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NAVIGATOR

QUARTERLY TECHNICAL BRIEFING

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Editorial comment

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Head of Group Technical Services

Welcome to the Winter 2026 edition of NAVIGATOR.

This edition arrives as cross-border tax rules continue to shift, with advisers facing greater scrutiny, tighter regimes and increasingly mobile clients. As ever, NAVIGATOR provides the insight and practical guidance needed to stay ahead.

Our **Technical Spotlight** examines **HNW Expat Tax Regimes**. It opens with Brendan Harper's overview, outlining both the opportunities and the pitfalls advisers must understand as they plan within these regimes. This is followed by five market-specific articles covering the expat tax regimes of the UK, France, Portugal, Spain and Italy, and concludes with the key insight that portability, through an insurance-based wealth solution, can outperform individual expat regimes over the long term.

This edition highlights key developments across **Regulation, Tax and Compliance**, including Colombia's revised Wealth Tax for 2026, Belgium's Budget measures and France's changing social contribution landscape.

Elsewhere, **Navigator Voices** features my exclusive interview with **Paul Thompson, CEO of Utmost**. Marking ten years since the Utmost brand launch, Paul shares what defines a resilient life company and highlights three trends set to shape the industry in 2026 and beyond.

In **Country Focus**, we look at the growing impact of fiscal drag on UK clients. We also include a case study that shows how an insurance-based solution can mitigate fiscal drag for UK clients.

As always, our aim is to equip advisers with clear, practical analysis that supports thoughtful, compliant and forward-looking planning for clients.

Thank you for reading, and for your continued engagement with NAVIGATOR.

Aidan Golden
Head of Group Technical Services

Key articles in this issue

Regulation, Tax and Compliance

Nicolaas Vancrombrugge
Senior Wealth Planner –
Belgium and Luxembourg

Belgium Budget 2026: Key Tax Changes Impacting Life Insurance Planning

On 23 November 2025, the Belgian government agreed its Budget for 2026. Two measures are particularly relevant for the commercialisation of life insurance contracts for Belgian resident policyholders:

1. The confirmation **of a new capital gains tax**
2. The **increase in the Tax on Annual Securities Accounts (ATSA) rate** from 0.15% to 0.30%

Capital Gains Tax – What You Need to Know

The draft law introducing the new capital gains tax was submitted to the Belgian Parliament at the end of December. Although it still requires parliamentary debate and a formal vote, the law is expected to apply retroactively from 1 January 2026. Belgian residents should therefore assume the tax is already in effect, even though some details may change before final approval.

The main principles remain consistent with those outlined in our Summer 2025 Navigator article. The tax will apply at 10% on capital gains realised from 1 January 2026 on all financial products, including withdrawals or surrenders from life insurance contracts. An exit tax will also apply for two years after leaving Belgium.

Why Life Insurance Matters

Unit-linked life insurance contracts may become more attractive under this regime because they offer tax deferral benefits. Unlike other financial products, these contracts allow capital losses and gains on underlying assets to be offset without time limits. Switching investment funds within a Branch 23 policy will not trigger a taxable gain, and the policy structure simplifies administration compared to a directly held investment portfolio.

Points of Attention

- The draft law confirms taxation on all capital gains realised from 1 January 2026. Insurers will need to record the net asset value (NAV) of in-force contracts on 31 December 2025 to calculate future gains or losses.
- If a contract shows a loss between subscription and 31 December 2025, the policyholder may request calculation based on the original subscription value.
- Withdrawals will require proportional calculation of gains based on premiums paid and NAV at withdrawal.
- Currency conversions to euro will be necessary for contracts denominated in other currencies.
- Belgian financial institutions, including Utmost Belgian Branch, must act as paying agents and withhold the tax from 1 July 2026 unless the policyholder opts out.
- Insurers (including non-Belgian insurers) will need to provide annual attestations or information to help policyholders complete their tax declarations.
- The tax applies only during the policyholder's lifetime, not on death settlements, creating estate planning opportunities.

Increase in ATSA Rate

The ATSA applies to securities accounts above €1,000,000 held by Belgian residents. The rate has doubled from 0.15% to 0.30%. However, ATSA does not apply to insurance contracts where the underlying securities account is held by a Luxembourg insurer (potentially also including its Belgian Branch, depending on the set-up of the branch) and the custodian bank is outside Belgium. In such cases, the Luxembourg insurer is the legal owner of the account, and the Belgium–Luxembourg tax treaty prevents Belgium from taxing these assets.

The Belgian Budget for 2026 introduces meaningful changes that will influence how advisers support clients with Belgian tax exposure. The new capital gains tax and the higher ATSA rate reinforce the value of life insurance-based wealth solutions, particularly where clients seek tax deferral, administrative simplicity and planning flexibility. As the legislative process progresses, advisers should continue to monitor developments and ensure policyholders receive timely guidance based on the final law.

Key Takeaways for Advisers

- **Prepare clients** for the new capital gains tax and its retroactive effect from 1 January 2026.
- **Highlight the benefits** of unit-linked life insurance for tax deferral and administrative simplicity.
- **Record NAV values** on 31 December 2025 for all in-force Belgian resident contracts.
- **Explore planning opportunities** as the tax does not apply on death settlements.
- **Review ATSA exposure** and the eventual benefit of an alternative structuration.

If you wish to review the draft law, it is accessible here on La Chambre.be

Nicolas Morhun
Associate Director,
Senior Wealth Planner
– France

Alix Devalmont
Senior Wealth Planner
– France

France: 2026 Social Contributions – Implications for Portfolios, Insurance and Expatriates

France has introduced targeted changes to its social contribution regime. Nicolas Morhun and Alix Devalmont explain how the 2026 law increases the contribution sociale généralisée (CSG) on pure financial income while preserving preferential treatment for "popular savings".

Context and What Changed

Political constraints prevented Parliament from finalising the Finance Law by year-end, but the law on financing social contributions for 2026 was passed. A government-led compromise distinguishes "financial income" from "popular savings".

- **CSG increase to 10.6%** applies only to pure financial income (e.g., dividends, capital gains on shares and bonds).
- Popular savings keep the **9.2% CSG**: life insurance and capitalisation contracts, PEA (Plan d'Épargne en Actions), PEP, PEL/CEL.
- Other common incomes (e.g., rental income, real estate capital gains) continue at 9.2% CSG.

Because the Contribution pour le Remboursement de la Dette Sociale (CRDS) (0.5%) and solidarity levy (7.5%) are unchanged, overall social levies now diverge:

- Pure financial income: **10.6 + 0.5 + 7.5 = 18.6%**
- Popular savings (including life insurance/capitalisation contracts): **9.2 + 0.5 + 7.5 = 17.2%.**

Comparative Table of Rates (CSG component)

Asset Type	2025 CSG	2026 CSG
Dividends, capital gains on shares/bonds	9.2%	10.6%
Life insurance and capitalisation	9.2%	9.2%
PEA, PEP, PEL, CEL savings plans	9.2%	9.2%
Rental income	9.2%	9.2%
Real estate capital gains	9.2%	9.2%

Overall Social Levies

- Insurance/capitalisation: **17.2%**
- Pure financial income: **18.6%**

Expatriates in France: Who Is (and Isn't) Affected?

Expatriates affiliated to a foreign social security system and holding a valid S1 form are generally exempt from CSG and CRDS on investment income. As a result, the increase to 10.6% CSG does not affect them. However, expatriates remain subject to the 7.5% solidarity levy on applicable income.

Following the UK's withdrawal from the EU (agreements of 12 November 2019 and 30 December 2020), UK expatriates can continue to benefit from the CSG/CRDS exemption from 1 January 2021, provided they are:

- Affiliated to the UK social security system.
- Nationals or legal residents of France, the UK, or another EU Member State.
- Not covered by a compulsory French social security scheme.

Bottom line: The CSG hike principally impacts domestic investors and expatriates without S1 coverage.

