



SPAIN

Taxation – Key facts and figures

Comparison between a traditional asset portfolio and a life assurance policy

	Traditional asset portfolio	Life assurance policy																
Income Tax	<p>Fixed and variable proceeds arising from traditional investments (e.g. interest and dividends) are subject to the following sliding scale:</p> <table border="1"> <thead> <tr> <th>Taxable income (EUR)</th> <th>Rates (%)</th> </tr> </thead> <tbody> <tr> <td>Up to 6,000</td> <td>19</td> </tr> <tr> <td>6,000 to 50,000</td> <td>21</td> </tr> <tr> <td>Above 50,000</td> <td>23</td> </tr> </tbody> </table> <p>Capital gains arising from sales and switches of assets within a traditional portfolio are also subject to these sliding scales.</p>	Taxable income (EUR)	Rates (%)	Up to 6,000	19	6,000 to 50,000	21	Above 50,000	23	<p>Proceeds arising from a life assurance policy are subject to the sliding scale below, but only upon a partial or full surrender of the policy, thus providing a full tax deferral for the policyholder:</p> <table border="1"> <thead> <tr> <th>Taxable income (EUR)</th> <th>Rates (%)</th> </tr> </thead> <tbody> <tr> <td>Up to 6,000</td> <td>19</td> </tr> <tr> <td>6,000 to 50,000</td> <td>21</td> </tr> <tr> <td>Above 50,000</td> <td>23</td> </tr> </tbody> </table> <p>Any income or proceeds (dividends, income, capital gains) generated by the underlying financial investments of the policy are cumulated under the policy with no tax impact at the level of the insurance contract. This factor enables an active portfolio management under the policy without any tax consequence for the policyholder.</p>	Taxable income (EUR)	Rates (%)	Up to 6,000	19	6,000 to 50,000	21	Above 50,000	23
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Wealth Tax	<p>The market value of the worldwide assets held as traditional investments (as of 31st December of each year) by a Spanish resident investor is subject to Wealth Tax in Spain.</p> <p>The tax rates, allowances and tax credits applied for Wealth Tax purposes will largely depend on the Spanish region (i.e. Comunidad Autonoma) where the investor is resident. For instance, Madrid applies a 99% tax exemption whereas the tax could be significantly higher in regions such as Andalucía and Catalonia.</p> <p>Fiscal shield rule: In general, the Income Tax and Wealth Tax liability may not exceed 60% of the previous year's total taxable income. If it exceeds the 60% limit, the taxpayers may reduce their Wealth Tax liability by the excess amount up to a maximum reduction of 80% of the Wealth Tax liability. However, some Spanish regions have special rules.</p>	<p>The tax rates applicable for Wealth Tax purposes to life assurance policies are analogous to the ones applicable to a traditional asset portfolio. However, life assurance provides for specific structuring solutions which enables Spanish resident policyholders to optimize Spanish Wealth Tax in full compliance with Spanish tax regulations.</p> <p>Fiscal shield rule: The same rule applies as for a Traditional asset portfolio. However, as any eventual taxable gains are cumulated under the policy under a tax deferral scheme, the Fiscal Shield rule will become especially effective while subscribing to a life assurance policy.</p>																

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Inheritance and Gift Tax	Tax rates differ from one Spanish region to another. Please consult the tax rates, allowances and tax credits in force in your Spanish region of residence in terms of Inheritance and Gift																																			
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The information in this document is based on OneLife's understanding of current laws and taxation practice in Spain and Luxembourg as of February 2020, which may change in the future. This document provides a summary and does not attempt to cover all related matters or situations. It is not intended to give specific legal and fiscal advice. Investors should seek their own independent advice relating to their specific circumstances. OneLife and the life assurance companies which form part of the Group will not be held liable for any errors or omissions in this document, nor for the use or the interpretation of the information contained herein.

ESSENTIAL WEALTH
onelifeu.com

T (+352) 45 67 301
F (+352) 45 67 34
E info@onelifeu.com

The OneLife Company S.A.
38 Parc d'Activités de Capellen·BP 110·L-8303 Capellen·Luxembourg
RCS Luxembourg B34.402



■ GROUPE APICIL