Standard Life

Tax treatment of unitised investments and direct investments

For financial advisers only

	Irish unit linked investment bond[1]	Irish and Luxembourg UCITS[2]	Direct investment in equities and property[3]
Taxation of realised gains	41% exit tax deducted on gains realised on encashment.	41% income tax on realised gains on encashment, under self-assessment.	Capital Gains Tax (CGT) at 33% on realised chargeable gains under self-assessment. First €1,270 chargeable gains tax free each year.
Taxation of income	Any income/dividends are treated as growth within the policy and subject to exit tax at 41% when the gain is realised on encashment or deemed disposal. No USC or PRSI.	41% income tax under self-assessment. No USC or PRSI.	Up to 52% - liable to income tax at marginal rate, USC[4] and PRSI[5], under self-assessment.
Tax return required to Revenue in year income received or asset disposal?	No	Yes, self-assessment (Form 11)	Yes, self-assessment (Form 11)
Investment switches	Not a taxable event. Fund switches within the same policy are not a disposal for exit tax purposes.	Not a taxable event. Fund switches within the same UCITS umbrella structure policy are not a disposal for tax purposes.	All asset disposals give rise to a chargeable gain or an allowable loss, as the case may be.
Can losses be offset against gains for tax purposes?	Yes, within the same policy. No, between different policies or against losses on other assets.	Yes, within the same UCITS. No, between different UCITS or against losses on other assets.	Yes. Realised losses can be offset against realised gains on other investments, for example, realised loss on equities can be offset against realised gain on direct property. Unrelieved losses can be carried forward indefinitely to be offset against future realised gains.
Deemed disposal for tax purposes	Yes. Every 8 years.	Yes. Every 8 years.	No. Gross roll up until investment is sold.

[1]Issued by a life assurance company established in the State or trading in the State through a branch.
[2]The Irish domiciled UCITS is assumed to be an Exchange Traded Fund (ETF) not operating Irish exit tax.
[3]Including investment in Exchange Traded Funds (ETFs) domiciled in certain non EU countries, for example, US and Canada.
[4]No USC if total income (excluding the State Pension) is less than €13,000 p.a. Also investors over age 70 with total income (excluding the State Pension) of less than €60,000 pay a top rate of USC of 2%.
[5]Only liable to PRSI if under age 66 and self-employed, or under age 66 and an employee with total investment income exceeding €5,000 p.a.

	Irish unit linked investment bond[1]	Irish and Luxembourg UCITS[2]	Direct investment in equities and property[3]
On death	Realised gain to the date of death subject to exit tax at 41%. Inheritance tax is calculated on the value before exit tax is applied, however a credit is then allowed for the exit tax already deducted[6].	Realised gain to the date of death subject to income tax at 41%. Inheritance tax is calculated on the value after exit tax has been applied.	Assets acquired by next of kin at market value at date of death. No CGT on gains to the date of death, however inheritance tax is calculated on the value of assets inherited.
1% insurance premium levy	Yes	No	No
On making investment, is investor required to return details to Revenue?	No	Irish UCITS: No Luxembourg UCITS: Yes, under self-assessment (Form11)	No
Is intermediary required to return details of investors to Revenue?	No	Irish UCITS: No Luxembourg UCITS: Yes (Form 8D[7])	No

[6] The same event must give rise to both exit tax and the inheritance tax. Exit tax can only be used to offset inheritance tax in respect of the same policy. The amount of exit tax that can be used is the lower of the exit tax and inheritance tax payable on the same policy and event.
[7] Return of third party information by intermediaries in relation to offshore products.

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