Why It Matters for Wealth Professionals

The shift widens the differential between direct portfolios and "popular savings". For clients comparing portfolio investing with insurance or capitalisation contracts, this change reinforces the relative attractiveness of long-term, policy-based solutions:

- Lower overall social levies (17.2% vs. 18.6%) on withdrawals from insurance/capitalisation.
- Continued benefits around tax deferral, timing and management of taxable events, and estate planning (including favourable rules on death for insurance contracts).
- For expatriates with S1 coverage, the CSG/CRDS component is removed, leaving only the 7.5% solidarity levy – further strengthening the comparative case.

Key Takeaways for Advisers

- **Portfolio vs. policy:** The CSG uplift raises overall levies on pure financial income to 18.6%, while insurance/capitalisation remain at 17.2% – a meaningful differential for planning.
- **Expat clients:** S1 holders are exempt from CSG/CRDS (but not the 7.5% solidarity levy); domestic investors and non-S1 expatriates feel the change.
- **Positioning:** Emphasise long-term savings and policy-based structures for clients sensitive to social levies.
- **Monitor:** Watch for Finance Law developments; if passed, we'll update advisers on additional fiscal measures.

Nerea Llona
Tax and Legal Counsel
- Spain and LatAm

Colombia: Emergency Decree Reshapes Wealth Tax for 2026

Colombia's tax conversation took an unexpected turn at the end of 2025. Congress rejected the broader Financing Law on 9 December 2025, which had proposed a significant tax reform. Shortly after, the Government approved Emergency Decree No. 1474-2025 on 29 December 2025 (the "Decree"), temporarily reshaping Colombian Wealth Tax for the 2026 tax year.

A Narrower Threshold, a Steeper Top Rate

The Decree lowers the Wealth Tax entry threshold to **40,000 UVT** (approx. USD 530,000), down from **72,000 UVT** (approx. USD 960,000). More individuals will now fall within the scope of the tax, as net liquid assets on 1 January 2026 are measured against a much lower bar.

The rate structure is also more progressive. Marginal bands of **0.5%, 1%, 2% and 3%** now culminate in a **top rate of 5%** on net wealth above **2,000,000 UVT** (approx. USD 26,500,000). This is a significant increase from the previous maximum rate of **1.5%**, which was applied to assets above approx. USD 10,000,000.

The Decree confirms that Wealth Tax applies only to individuals, not to corporate entities. It applies on a temporary basis for the 2026 tax year.

* UVT – Unidad de Valor Tributario.

Wealth Tax and Life Insurance Policies – Clarifying the Rules

Colombian tax residents are subject to Wealth Tax on their worldwide assets, including life insurance policies. However, how a policy is valued depends on whether it qualifies as a life insurance contract for tax purposes.

How Life Insurance Policies Are Treated:

- Qualifying life insurance policies must be reported at their surrender value as at 1 January each year.
- Policies that do not qualify as life insurance for tax purposes (and are reclassified as investment products) must be reported at the value of their underlying assets as at 1 January each year.

Unit-Linked Life Insurance Policies (PPLIs):

Unit-linked life insurance policies (also known as "PPLIs") are not excluded assets for Colombian Wealth Tax. They fall within the Wealth Tax base and must be reported annually. The correct valuation method depends on whether the policy meets the Colombian criteria to qualify as life insurance:

- If the policy qualifies as life insurance, report the surrender value.
- If it does not qualify, report the value of underlying assets.

This distinction is critical for advisers and should be confirmed at the start of each Wealth Tax cycle.

Colombian Wealth Tax – Tax Year 2026 (Emergency Regime)

Net wealth band (UVT)	Marginal tax rate	Tax calculation (UVT)
0 – 40,000	0.0%	No wealth tax payable
Over 40,000 – 70,000	0.5%	(Taxable UVT – 40,000) × 0.5%
Over 70,000 – 120,000	1.0%	(Taxable UVT – 70,000) × 1% + **150 UVT**
Over 120,000 – 240,000	2.0%	(Taxable UVT – 120,000) × 2% + **650 UVT**
Over 240,000 – 2,000,000	3.0%	(Taxable UVT – 240,000) × 3% + **3,050 UVT**
Over 2,000,000	5.0%	(Taxable UVT – 2,000,000) × 5% + **55,850 UVT**

Note: *USD conversions will vary once the 2026 UVT is finalised.*

What This Means for Advisers

- **Scope and exposure:** With the threshold reduced to 40,000 UVT, clients previously outside the regime may now be within scope. Early year balance sheet reviews are important.
- **Valuation accuracy:** Life insurance policies, including unit-linked or PPLI contracts, must be reported correctly based on their tax classification (surrender value or underlying asset value).
- **Long-term planning:** Higher marginal rates warrant close attention to long-term structuring and liquidity planning.
- **Planning resilience:** Insurance-based wealth solutions are more relevant than ever. Products such as Zero Cash Value, Frozen Cash Value and Decreasing Cash Value can help Colombian resident clients manage their Wealth Tax exposure more efficiently while still supporting Personal Income Tax deferral, asset consolidation and long-term organisation.
- **Cross-border context:** Clients with international portfolios may need support reconciling valuations across jurisdictions, particularly where policies include diverse underlying assets.

Why This Matters

The 2026 Emergency Decree significantly widens Wealth Tax exposure, and many clients will now fall within scope for the first time. While life insurance policies must be declared for Wealth Tax purposes, **their structure is key**: when appropriately designed, they can provide smoother and more predictable tax outcomes than the often-volatile valuations of directly held assets. As a result, insurance-based solutions continue to play a central role in long-term planning for high-net-worth individuals resident in Colombia.

Key Takeaways for Advisers

- Treat the 2026 Wealth Tax regime as temporary, but plan as if it may be extended.
- Test client exposure on 1 January 2026 and model liabilities across all progressive tax bands.
- Include insurance-based wealth solutions in long-term planning for Colombian resident clients with Wealth Tax exposure.
- Monitor any developments that may reshape the Colombian Wealth Tax rules, particularly if the Decree is subject to a judicial review in the upcoming months.

Roberth Josefsson
Senior Wealth Planner
– Sweden

Sweden: Effective Yield Tax For 2026

The Swedish National Debt Office has confirmed the Government borrowing rate at 2.55% as of 30 November 2025. This sets the effective yield-tax rate for income year 2026 at 1.065%. The increase from the 0.888% rate applied in 2025 reflects interest rates stabilising at a higher level during 2025 compared with 2024.

What This Means for Swedish Investors

The Swedish yield tax continues to offer an attractive route for long term investment planning. Life insurance policies allow clients to access international investment opportunities within a simple and predictable tax framework.

Insurance based wealth solutions also offer succession advantages, portability when clients relocate, and efficient administration for both clients and advisers. The ability to hold private equity, pre-IPO shares and a broad range of quoted and unquoted investments make international life insurance an effective diversification tool for Swedish investors seeking wider access to global private banking expertise.

Additional Note on the Tax-Free Allowance

From 1 January 2026, the tax-free amount for life insurance policies and ISK accounts will increase from SEK 150,000 to SEK 300,000. While this uplift has limited impact for higher-value portfolios, it remains a useful enhancement within the overall yield-tax framework, particularly for clients holding smaller balances in these structures.

Key Takeaways for Advisers

- The effective yield tax rate for 2026 is 1.065%, based on a government borrowing rate of 2.55%.
- Life insurance continues to offer a favourable and predictable tax environment for Swedish investors.
- International policies provide access to diverse investments, including private equity and pre-IPO opportunities.
- Succession planning, portability and simplified administration strengthen the appeal of insurance-based solutions.
- The tax-free allowance for life insurance policies and ISK accounts increases to SEK 300,000 from 1 January 2026.

