

LIFE ASSURANCE – ‘EXIT TAX’

General [Guidelines](#) for Life Assurance Company administrators in relation to —

- (a) the calculation of tax due on income and gains from investments in domestic life assurance policies; and
- (b) the completion of Declaration Forms

have been updated on the Revenue website.

The guidelines have been updated to include the Finance Act 2015 amendments in relation to the provision of declarations by non-resident policyholders which may result in repayment claims for certain policyholders.

Finance Act 2015 – repayment of exit taxes previously collected

Section 730E Taxes Consolidation Act (TCA) 1997 deals with declarations which must be made to a life assurance company in order for life policies to be exempt from the deduction of exit tax on the happening of a chargeable event. **Finance Act 2005** tied the entitlement to exemption from exit tax to the residence status of a policyholder at inception of the policy, rather than at the time of the chargeable event. A policyholder who became non-resident and non-ordinarily resident in the State, subsequent to commencing a life policy, could therefore not provide a declaration of non-residence or obtain a refund of any exit tax deducted, in respect of chargeable events occurring after the policyholder became non-resident and non-ordinarily resident.

Section 23 Finance Act 2015 amended the requirements around the timing of the declaration of non-residence for any policy commenced on or after 1 May 2006. That is, from 1 January 2016 any policy holder who is non-resident and non-ordinarily resident at the time of a chargeable event will be able to provide a declaration of non-residence at that time and avoid incurring the exit charge.

Repayment procedures have been put in place for any policy holder who:

- suffered exit tax on chargeable events occurring before 31 December 2015, **and**
- was Irish resident when his / her policy commenced on or after 1 May 2006, **and**
- became non-resident and non-ordinarily resident in the State after that date.

Customer Service staff in Tax Districts who are aware of any policyholders to whom the above circumstances may apply, should advise such policyholders to contact:

Financial Services Unit,
Business Taxes Policy & Legislation Division,
Stamping Building,
Dublin Castle,
Dublin 2,
providing the relevant details.