

Taxation Summary

Living in France



June 2016

Fiscal note to life insurance contract denominated in units in the context of a french residence according to the tax law at the time of writing

The fiscal information contained in this document is provided for information purposes only, subject to the evolution of the legislation in force as at the day of the event and has no contractual force.

Taxable base of the proceeds (Art. 120, 60 ; 122,2 and 125 D, II of the General Tax Code (Code général des impôts))

In case of encashment, the proceeds determined by the difference between the Encashment Value and the Premiums shall be subject to income tax. After the eighth contractual year, the Policyholder benefits from an annual tax allowance of 4,600 Euros for a single person, widowed or divorced person, or 9,200 Euros for a couple subject to joint taxation.

However, the Policyholder may opt for a final levy at flat rate (*prélèvement forfaitaire libératoire*) of:

- 35% if the encashment occurs before the fourth contractual year;
- 15% if the encashment occurs between the fourth and the eighth contractual year;
- 7.50% if the encashment occurs after the eighth contractual year. In this case, the Policyholder benefits from the same allowance of 4,600 Euros or 9,200 Euros, which takes the form of a tax credit.

Social contributions

At the time of the encashment or on death of the Life Assured, the following Social Security contributions are payable on the proceeds, provided that the taxpayer is a French resident: CSG (*Contribution sociale généralisée - general welfare contribution*) at 8.20%, CRDS (*Contribution au remboursement de la dette sociale - social debt repayment contribution*) at 0.50%, social levies at 5.4%, additional levy at 0.30% and additional contribution for financing the RSA (*Revenu de solidarité active - active solidarity allowance*) at 1.10%.

Wealth tax (Art. 885 F of the General Tax Code)

During the savings phase, the Encashment Value of the contract falls within the scope of the Wealth tax (*Impôt de la solidarité sur la fortune*) which is due if the total net value of the taxpayer's assets exceeds the threshold (1,300,000 Euros for 2011) on 1st January of each taxable year.

On the death of the Life Assured, the Death Benefits will be included in the net wealth value of the Beneficiary and subject to Wealth tax if the total net value of his wealth exceeds the said threshold.

Taxation of the Death Benefits (Art. 990-I and 757 B of the General Tax Code)

In case of payment of the Death Benefit, the Beneficiaries shall be subject to taxation as follows:

- With the exception of Premiums paid after the seventieth birthday of the Life Assured and any gains thereof, the Death Benefit paid to the Beneficiaries are subject to a fixed levy at 20% for the part of the proceeds which do not exceed 700,000 Euros and 31.25% above that threshold. The fixed levy is normally deducted by the Company once amounts are confirmed by the French Tax Administration. A tax allowance of 152,500 Euros is available to each Beneficiary, all contracts insuring the same person taken together (*Art. 990-I of the General Tax Code*). This levy applies if the Life Assured is a French resident at the time of his/her passing or if at that same time, the Beneficiary has been resident in France for at least 6 years during the 10 years preceding the death of the Life Assured.
- The Premiums paid after the seventieth birthday of the Life Assured (*Art. 757 B of the General Tax Code*) and exceeding 30,500 Euros shall be subject to inheritance tax which is due by the Beneficiaries, if such Beneficiaries are liable for such inheritance tax. The tax allowance of 30,500 Euros is assessed on a global basis, i.e. for all Beneficiaries and all insurance contracts issued on the Life Assured.

Exception: The aforementioned provisions regarding the taxation of the Death Benefits do not apply when the Beneficiary is the Life Assured's spouse, civil pact (PACS) partner or single, widowed, divorced or legally separated brother or sister over 50 years old or suffering from disability preventing him/her from supporting through work the daily existence necessities of, AND permanently domiciled with, the deceased person during the last 5 years.