Simon Martin
Head of UK Technical Services

UK Autumn Budget 2025: Key Points for Advisers

Summary

The lead-up to the 2025 Budget was unusually turbulent, marked by the premature release of the OBR report before the Chancellor had begun her statement. As a result, Budget Day delivered few surprises, with many measures already well trailed.

- The most notable change was a further amendment to the threshold rules for agricultural and business property relief, with the amount initially set at £1million. The Budget announced that any unused portion will now be able to be transferred between spouses or civil partners on death. Further, following continued lobbying of this measure, in December the Government announced the threshold was to be increased to £2.5m providing an early Christmas present for farmers and entrepreneurs.
- There were no amendments to Capital Gains Tax (CGT) rates. However, advisers should note changes to Income Tax from April 2027 and revised dividend tax rates for basic and higher rate taxpayers from April 2026. A new ordering rule will require the personal allowance to be set against non-savings income first. Rental income will now follow non-savings income in the tax hierarchy.
- The Government also confirmed a High Value Council Tax Surcharge from April 2028 for properties valued above £2million.
- For international clients, overseas insurance bonds remain attractive. Previous abolishment of the remittance basis of taxation enhances their appeal for those who cannot benefit from the Foreign Income and Gains ('FIG') regime, or who intend to remain in the UK beyond the FIG eligibility window.

Further Detail and Resources

Advisers can access our full analysis through the following published resources:

- UK Autumn Budget Summary – a clear breakdown of all major measures
- Updated Tax Tables – revised rates and allowances for planning conversations
- Budget Timeline – a forward view of when key changes take effect

These resources provide a practical reference for adviser discussions throughout 2026.

Technical Spotlight

High-Net-Worth Expat Tax Regimes in Focus

This Spotlight explores major High-Net-Worth tax regimes across core Utmost markets and builds toward the central insight: portability, when structured through an insurance-based solution, can can outperform individual expat regimes over the long term. Reviewing all articles provides essential context.

Brendan Harper
Head of Asia and HNW Technical Services

Special Tax Regimes: Pitfalls and How Advisers Can Navigate Them

Expat tax regimes are becoming more common as high-tax jurisdictions compete to attract internationally mobile talent. These regimes offer temporary benefits, yet many clients do not appreciate their limits, complexity or the long-term consequences of relying on them.

Why Governments Introduce These Regimes

Many high-tax countries use special "expatriate" or "flat tax" regimes to attract skilled workers or high-value professionals. In this Technical Spotlight, we explore the key regimes across Utmost's core markets.

- **UK** The Foreign Income and Gains (FIG) Regime
- **France** The Inpatriate Regime
- **Portugal** New Inpatriate Regime (NIR)
- **Italy** The Flat Tax Regime
- **Spain** Beckham Law

These regimes can be compelling. However, they are also restrictive, temporary and, in some cases, poorly understood. Clients may enter them with unrealistic expectations or without a long-term plan.

The Pitfalls Advisers Should Watch For

1. Strict Qualifying Criteria

Many high-net-worth individuals consider relocating on retirement to live off savings, pensions and investment income. This profile does not meet the stringent employment-based conditions in France, Portugal or Spain.

Portugal's NIR, for example, applies only to individuals with specific skills in narrow sectors. It also excludes foreign pension income from tax exemption, which can instead be taxed at rates up to 53%. France has equally complex employment-linked requirements.

The UK FIG regime is the least restrictive but still involves comprehensive reporting of worldwide income and gains. For clients with complex international structures, this can create administrative and compliance challenges.

2. Limited Time Frames

These regimes are temporary. Relief can last:

- **Four years** under the UK FIG regime
- **Fifteen years** in Italy
- **Five to ten years** in France, Portugal and Spain

Once the period ends, clients become taxable on worldwide income and gains at full marginal rates. They may also fall within inheritance or wealth tax rules on global assets. If a client intends to remain in the country long-term, these regimes may only offer short-lived relief.

3. Onshore Income and Gains Are Not Covered

Most regimes apply only to **offshore** income and gains. Spain, France and Portugal provide relief for some employment income, but investment income and onshore gains often fall outside the preferential rules.

Clients who generate substantial local income or who dispose of domestic assets may find the regime offers limited practical value.

4. Cross-Border Connections Still Matter

Many high-net-worth individuals retain ties to other jurisdictions. They may hold assets abroad, have beneficiaries living overseas or plan to move again later in life. Expat regimes grant temporary relief but do not remove the need for long-term, cross-border planning. Planning is still required for local income tax, capital gains tax, inheritance tax and succession rules in other countries to which they are connected.

Special tax regimes can be appealing, but they are not a complete solution. Their strict criteria, temporary nature and limited scope mean advisers must help clients plan beyond the regime. The most robust strategies remain those that local residents would use, rather than relying solely on incentives designed for newcomers.

Insurance-based wealth solutions play an important role here. They help clients secure portability, manage tax exposure across borders and maintain long-term planning continuity even after preferential regimes expire.

Key Takeaways for Advisers

- Expat regimes offer short-term benefits but come with strict conditions.
- Relief is temporary, requiring planning that endures beyond the time threshold.
- Most regimes do not shelter onshore income or gains.
- Clients with international connections still need cross-border planning.
- Insurance-based wealth solutions can provide continuity, compliance and portability.

Lana Jarvis
Senior Wealth Planner – UK

UK: The Foreign Income and Gains (FIG) Regime

The UK introduced the Foreign Income and Gains (FIG) regime from 6 April 2025. It replaces the long-standing Remittance Basis of taxation and offers a simpler framework for qualifying new residents. The regime exempts foreign income and gains for the first four tax years, whether or not funds are brought into the UK:

Key Features of the FIG Regime

The FIG regime applies to individuals who become UK tax resident on or after 6 April 2025 and who have been non-resident for at least ten consecutive tax years. These individuals are referred to as "qualifying new residents". To benefit, individuals must:

- Become UK tax resident under the statutory residence test
- Have spent ten consecutive tax years outside the UK before arrival
- Actively claim FIG each year in their Self-Assessment tax return
- Have foreign income or gains arising within the relevant four tax years

The FIG regime exempts foreign income and gains from UK tax for up to four consecutive tax years starting with the first year of UK tax residence. Funds can be brought into the UK without triggering tax.

Relief must be claimed annually. FIG applies only to income and gains arising within the four-year FIG window. Other reliefs apply to pre-arrival income and gains, including the Temporary Repatriation Facility (TRF) and Rebasing for capital gains tax.

Significant Changes to the UK Inheritance Tax (IHT) Regime

The UK's wider reform landscape also includes substantial changes to the Inheritance Tax (IHT) regime, which took effect from 6 April 2025. These reforms move the system from a domicile-based model to a residency-based approach and abolish the previous domicile and deemed-domicile rules for IHT purposes.

The new framework provides far clearer rules on when individuals fall within the UK IHT net – a marked improvement on the uncertainty that historically surrounded non-domiciled status. The impact is particularly significant for internationally mobile clients.

Key points include:

- An individual is considered a **long-term resident** if they have been UK tax resident for **at least 10 of the previous 20 tax years.**
- After leaving the UK, long-term residents remain within the UK IHT scope for a defined **"tail" period** of up to **10 years**, depending on their residence history. This creates a clear end-date for UK exposure and replaces the ambiguity of the former non-domicile rules.

Clients for Whom the Regime Is Suitable

The FIG regime is suitable for:

- Individuals becoming UK resident after ten or more years abroad
- Professionals relocating to the UK for work
- Returning UK nationals who meet the ten year non-residence condition
- Non-domiciled clients who previously could not use the remittance basis

These clients gain a clear four-year window during which foreign income and gains are exempt from UK tax. The simplification of reporting and the freedom to bring funds into the UK without tax consequences offer meaningful planning advantages.

