

Introduction

Hansard Europe dac is a life insurance company supervised by the Central Bank of Ireland. Our company operates on a freedom-of-services basis throughout Europe under European Union legislation.

This guide provides a general description of the Belgian tax regime for Hansard Europe dac's unit-linked life insurance policy (class 23 in Belgium) as applicable to individual customers (unless otherwise specified). It is based upon Hansard Europe dac's understanding of Belgian law in force on November 2021.

The rules relating to taxation of life insurance are complex and this information is not intended to offer advice. Tax advice depends on the individual circumstances of each client and may be subject to change in the future based on new tax rules. You should seek advice that is tailored to your own specific circumstances from your independent insurance intermediary or a tax adviser.

Hansard Europe dac cannot accept any responsibility for any decision, choice or other action taken by the policyholder or any other person as a result of the information in this guide

Declaration of your life insurance policy to the Belgian tax authorities

Individuals who are subject to income tax in Belgium must file an annual income tax declaration. They must declare the existence of any individual life insurance policies taken out by them, or by their spouse, legal cohabitant or children over whom they exercise parental authority, with a foreign insurer such as Hansard Europe dac. They must also indicate the country where the insurer is established.

Insurance premium tax

A unit-linked life insurance policy taken out by an individual who has their habitual residence in Belgium is subject to an annual insurance premium tax at a rate of 2% (4.4% for corporate customers). The tax is due on the gross amount of the premiums, to be increased with other charges, paid into the policy or borne by the policyholder during the tax year.

If the policyholder takes out the policy before they become tax resident in Belgium, the tax is due on further premiums paid into the policy once the policyholder has become tax resident in Belgium.

Hansard Europe dac deducts this tax on behalf of the policyholder and pays it directly to the Belgian Revenue. The transfer of the reserves of the policy to another insurer is considered as a taxable event (which can again trigger the yearly insurance premium tax).

Tax relief for premiums

Neither the initial premium nor subsequent top-ups for the current class 23 policy qualify for income tax relief.

Taxation of withdrawals or on full or part surrender of the policy

It is our understanding that, in the absence of any guarantee over time and of capital or rate of return under the policy, the Belgian Revenue accepts that withdrawals from the policy, or its part or full surrender, at any time during the term of the policy, are not subject to income tax.

Furthermore, class 23 policies of life insurance are not subject to withholding of income tax.

Please note that the above is only true if the paid premiums did not give rise to any tax advantage for the policyholder in Belgium (such as a long-term savings tax reduction).

Inheritance tax in the event of death of the insured

The death benefits to be paid to the beneficiary of a policy which insures the life of an individual resident in Belgium are considered part of the taxable estate. The concept of resident for the purpose of inheritance tax may be different from that for income tax; it implies that the deceased had his or her real, effective and continued residence in Belgium.

The rates of tax and any relief vary depending on several factors including:

- the relationship between the policyholder, the insured and the beneficiary under the contract (e.g. parent, child, spouse, sibling, no family link, etc.);
- the region where the residence for tax purposes has been established (Brussels, Flanders or Wallonia);
- whether or not the policy has been taken out by a person married under a community property regime for the benefit of his/her spouse or by a legal cohabitant and the premiums have been paid with the policyholder's individual resources or with community resources; and
- the total amount of the death benefits (since the rate of tax rises according to taxable bands).

In general, the value of the death benefits depends on the value of the units of the policy at the time of death of the life-assured, succession duty may be due however, on the ultimate payment value of these benefits.

Ireland tax authority

As part of your reporting requirements, you may be required to complete a declaration of residence outside the Republic of Ireland (EO0194O form) to ensure payment can be made without the operation of Irish tax. Your independent insurance intermediary will provide this form where necessary or you can obtain it directly from us. Hansard Europe dac is a life insurance company based in the Republic of Ireland. Therefore, the underlying investment income and gains are not liable to tax in Ireland. However, there may be some irrecoverable withholding taxes applied on income from investments in some territories.

Relocation to other jurisdictions

If you relocate to Ireland while your life insurance policy is still in force, the Irish tax rules applicable to Irish residents at that time will apply.

In the event you relocate to any other jurisdiction other than Belgium or Ireland while your policy is still in force, tax rules of that new jurisdiction will apply. Hansard Europe dac strongly recommends you to seek appropriate local tax advice in such an event.

Please remember to inform Hansard Europe dac of any change of your residential address.

Exchange of information

In accordance with its statutory duties, Hansard Europe dac will provide required information to the competent authorities.

Important information

The policyholder is reminded that they assume all financial risk under the policy.

Hansard Europe dac

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Hansard Europe dac is regulated by the Central Bank of Ireland (www.centralbank.ie)