roll up basis.

CAPITAL GAINS

Capital Gains Tax is payable by the policyholder in respect of the chargeable gain ("gain"), if applicable, on a partial and full surrender of the policy. In simple terms, a gain is the amount you receive from your policy that exceeds the relevant amount of premium you paid into your policy. If there is no gain then no Capital Gains Tax is payable.

- › Capital Gains Tax on a partial surrender will be proportionate to the amount that would be due on full surrender, allowing for any partial surrenders and Capital Gains Tax previously paid. The current standard rate of Capital Gains Tax is 26% but a lower rate of 12.5% applies to gains attributable to certain government bonds held within the policy.

- › Following a total surrender or a death claim, where a gain is calculated, Capital Gains Tax is payable by Utmost PanEurope as WTA on behalf, respectively, of Italian tax resident policyholders or individual death beneficiaries (only). However, death benefits paid in addition to the investment value are exempt from Capital Gains Tax.

STAMP DUTY

Stamp Duty is calculated and accrued at the end of each calendar year currently at a rate of 0.2% of the value of the policy as at 31 December. Stamp Duty will accrue until there is a trigger event such as a full or partial surrender, rolling up each year where no trigger event arises.

This means, Stamp Duty only becomes payable following a trigger event leading to a payment of proceeds from the policy. Trigger events include partial surrenders, full surrenders, death claims, a jurisdictional move and, in some instances, the transfer of policy ownership. As a result, Utmost PanEurope recommends you seek professional advice before initiating a trigger event.

Stamp Duty is calculated in two different ways depending on whether the policy ends or where the policy continues to remain in force:

- › In case of partial surrender, where the policy will remain in force, or in certain cases of transfer of ownership, only a partial payment of Stamp Duty is payable to reflect the proportion of Stamp Duty due up to the point of the trigger event.
- › In case of total surrender, including death benefit payments, a change of jurisdiction and again in certain cases of transfer of policy ownership, a full Stamp Duty liability is payable.

INHERITANCE TAX

No inheritance tax applies on death claims (regardless of whether or not the beneficiaries are Italian residents).



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