



TAXATION INFORMATION SHEET - ITALIAN RESIDENT

FOYER GROUP

This document has been prepared in accordance with prevailing Italian tax legislation (which remains subject to possible changes that could have retroactive effects), and it does not intend to provide an exhaustive description of all the possible fiscal aspects that could be significant in relation to the subscription of the policies.

In this regard, please note that the insurer does not offer advice on the treatment of the contract and, therefore, it is in any case recommended that clients contact their tax advisors for a complete analysis of the fiscal aspects related to the subscription of the contract, especially in the event of any changes in laws and regulations.

At the time of preparation of this document, the taxation system relating to the contract is as follows.

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The sums paid by the insurer in the event of the death of the insured person do not constitute taxable income and, therefore, they are exempt from personal income tax regardless of the deduction of the premiums (Article 6, Paragraph 2 of the Decree of the President of the Republic No. 917 of 22 December 1986 - Income Tax Code); the foregoing applies only to the portion of capital paid out corresponding to the coverage of the actuarial risk. The portion of capital corresponding to the financial component of the policy will, instead, be taxed according to the ordinarily applicable rules, in accordance with the rules governing payouts in the event of the survival on maturity of the policy, as specified in letter (b) below.

The sums paid in the event of the death of the insured person are not subject to inheritance tax.

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In the event that the insured person is still living at the expiration of the contract or in the event of surrender, the amounts disbursed in the form of capital are subject to a substitute tax applied to the difference, if positive, between i) the accrued capital and ii) the capital of the portion of the premiums paid that do not qualify for the deduction (Article 26-ter, Paragraph 1 of Decree of the President of the Republic No. 600 of 29 September 1973). The rate of taxation is 26% (for capital income referring to the period starting from 1 July 2014, 20% for capital income referring to the period between 1 January 2012 and 30 June 2014, and 12.5%, for that referring to the period prior to 1 January 2012).

Starting from 1 January 2012, this difference is calculated net of the portion of income arising from the bonds and other securities referenced in Article 31 of Decree of the President of the Republic No. 601/73 or equivalent thereto, as well as net of the portion of income referable to bonds issued by the foreign states listed in Article 168-bis of the Income Tax Code (the so-called 'white list') for which an effective tax rate of 12.5% is applied.

The aforementioned substitute tax is withheld by the insurer in its role as "sostituto d'imposta"

If the beneficiary in the event of the survival of the insured person on maturity is not the policyholder, donation taxes may be applicable, but only on to the premium paid.

With regard to sums paid by the insurer to persons who have subscribed the contract in the exercise of their business activity, the benefits disbursed by the insurer are not subject to the aforementioned substitute tax, but the entire amount thereof is treated as a positive component of total corporate income and, therefore, the insurer will not effect any withholding.

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The portion of the premiums paid for the whole life contract in relation to the coverage of the risk of death will entitle the policyholder, in the year in which said premiums are paid, to a deduction from the gross tax on the income of natural persons, as declared by the policyholder, under the conditions and within the limits established by law. The quantification of the premium component relating to the cover for risk of death will be provided in the policyholder's statement of account.

Currently, 19% of the premiums paid may be deducted annually, for a total amount not exceeding EUR 530, provided that the policyholder is the insured person (Article 15, letter f) of the Income Tax Code). The deduction is allowed if the policyholder is not the insured person, provided that the insured person is a dependent of the policyholder for tax purposes, without prejudice to the maximum deductible amount.

Should the policyholder and the beneficiary be legal entities submitted to corporate income tax ("IRES") pursuant to Article 73 of the Income Tax Code, the portion of the premiums paid for the coverage of the risk of death will be deductible within the limits of the provisions of Article 109 of the Income Tax Code. Similarly, the portion of the premiums paid for the coverage of the risk of death is also deductible for purposes of the regional tax on productive activity ("IRAP"), within the limits of the provisions of Legislative Decree No. 446 of 15 December 1997, subject to the conditions indicated therein.

d. Tax reporting obligations

If the conditions are fulfilled, the policyholder and the beneficiary in the event of the survival of the insured person on a foreign policy may be **required to state**, on the tax return, the value of the policy as at 31 December (Section RW of the tax return).

As provided by the instructions for the current tax returns of natural persons, life insurance policies and capitalisation contracts must be declared in Section RW *"unless the foreign company has opted to apply the substitute tax or stamp duty, and an Italian agent has been empowered to settle all payments concerning the investment, the disinvestment, and payment of the relative proceeds."*

e. Stamp duty

Article 19 of the Legislative Decree No. 201 of 6 December 2011 extended the application of stamp duty on customer communications to financial insurance products starting from 1 January 2012 (Article 13, Paragraph 2-ter of Decree of the President of the Republic No. 642/1972 introduced by Decree-Law No. 201/2011). The duty, calculated on the total market value (or, in the absence thereof, on the nominal or reimbursement value), is due at the time of reimbursement or surrender, and it is applied by the insurer in its role as a withholding agent.

As from 1 January 2014, the rate of duty is 0.20%, proportionally on an annual basis, with a maximum, in the case of a policyholder other than the natural person, of EUR 14,000.