Clients for Whom the Regime Is Not Suitable

The FIG regime does not benefit:

- Individuals already UK resident for more than four years before April 2025
- Long term non-doms who relied on the remittance basis to shelter foreign income
- Clients unable to meet the strict ten year non-residence test
- Individuals with significant pre-arrival income or gains who do not qualify for TRF or Rebasing

These clients transition into worldwide taxation more abruptly. TRF and Rebasing may soften the change until the end of the 2027/28 tax year, but FIG does not extend to them.

Key Considerations for Advisers

- FIG applies only for four tax years. After that period, clients become subject to full UK worldwide taxation.
- TRF and Rebasing may provide relief on pre-arrival income and gains where conditions are met.
- Advisers must confirm UK residence status under the statutory residence test.
- Clients with previous UK connections must track historic residency carefully to understand whether they qualify as "new" residents.
- Advisers may consider planning structures to replicate some advantages previously available under the remittance basis.
- Clients expecting to spend limited time in the UK should monitor their residence position to avoid unintended loss of FIG eligibility.

Understanding the timing of residence, the four-year window and the interaction with TRF and Rebasing is essential for planning.

Key Takeaways for Advisers

- FIG applies from 6 April 2025 and offers four years of exemption for foreign income and gains.
- Clients must have been non-resident for ten consecutive tax years before arrival.
- Funds can be brought into the UK without triggering tax during the FIG period.
- TRF and Rebasing provide limited relief for pre-arrival income and gains.
- Advisers must assess residence status, historic UK ties and long-term income profiles.
- Significant changes to the UK IHT regime from 6 April 2025 mean advisers should now consider both FIG and the new residency-based IHT rules when planning for internationally mobile clients.

France: The Inpatriate Tax Regime

Alix Devalmont
Senior Wealth Planner
– France

Nicolas Morhun
Senior Wealth Planner,
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– France

Understanding France's Inpatriate Regime and Its Planning Opportunities

France's inpatriate regime offers tax exemptions to attract skilled professionals relocating to France. Recent clarification by the French Tax Administration has widened access for individuals recruited in France if application occurred abroad. With benefits lasting up to eight years, the regime can offer meaningful relief on professional and foreign-source income.

Key Features of the French Inpatriate Regime

Overview and Eligibility

The inpatriate regime, governed by Article 155 B of the French Tax Code, was introduced to encourage skilled individuals to relocate or return to France. It applies only to employees or managing directors appointed to a French company either:

- by a foreign entity within a group, or
- directly by the French company.

A key development came on **11 August 2025**, when the French Tax Administration aligned its position with recent case law. It confirmed that individuals who apply for a role from abroad and are then recruited by a French company may qualify as inpatriates – provided they meet all other conditions.

To qualify, two residence conditions must be met:

- The individual must not have been French tax resident in the **five years** prior to taking up the role.
- The individual must become French tax resident under Article 4B of the Tax Code.

Tax Relief Available

When eligible, professionals may benefit from exemptions on:

- **Inpatriate premium** – additional remuneration linked to the role in France
- **Foreign duties performed for the employer** – part of salary linked to work carried out abroad
- **50% of certain foreign-source income**, including:
    - income from capitalisation and insurance contracts
    - gains from the sale of foreign securities (subject to treaty conditions and qualifying depositaries)
    - certain foreign intellectual property income
    - other foreign-source investment income where the payer is located in a treaty jurisdiction

The exemptions apply until **31 December of the eighth year** following the year the individual becomes French tax resident.

Property Wealth Tax *(Impot sur la Fortune Immobilière or "IFI")* Treatment

Inpatriates benefit from partial IFI relief. For the first **five years**, they are taxable only on French-situated property, mirroring the treatment applied to non-residents.

Insurance and Capitalisation Contracts

The location of the insurer is critical. A contract issued by a French insurer will not benefit from the 50% exemption on gains. A contract issued by an insurer located outside France may qualify.

Because insurers cannot verify a policyholder's inpatriate status, they must withhold tax in full. Clients reclaim the excess through their annual tax return. Advisers must ensure clients understand both the administrative process and timing implications.

Clients for Whom the Regime Is Suitable

The regime can be valuable for:

- Senior executives or skilled professionals relocating to France for employment
- Individuals with significant foreign-source income or assets
- Clients moving through multinational employer structures
- Returning French nationals who have spent over five years abroad
- Individuals planning a medium-term stay (five to eight years)

Clients for Whom the Regime Is Not Suitable

The regime is less suitable for:

- Clients moving to France independently without employer sponsorship
- Those who were French tax resident within the previous five years
- Retirees or clients with mainly passive income
- Clients expecting primarily French-source income
- Individuals intending to remain indefinitely in France after the regime expires

Considerations for Advisers

The inpatriate regime can be powerful, but careful assessment is essential. Advisers should:

- Analyse the client's employment route – group assignment vs direct recruitment
- Review foreign-source income and asset structures
- Assess the eligibility of investment income based on treaty conditions
- Consider insurer location when advising on capitalisation or insurance contracts
- Prepare clients for withholding and subsequent tax reclaim procedures
- Plan for the end of the regime to avoid sudden tax increases across income tax and IFI

The temporary nature of the regime reinforces the need for long-term, portable wealth planning solutions that continue to support clients beyond the eight-year window.

Key Takeaways for Advisers

- Eligibility depends on strict residence and employer-linked criteria.
- Relief on professional and selected foreign-source income can extend for eight years.
- The insurer's location determines access to the 50% exemption on contract gains.
- Tax withholding complexities require careful communication with clients.
- Early planning for regime expiry is essential to avoid sharp tax increases.

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Head of Tax and Legal
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Portugal: The New Inpatriate Regime (NIR)

Understanding the New Inpatriate Regime (NIR) After the End of NHR

Portugal repealed the long standing Non-Habitual Resident (NHR) regime for new entrants with effect from 1 January 2024. However, a new special regime was introduced: the New Inpatriate Regime (NIR), often referred to as "NHR 2.0". The NIR targets active professionals in high value-added sectors and offers a 20% flat rate on qualifying Portuguese source employment and self-employment income, alongside exemptions for most foreign source income.

Key Features of the New Inpatriate Regime (NIR)

General Eligibility Criteria

The NIR was introduced in the 2024 Portuguese State Budget and applies to individuals who become Portuguese tax resident from 2024 onwards. To qualify, individuals must:

- Not have been Portuguese tax resident in the **previous five years**
- Become tax resident in Portugal from 2024
- Apply for the NIR by **15 January** of the year following the individual becomes tax resident
- Not have previously benefited from NHR or the "Regressar" regime
- Carry out a **qualifying high value-added activity** and receive income from it throughout the duration of the regime

Qualifying Activities and Entities

Qualifying activities must be performed for recognised entities, including.

- Qualified job roles or governing body positions in entities recognised by **AICEP or IAPMEI**
- Start-up roles in companies certified under Portugal's start-up law
- Highly qualified professions in companies benefiting from the **RFAI** regime or industrial and services companies exporting at least 50% of turnover
- Teaching or research in higher education or national science and technology networks
- Roles in Madeira or the Azores (subject to regional rules)

Tax Treatment and Benefits

The NIR applies for **10 consecutive years.** Portuguese-source employment and self-employment income that qualifies for the regime is taxed at a **20% flat rate.**

Foreign-source income, including employment, self-employment, dividends, interest, rental income and capital gains, is **exempt** from Portuguese taxation, except for **foreign pensions**, which are never exempt.

Clients for Whom the Regime Is Suitable

The NIR is attractive for:

- Internationally mobile professionals relocating for work
- Clients with significant **foreign-source investment income**, as this is generally exempt
- Senior individuals in high value-added sectors
- Executives relocating from multinational structures
- Professionals expecting a medium-term residence in Portugal (up to 10 years)

Clients with diversified global income streams often gain the most, as the combination of a 20% flat rate and broad foreign-income exemption can significantly reduce their tax exposure.

