Spanish Portfolio Bond
Tax Treatment
For Residents of Spain

This Guide summarises the tax treatment of SEB Life International's Unit Linked Insurance policy, the "Spanish Portfolio Bond".

Whilst every care has been taken in the preparation of the document, SEB Life International cannot accept responsibility for its interpretation or any subsequent changes in the taxation of the Policy. We recommend that investors seek advice from their professional advisers regarding their own personal circumstances, as SEB Life International does not provide individual tax advice.

This document refers to the tax treatment for individual Policyholders. Tax treatment for corporate Policyholders is different, subjected to very specific rules, and as such not mentioned in this document.

Please note that the taxation principles and rates presented below are correct as at September 2022 and are subject to change.

Irish tax treatment

The Spanish Portfolio Bond will not be liable for any Irish taxes apart from some potential dividend withholding tax on certain linked assets. This will provide Policyholders with an opportunity to defer payment of any tax on gains made within the Policy to a time and location chosen by the Policyholder. In addition, changes in the investment funds underlying the Policy *(which should comply with Spanish rules)* will not normally constitute taxable events provided they do not involve payments being made out of the Policy.

Spanish tax treatment

For residents of Spain, taxation is based upon worldwide income on a self-assessment basis regardless of the Policyholder's nationality.

Persons are deemed to be resident in Spain for tax purposes if any of the below applies:

- They spend more than 183 days resident in Spain during the calendar year *(1 January – 31 December)*. Sporadic or temporary absences will not interrupt residence.
- The centre of their economic interests and activities, directly or indirectly, is in Spain.

This document is based on the presumption that an individual will be resident in Spain if his/her *(non-legally separated)* spouse and minor dependent children have their habitual residence in Spain, subject to proof to the contrary.

Special rules are applicable if:

- Claiming residence in a deemed tax haven need to prove actual residence in that country for more than 183 days in the relevant tax year.
- One spouse lives in Spain and they are not legally separated even though the spouse living abroad may spend less than 183 days per year in Spain.

Spanish life insurance tax regime

The Spanish Portfolio Bond qualifies as a unit-linked life assurance contract under Spanish law and as such has the same tax treatment as most savings products. Taxation in Spain occurs at a national level and at a regional *('Autonomous Community')* level.

The main elements of the Spanish tax system applicable to individuals holding a Unit-linked life insurance contract include the following:

- Personal Income Tax (PIT) for individuals who are resident in Spain for tax purposes
- Spanish non-residents' income tax (NRIT) for individuals who are not resident in Spain for tax purposes but obtain income from Spain
- Wealth Tax
- Inheritance & Gift Tax

Income Tax

The Spanish Portfolio Bond will be taxed on all gains but only when a Full or Partial Encashment takes place. This will be based on the difference between the unit price at time of investing the premium and time of encashing the units. SEB Life International acts as withholding agent for the fixed rate of 19% on all gains. Depending on their personal circumstances Policyholders may be subject to an additional income tax *(up to 7%)* when filing their annual Spanish Income Tax return. On death, where the beneficiary is not the Policyholder, no income tax is applicable to the benefits paid.

Taxable base	**Applicable rate**
for the first €6,000	19%
from €6,000 up to €50,000	21%
from €50,000 up to €200,000	23%
above €200,000	26%

Wealth/Inheritance Tax

Liability to wealth, Inheritance and Gift tax is the responsibility of the Policyholder/Beneficiary and is dependent upon a number of factors, including the relationship between the Policyholder and the beneficiaries. SEB Life International will ensure that the beneficiary of the Policy, regardless of the beneficiary's country of residence, has paid the corresponding Inheritance/Wealth tax before paying the benefits of the contract. Evidence of the tax paid must be provided to SEB Life International. Liquidación 650 form and Certficado acreditativo de presentacion y pago del impuesto sobre sucesiones y donaciones *(i.e. proof of payment or non- payment of tax where applicable)* must be submitted to SEB Life International.