Clients for Whom the Regime Is Not Suitable

The NIR is not suitable for:

- **Retirees**, or individuals relying on pension income
- **Digital nomads** working for foreign employers without ties to qualifying Portuguese entities
- Individuals with foreign income from **blacklisted jurisdictions**, taxed at **35%**
- Clients who cannot meet the qualifying activity requirements each year

Foreign-source pensions are **never exempt**, so the regime offers limited benefit to clients whose main income is pension-based.

Considerations for Advisers

- Qualifying Portuguese-source employment or self-employment income is taxed at **20%**, while most foreign-source income is **exempt**, except foreign pensions.
- Foreign income from **blacklisted jurisdictions** is not exempt and is taxed at 35%.
- Clients must maintain a **qualifying activity** for the full ten-year period to preserve the regime.
- The NIR requires timely **administrative compliance**, including meeting the **15 January application deadline.**
- If clients do not meet the annual qualifying-activity conditions, they risk losing access to the regime and returning to standard Portuguese tax rates.

Given the narrow eligibility criteria, advisers should verify the client's employment status, confirm the eligibility of the employer or entity, and assess whether the client's overall global income profile is well-aligned with the structure and intent of the regime.

Key Takeaways for Advisers

- The NIR is in force since 1 January 2024 and applies only to active, high value-added professionals.
- Foreign-source income is exempt, but foreign pensions are always taxable.
- Blacklisted-jurisdiction income is taxed at 35%.
- The regime offers a 20% flat rate for employment and self-employment Portuguese-source income.
- Advisers must assess employer eligibility, professional status and the client's long-term income profile.

Filippo Mancini
Senior Wealth Planner
– Italy

Italy: The Flat Tax Regime

Understanding Italy's Flat Tax Regime for New Residents

Italy introduced its Flat Tax Regime in 2017 to attract internationally mobile high-net-worth individuals. The regime allows eligible new residents to pay a fixed annual tax on foreign-source income instead of ordinary progressive taxation. Recent increases to the flat tax amount – from €100,000 to €200,000 and now €300,000 from 2026 – make understanding its long-term suitability even more important.

Key Features of the Regime

Eligibility and Scope

The regime is available to individuals who have not been Italian tax resident for at least **nine of the ten years** prior to relocation. Once elected, it can apply for up to **15 years**, providing long-term predictability. The option may be extended to family members, who each pay an additional annual flat tax.

Eligibility is typically confirmed through a **ruling request (interpello)** submitted to the Italian Tax Authority. Once approved, the annual flat tax is paid through the standard Italian income tax return.

Tax Benefits Available

Qualifying individuals pay a **fixed annual amount** on all foreign-source income, irrespective of its level, nature or complexity. As of **2026**, this annual tax is **€300,000**. Italian-source income remains taxable under normal rules.

The flat tax regime also grants a **full exemption from Italian inheritance tax** on foreign-situated assets. This can be a significant advantage for clients with cross-border estates or succession planning objectives.

Clients for Whom the Regime Is Suitable

The regime suits individuals who:

- Have substantial **foreign-source income**
- Hold diversified international assets
- Demonstrate **high mobility** and expect to spend significant time in Italy
- Are entrepreneurs, investors, senior executives or family principals with global income streams
- Are planning the sale of a business or significant assets located abroad
- Are considering long-term succession planning or intergenerational wealth transfer

For these clients, the fixed-tax structure offers certainty and simplicity when managing cross-border revenues and complex wealth structures.

Clients for Whom the Regime Is Not Suitable

The flat tax regime is less appropriate for individuals who:

- Generate most of their income from **Italian-source** activities
- Have modest foreign income that would be taxed lightly under normal rules
- Rely on domestic deductions, allowances or credits
- Have limited international exposure or mobility
- Prefer not to commit to a highly structured long-term regime

Advisers should take particular care when working with clients whose income mix may change over time.

Considerations for Advisers

Advisers should evaluate:

- The **legislative stability** of the regime, given that tax amounts have changed several times since 2017
- How the regime interacts with other Italian tax rules, including withholding taxes and income categories not coordinated with the flat tax
- The client's **long-term objectives**, especially given the 15-year horizon
- Whether foreign assets or business disposals align with the regime's exemption benefits
- The need to integrate the flat tax regime within a wider cross-border wealth strategy

For clients planning to remain in Italy after the 15-year period, advisers should also consider potential exit strategies or evaluate the impact of returning to ordinary taxation. For clients considering future relocation, advisers should assess the cross-border implications of unwinding or maintaining their Italian tax residence.

Key Takeaways for Advisers

- The Italian Flat Tax Regime offers predictable, fixed taxation on foreign-source income for up to 15 years.
- Eligibility requires non-residence in Italy for nine of the previous ten years.
- The fixed annual tax increases to €300,000 from 2026.
- The regime grants exemption from Italian inheritance tax on foreign assets.
- Clients with significant foreign income and mobility benefit most; domestic-income clients do not.
- Advisers must consider legislative stability, long-term suitability and cross-border integration.

Nerea Llona
Tax and Legal Counsel
– Spain and LatAm

Ester Carbonell van Reck
Senior Wealth Planner
– Spain and LatAm

Spain: The Special Expatriate Tax Regime ("Beckham Law")

Understanding The Beckham Law

Spain's Special Expatriate Tax Regime, known as the "Beckham Law", allows qualifying individuals to be taxed as non-residents for six years. The regime provides a favourable framework for attracting highly skilled professionals to Spain, limiting taxation to Spanish-source income, gains and assets. Recent inspections indicate the Spanish Tax Agency is increasing scrutiny, making correct application essential.

Key Features of the Regime

Eligibility and Scope

The regime is governed by Article 93 of the Spanish Personal Income Tax Law. It allows individuals who become tax resident in Spain to be taxed as if they were non-resident. To qualify, applicants must:

- Not have been Spanish tax resident in the **five previous tax years**
- Relocate to Spain for one of the following reasons:
  - An employment contract (except professional athletes)
  - Appointment as a director of a company (subject to shareholding limits)
  - Performance of entrepreneurial activity
  - Provision of services by highly qualified professionals to start-ups or R&D-focused entities
- Not obtain income through a **permanent establishment** in Spain
- Apply within **six months** from starting the qualifying activity by submitting **Form 149** with the required documentation.

Failure to meet these conditions prevents access to the regime or may lead to later regularisation.

Tax Benefits Available

The regime applies for **six full tax years:** the year of tax-residence acquisition plus five additional years. Key features include:

- Only **Spanish-source income and gains** are taxable
- Employment and entrepreneurial income are always treated as Spanish-source and therefore taxed in Spain, even if work is performed abroad
- Wealth Tax and Solidarity Tax apply only to **Spanish-located assets**
- Worldwide inheritances and gifts are taxable under Spain's Inheritance and Gift Tax
- No requirement to file **Form 720** (foreign asset reporting)

Tax Rates

Type of income	Amount	Tax rate
Employment / entrepreneurial income	Up to €600,000	24%
	From €600,001 onwards	47%
Interest, dividends, capital gains	Same as general tax regime	19% - 30% (progressive)

Family members (e.g. spouse, children under 25, or any age if disabled) may join the regime if they relocate with the taxpayer, meet some qualifying conditions and have lower taxable income.

Clients for Whom the Regime Is Suitable

The Beckham Law is designed for:

- Highly skilled professionals relocating to Spain for employment
- Directors of companies (subject to shareholding limits)
- Entrepreneurs or individuals working in innovation, R&D or start-up ecosystems
- Professionals with significant foreign-source investment income and gains
- Clients intending a medium-term stay (six years)

It is especially beneficial for clients whose non-Spanish income and gains are substantial, as most foreign-source income remains outside the Spanish tax net.

Clients for Whom the Regime Is Not Suitable

The regime is less appropriate for:

- Individuals who have been Spanish tax resident in the previous five years
- Clients whose income arises through a permanent establishment in Spain
- Individuals whose professional activity does not meet the strict qualifying criteria
- Professional athletes (who are specifically excluded)
- Individuals unable to provide evidence of genuine relocation or economic activity in Spain

Considerations for Advisers

When advising clients on the Beckham regime, advisers should consider:

- Whether the client can **demonstrate genuine relocation**, not merely formal residence
- The importance of maintaining eligibility **each year** of the six-year period
- That employment/entrepreneurial income is always treated as Spanish-source and **taxable in Spain**, even when some duties are performed abroad
- Future implications for **Wealth Tax** and **Inheritance and Gift Tax**, particularly for globally mobile families
- The shareholding limits for directors and restrictions on related-party appointments
- Administrative requirements, including timely submission of **Form 149**
- Professional and bespoke tax advice is highly recommended to make sure the Beckham Law can be applied for and is beneficial for the client

Recent increases in inspections show the Spanish Tax Agency is closely examining artificial arrangements, mis-structured employment activities and incomplete documentation. Advisers should ensure clients maintain strong evidentiary support for their relocation and activities.

Key Takeaways for Advisers

- The Beckham Law allows individuals to be taxed as non-residents for six years.
- Only Spanish-source income, gains and assets are taxable, with major benefits for clients with foreign-source income and gains.
- Strict eligibility and employment conditions apply; professional athletes are excluded.
- Employment and entrepreneurial income are always taxable in Spain, even if some duties occur abroad.
- Increased tax-audit activity means clients must maintain rigorous compliance and clear evidence of the requirements.

Brendan Harper
Head of Asia and HNW
Technical Services

Why Portability Outperforms Expat Tax Regimes in Long Term Wealth Planning

For globally mobile clients, wealth planning becomes more complicated each time they move. Structures that worked well in one country may not fit local definitions in another. Even simple products, such as pensions or mutual funds, may fail to qualify for favourable treatment. More complex arrangements can trigger anti-roll up rules, leading to punitive tax charges, denial of reliefs and higher reporting obligations.

Designing Wealth Structures That Travel Well

Classification Challenges Across Jurisdictions

When a client relocates, local authorities may view a structure differently from the country in which it was established. Definitions of qualifying investments vary, which can create immediate issues with recognition and taxation. Anti-roll up rules can also attribute underlying income and gains to the beneficial owner, resulting in higher tax and increased compliance obligations:

Why Portability Matters

Portability ensures that wealth structures continue to work when clients settle in a new jurisdiction. A robust portable plan aims to answer four essential questions with a "yes":

- Can my wealth continue to accumulate tax efficiently if I return?
- Can I draw on my wealth tax efficiently?
- Can I transfer my wealth tax efficiently?
- Is the structure flexible enough to adapt to changing circumstances?

For advisers, portability supports long term client retention. It reduces the risk of losing a client to a local adviser or being forced to unwind structures that no longer qualify.

Insurance-Based Planning as a Portable Solution

Insurance-based planning is widely recognised across Europe and beyond. It occupies its own tax position in law, often more favourable than the taxation of direct investments. Its key advantages include:

- **Gross roll-up** – tax is deferred until benefits are taken
- **Preferential treatment** in many jurisdictions compared with direct holdings
- **Beneficiary nomination**, supporting estate and succession planning
- **Simplified administration**, creating clearer reporting for clients and advisers

- **Greater consistency in the taxation of underlying assets**, such as Private Equity funds or other alternatives, which may otherwise be taxed differently across countries. Holding these within an insurance bond helps to smooth these variations, providing a more predictable outcome for mobile clients.
- **Exit taxes:** In certain countries, insurance is not included in deemed asset disposals when an individual emigrates.

Unit-linked insurance can also change how underlying investments are treated for tax purposes. However, the portability of an insurance structure is not automatic. Local rules differ, and recognition may depend on factors such as biometric risk levels, eligible investment types and succession law requirements.

Assessing Portability When Clients Relocate

A portability assessment ensures that an existing policy remains compliant in the new jurisdiction. Key areas for review include:

- **Biometric risk** – whether the level of life cover meets local insurance criteria
- **Investment choice** – whether restrictions or extensions are required to comply with investor control rules
- **Beneficiary nomination** – whether existing arrangements need to be updated to reflect local succession law

Properly executed, these adjustments preserve tax efficiency, recognition and the long-term integrity of the client's plan.

As expat regimes tighten across Europe, clients face increasing uncertainty when relying on short term tax incentives. Portability offers a stable alternative. It protects clients from shifting political landscapes and ensures their wealth is structured in a way that works in every jurisdiction, not just the one they happen to live in today. This is why it matters to work with an insurer that understands international mobility.

Utmost combines global reach with deep local technical expertise, giving advisers confidence that their clients' plans remain compliant, adaptable and effective wherever life takes them.

Key Takeaways for Advisers

- Portability protects clients from adverse tax and reporting consequences when they move across borders.
- Insurance-based planning offers recognised and adaptable structures suitable for multiple jurisdictions.
- A portability assessment should be completed at each relocation to ensure continued compliance.
- Advisers strengthen client retention by offering solutions that remain effective internationally.
- Working with insurers who understand cross-border rules reduces risk and improves outcomes.

Aidan Golden
Head of Group
Technical Services

Paul Thompson
CEO, Utmost

Strength and Strategy: Choosing a Life Company for the Long Term

In a market shaped by rising regulation, rapid technology change and client mobility, choosing the right life company is critical. Life policies endure for decades and underpin multi-generational planning, so early exits can trigger tax consequences and disrupt strategies.

In this interview, **Aidan Golden** speaks with **Paul Thompson**, **CEO of Utmost**, on what defines a resilient life company. Marking ten years since the Utmost brand launch, Paul shares insights on financial strength, technical expertise and strategic commitment, and outlines three trends set to shape the industry in 2026 and beyond.

AG: Paul, Utmost has built a reputation for strength and reliability in the international life market. What do you think sets us apart from other providers?

PT: For me, it's two things: financial strength and technical capability. Clients and advisers need confidence that the life company they select will be there for the long term and Utmost ticks that box. Beyond that, we have the expertise to handle the most complex cases which can often include multi-jurisdictional planning, alternative assets and bespoke tax structuring. These are the areas where we excel and that combination of stability and technical depth is key.

AG: When you talk about "complex cases" what does that mean in practice?

PT: Well, to start, true simplicity is becoming rare. In recent years, almost every case we see carries some element of complexity. Clients are increasingly internationally mobile with assets and family members spread across multiple jurisdictions. Others use sophisticated trust structures or have plans to relocate, which introduces layers of tax and regulatory considerations. These scenarios often involve significant sums and demand absolute precision. That's where our technical team comes in as we work with clients and advisers to design solutions that are robust and tailored to each objective. It's never just about issuing a policy; it's about engineering the right outcome for the long term.

AG: Knowing what you know about life companies from the inside, what are they key focus points for choosing a provider?

PT: It's one of the most important decisions an adviser or client will make. These policies are long-term commitments over 15, 20 years or more and exiting early can trigger unplanned tax consequences. The choice of provider must be evidence-based. Look beyond the marketing gloss and focus on two things: financial strength and strategic intent. These are the foundations of reliability.

AG: So, size and strength are the key factors?

PT: Absolutely. Think of it this way: when you are entrusting a provider with your clients' assets, why take an unrewarded risk? Choosing a financially weaker insurer offers no upside and only greater downside exposure. By contrast, Utmost's financial strength is independently validated. Each of our insurance companies individually holds a Fitch A+ Insurer Financial Strength rating, a clear external endorsement of our stability and our ability to meet policyholder commitments over the long term.

Many other insurance providers in our markets depend on a parent company rating or a point-in-time guarantee of their support. That raises legitimate questions about long-term commitment and structure. These are questions advisers increasingly need to be prepared to answer.