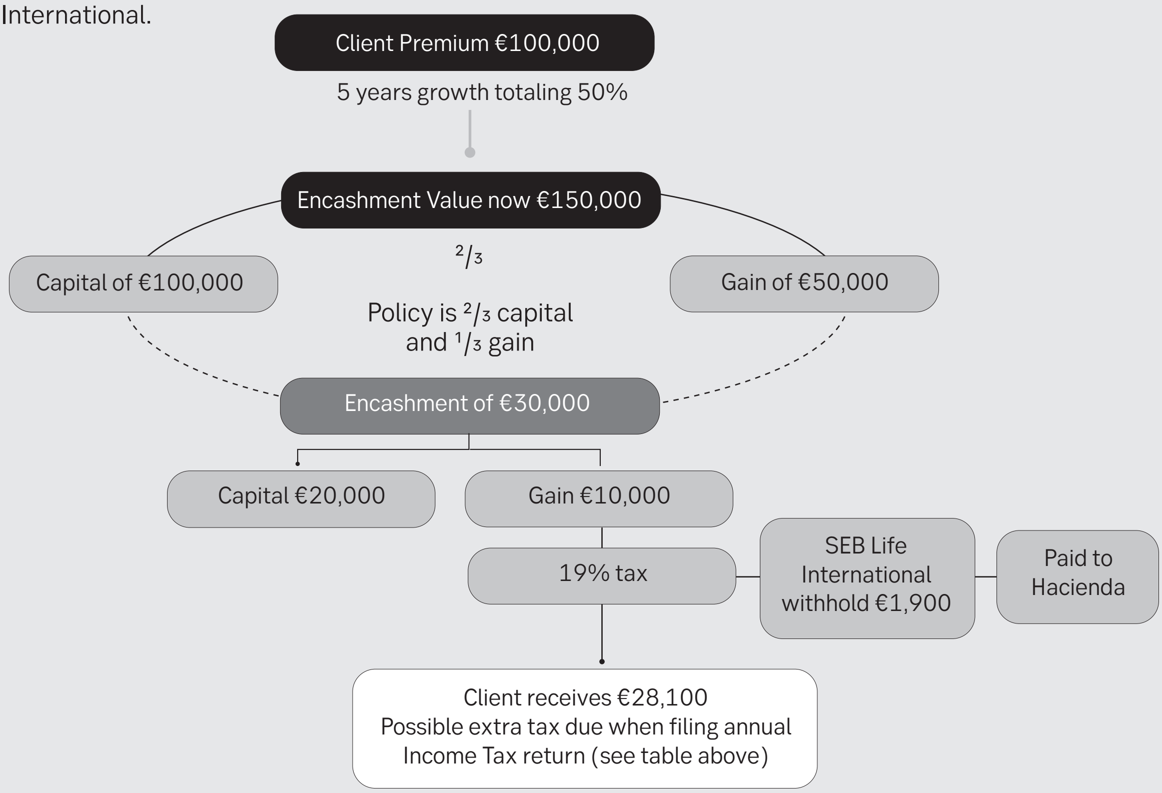
Wealth Tax is levied on the assets held by the taxpayer as of 31 December *(accrual date)* and collected by self-assessment. The tax liability is calculated by applying the progressive rates established by each autonomous region in Spain.

Tax treatment for withdrawals

Policyholders resident in Spain are subject to additional Income Tax when filing their annual Income Tax return* (see table below).

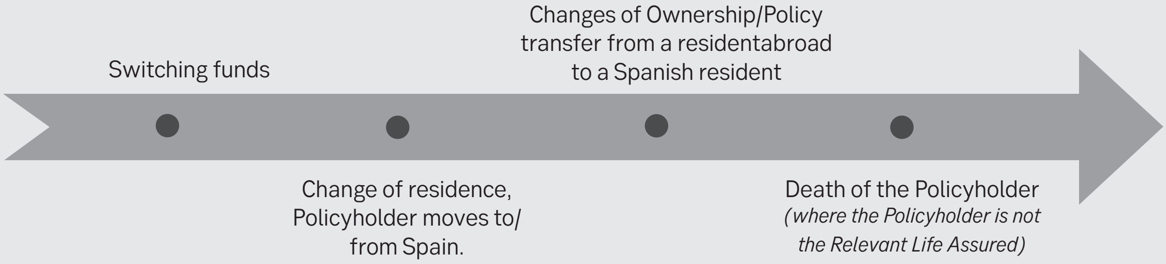
Total Policyholder Savings Income	Potential Additional Tax*
€6,000 < €50,000	+2%
€50,000 < €200,000	+4%
> €200,000	+7%

The simplified example below demonstrates how the withholding tax liability is calculated by SEB Life International.



* These rates are expected to apply for 2022 but are subject to change.

Non-Taxable events



This update is intended only as a guideline and should not be used as a substitute for technical advice. The information set out above is based on SEB Life International's understanding of tax legislation and practice in Spain as of September 2022. The above example applies to compliant products. It is the responsibility of the client/adviser to ensure that only tax compliant investments are held. This information applies to all policies issued from 20 January 2006 onward

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