When you combine our A+ Fitch ratings with the wider Utmost Group fundamentals including a strong solvency coverage position and more than £100bn in assets under administration the picture becomes even clearer. Utmost has the scale, robustness and financial discipline to deliver for clients not just today, but for decades to come. In today's environment, regulators and PI insurers will expect advisers to justify their choice so why take a risk?

AG: What are your thoughts on how important investment in the business is? Why does this matter?

PT: Investment is critical. Servicing a policy isn't just about issuing it today and forgetting about tomorrow. A life company needs to commit to potentially supporting clients for decades. That means handling assignments or changes of custodian or investment strategy as well as assessing portability when clients move countries. Companies that don't invest or aren't core to their parent group often suffer from a lack of functionality. Investment in systems, people and processes is non-negotiable and sits at the heart of our strategy in Utmost.

AG: These products can be perceived as expensive. How do you respond to that?

PT: The benefits which include tax efficiency, succession planning and investment growth are significant, but delivering them comes at a cost. Life companies are expensive to run because they need to maintain solvency margins, provide accurate administration and ensure compliance across multiple jurisdictions and with international regulators. In the last decade, the need for investment in technology and cyber security has increased tenfold. Add to that the need for highly qualified technical teams covering the tax and regulatory aspects of all our international markets and products and you can see why ongoing investment is essential.

AG: And profitability? How do you balance that with investment?

PT: Like any commercial business, we need to make a profit for shareholders – but the key is balance. We reinvest heavily to ensure long-term sustainability. That's why profitability matters as it gives us the ability to invest today and the strategic intent to keep building for the future.

AG: Looking ahead, what do you see shaping the future of international life assurance?

PT: As we turn the page and move into 2026, three big themes stand out. First, the rise of alternative investments, as clients increasingly look beyond traditional asset classes. Life companies must ensure flexibility and robust governance to accommodate these strategies safely. Second, the influence of artificial intelligence. AI is already transforming how we process data, assess risk and deliver personalised solutions. It will enable faster, smarter decision-making, but it also raises questions about transparency and ethical use, which we take very seriously. Finally, the need for security and technology investment will only intensify. Cyber threats are evolving, regulatory demands are increasing and clients expect seamless and compliant engagement and for the data to be safe with us.

Key Takeaways for Advisers

- **Look beyond the marketing gloss and make sure to prioritise proven strength:** Independent ratings, strong solvency coverage and scale are essential for long-term insurer reliability.
- **Assess strategic intent:** Choose providers that invest in technology, compliance and technical expertise – not just today, but for the future.
- **Demand technical depth:** Complex, multi-jurisdictional cases require specialist knowledge and global capability.
- **Future-proof your choice:** Ensure your insurance partner is ready for emerging trends whether that is alternative investments, AI or cyber security.

Peter Tung
Tax and Legal Counsel – Asia

Asia: Managing Tax Compliance and Transparency for Asian HNW Families

Asian high-net-worth families are embracing international insurance-based solutions as a smart way to manage cross-border wealth and succession. With global transparency rules and anti-avoidance measures tightening, staying compliant has never been more important. For families connected to high-tax countries like the UK or Australia, the risk of unexpected tax bills and residency complications is real.

The good news? Insurance-based strategies, backed by accurate residency assessments and strong documentation, offer a clear, compliant path to long-term wealth growth, while reducing the stress of tax surprises and audits.

CRS Readiness for Insurance-Based Solutions

The Common Reporting Standard (CRS) requires financial institutions and insurance providers to identify tax residency and report account details annually. Advisers should confirm residency, refresh self-certifications, and map controlling persons so policy records match beneficiary information. Annual reviews help capture life changes such as relocation or overseas education.

Economic Substance and Overseas Entities

HNW families that have traditionally used offshore companies now face far more transparent reporting obligations and stricter economic substance requirements. Controlled Foreign Company (CFC) rules have tightened and are actively enforced in many jurisdictions. Families should revisit any additional filing requirements and ensure that tax declarations are accurate and defensible.

Instead of continuing to hold assets through offshore entities, an international insurance-based solution can be considered. These policies can accommodate bankable portfolios and even complex investments such as hedge funds and private equity. This approach mitigates CFC exposure and integrates succession planning, offering a compliant and efficient framework for long-term wealth management.

China Audits and Back Filing

The PRC tax authority has recently used CRS data to trace offshore income and enforce back filings with interest. A key focus has been verifying the cost basis for capital gains and the details of cross-border transactions. Families without clear documentation often struggle to justify their reporting. Using a compliant insurance-based policy streamlines reporting and reduces administrative burdens, offering a structured and transparent framework.and placing the proceeds into an international insurance-based wealth solution, keeping wealth offshore and outside the IHT net.

UK and Australia Tax Shock for Families

Extended study, internships, or relocations can change tax residency outcomes. In the United Kingdom, periods of residence can bring worldwide estate considerations for inheritance tax. In Australia, satisfying one residency test may shift an individual into worldwide income taxation. Insurance-based solutions can be structured to provide liquidity and orderly proceeds for future liabilities, but only when residency is assessed up front and reviewed annually.

HNW Mobile Families and Personal Tax

For families who split time between countries, day counts, purpose of presence, and ties such as accommodation and family matter. A simple mobility plan that tracks travel and sets thresholds helps avoid unintended personal residency and supports consistent treatment of policy values, contributions, and payouts.

For advisers, transparency first is the safest rule. Insurance-based solutions remain powerful tools for disciplined accumulation and succession, but they should sit inside a compliance framework that anticipates cross-border scrutiny. Education-related mobility deserves special attention, as families often make quick decisions about schooling without considering residency and estate consequences. Mobility should be documented and reviewed to keep personal tax positions clear.

Insurance-based solutions can deliver flexibility and intergenerational continuity when paired with accurate residency assessments, clean disclosures, and strong documentation. Families with UK or Australia links should plan for potential tax liabilities in advance and use policies to provide timing and liquidity.

Key Takeaways for Advisers

- Conduct an annual CRS and residency review, including controlling persons, and reconcile client records.
- Revisit overseas entity filing obligations in light of economic substance and CFC enforcement. Consider transitioning to insurance-based solutions for holding bankable and complex assets as part of a compliant succession plan.
- Model UK inheritance and Australian residency outcomes before study or work moves and align policy funding to anticipated liabilities.
- Implement a simple mobility tracker for HNW families to monitor day counts and ties, reviewing personal tax exposure quarterly.

Benjamin Fiorino
Wealth Planner
– France and Monaco

France: Trust-Owned Life Policies Face New Tax Risks After Court Ruling

A recent decision of the Paris Court of Appeal has clarified how French tax authorities may treat life policies held through irrevocable and discretionary trusts. The ruling confirms that such structures may fall outside the favourable French life insurance tax regime. Instead, distributions may be reclassified as indirect gifts subject to transfer duties.

For advisers supporting HNW expatriates relocating to France, the decision highlights both a material tax risk and a clear opportunity to reposition clients towards compliant international insurance-based wealth solutions.

The Court Decision in Context

The ruling arrives at a time when France continues to scrutinise foreign trust structures. Trusts remain common in many common-law jurisdictions, but they do not align naturally with French civil and tax law. As a result, HNW individuals who become French tax resident often encounter issues when long-standing arrangements meet French concepts of ownership, control and transmission.

Against this backdrop, the June 2025 judgment of the Paris Court of Appeal carries significant weight. It confirms that even well-established trust structures created abroad may be reassessed once the settlor or beneficiaries are French tax resident.

Case Summary

The case concerned a French tax resident who had created irrevocable and discretionary trusts under US law for the benefit of his descendants. On the same day, the trusts subscribed to life insurance policies issued by US insurers. The settlor was the insured, and the trusts acted as both policyholders and beneficiaries.

After the insured's death, the insurers paid the death benefits to the trusts. The trustees then exercised their discretionary powers to distribute the proceeds to the beneficiaries. The beneficiaries claimed the payments should fall within the French life insurance tax regime, which applies when sums are received directly under a policy.

The French tax authorities disagreed. They treated the distributions as indirect gifts subject to transfer duties. Both the Court of First Instance and the Court of Appeal upheld this view.

Why the Life Insurance Regime Did Not Apply

The Court focused on the legal structure rather than the economic rationale. Three factors were decisive:

- The trusts were **irrevocable and discretionary**, meaning the settlor permanently ceded control.
- The settlor had **irrevocably disposed of the assets** invested into the policies during his lifetime.
- The insured **did not hold surrender rights**, which were exercised solely by the trustees.

Above all, the Court highlighted a **two-step transfer**:

- The insurers paid the death benefits to the trusts.
- The trustees distributed the proceeds to the beneficiaries at their discretion.

Because the beneficiaries received funds following a trustee decision – and not directly from the policies – the Court held that they were not paid **"by virtue of a life insurance policy"**. This break in legal continuity justified excluding the life insurance regime and reclassifying the distributions as indirect gifts.

Implications for Advisers Supporting HNW Clients

Trust Ownership Often Conflicts with French Tax Principles

While trusts can be appropriate in certain cross-border situations, the ruling reinforces that discretionary and irrevocable structures often sit poorly within the French tax system. Once French tax residency applies, such features may trigger unfavourable outcomes that differ from those expected in common-law jurisdictions.

A Recurring Challenge for Inbound Clients

HNW expatriates frequently arrive in France with existing trusts that were never assessed under French rules. Without early review, advisers risk discovering issues only at death or on distribution – when it may be too late to implement corrective action.

A Strong Commercial Opportunity

The decision strengthens the case for international insurance-based wealth solutions structured to operate cleanly within French law. These solutions avoid discretionary interposition, maintain continuity of tax treatment and offer greater predictability for clients. Advisers can add clear value by helping clients transition from misaligned trust holdings to compliant arrangements.

The Paris Court of Appeal ruling is a clear reminder that planning tools effective in common-law jurisdictions do not always translate into a French tax context. For HNW expatriates, trust-owned life policies may create significant and unexpected tax exposure. Early review and the adoption of compliant international insurance-based wealth solutions are essential to protect clients and support long-term planning.

Key Takeaways for Advisers

Key questions advisers should ask:

- Are life insurance policies held directly or through irrevocable or discretionary trusts?
- Do beneficiaries receive proceeds directly from the insurer or via trustee discretion?
- Is there a two-step transfer breaking the link with the life insurance regime?
- Would an international insurance-based wealth solution offer greater certainty?

Best practice actions:

- Integrate trust reviews into inbound client assessments.
- Identify French incompatibilities early.
- Use this ruling as a credible client education tool.
- Proactively propose compliant insurance solutions aligned with French tax principles.
- If you wish to review the ruling it is accessible here on CourDeCassation.fr

Simon Martin
Head of UK Technical Services

UK: Fiscal Drag and Its Growing Impact on Clients

Fiscal drag is drawing more UK taxpayers into higher tax bands, despite no formal increases in tax rates. Tax thresholds have remained frozen while salaries and living costs have increased. Clients now face rising liabilities across income tax, inheritance tax (IHT) and capital gains tax (CGT). Understanding this trend is essential for advisers supporting long-term planning.

What Is Fiscal Drag?

Fiscal drag describes a situation where taxpayers move into higher tax bands as a result of frozen tax thresholds rather than changes to tax rates. Inflation increases wages and everyday costs, but the tax system does not adjust in line with this. As a result, Government tax receipts rise without changes to the headline rates of tax.

Since the Covid pandemic, successive UK Governments have paused inflationary adjustments to income tax, IHT and CGT thresholds. The effect is subtle but material. Clients feel the pressure of rising taxes while seeing little visible policy change.

How Fiscal Drag Has Evolved

A Decade in Data

A ten-year comparison highlights how stagnant thresholds contrast sharply with rising earnings and living costs. For example:

- The **Basic Rate Limit** has increased by only 18.6% since 2015/16, while the **average UK salary** has risen by 41%.
- The **IHT Nil Rate Band** has been frozen at £325,000 since April 2009, despite property prices increasing by more than 75% over the same period.
- The **CGT Annual Exempt Amount** has fallen by 65%, increasing exposure for clients disposing of assets.
- **Living costs have risen faster** than most thresholds. For example, the average price of a white loaf of bread has increased by 28% and petrol by 23% over a similar period.

These trends show how more UK residents are being drawn into higher tax liability without any actual increases to tax rates.

Tax band	Tax year 2015/16	Tax year 2025/26	Increase	Source
Income Tax				
Basic Rate Limit (threshold at which higher rate tax is paid in the UK)	£31,785 (taxable)	£37,700 (taxable)	+18.6%	HMRC
Personal Allowance (income tax)	£10,600	£12,570	+18.6%	HMRC
Average UK salary	£27,600 (Apr 2015)	£39,039 (Apr 2025)	+41%	ONS
Inheritance Tax				
IHT Nil Rate Band	£325,000	£325,000	0%	HMRC
Average UK property price	£271,000 (Apr 2015)	£285,000 (Dec 2023)	+5%	ONS
Capital Gains Tax				
CGT Annual Exempt Amount (annual amount at which gains are charged at 0%)	£8,500	£3,000	(-65%)	HMRC
CGT basic rate	10%	18%	+80%	HMRC
Median Household wealth	£262,400 (July 2014 – July 2016)	£293,700 (Apr 2020 to Mar 2022)	+12% (Only 6 years illustrate	ONS
Cost of living increases compared				
Average price of a pint of draught lager	£3.43 (Feb 2015)	£4.83 (Jan 2025)	+41%	ONS
Average price of a litre of petrol	111.37p (5 Jan 2015)	136.60p (3 Jan 2025)	+23%	RAC Foundation
Average price of a white loaf of bread	£1.09 (Jan 2015)	£1.40 (Jan 2015)	+28%	ONS

Implications for Clients

Higher Tax Exposure

Clients who believe their financial position has remained stable may be surprised by their increased tax burden. Salaries and asset values rise to counter inflation, but static thresholds push these increases into higher tax bands. More estates are now within IHT scope, and more individuals are losing access to allowances and paying higher CGT rates.

Erosion of Protective Measures

The Residence Nil Rate Band (RNRB), introduced in April 2017, was designed to help homeowners. It has remained fixed at £175,000 since April 2020. As property prices continue to rise, the RNRB protects less value each year, pulling more families into the IHT net.

Planning Opportunities for Advisers

Using Insurance-Based Wealth Solutions

Life insurance-based wealth solutions can offer important benefits where fiscal drag persists. These products allow clients to defer taxation within the policy, creating opportunities to:

- Manage income tax exposure through tax-deferred growth
- Time future tax points more effectively
- Support intergenerational planning

Case Study Insights

Read the case study, Managing Fiscal Drag and Inheritance Tax in the UK. It follows a returning UK resident and shows how an overseas insurance bond, supported by discretionary management, segmentation and trust planning, can mitigate fiscal drag, reduce IHT exposure and support flexible wealth transfer. It provides a practical example of how these solutions work in real client scenarios.

Visit the Case Study Insights section below, or click here.

Trusts for Inheritance Planning

Clients can settle their policies into trust structures. This approach can:

- Reduce IHT exposure
- Support staged transfers to beneficiaries
- Maintain control and flexibility across generations

For clients concerned about static tax thresholds, these strategies help counter rising tax friction and provide more predictable long-term outcomes.

Fiscal drag is currently a feature of the UK tax landscape and continues to pull more clients into higher tax bands. As thresholds remain frozen, advisers play a crucial role in helping clients understand their exposure and adopt strategies that protect long-term wealth. Insurance-based wealth solutions, combined with appropriate trust planning, offer a practical way to defer tax, mitigate IHT and provide flexibility across generations. With the right structure in place, clients can manage rising tax pressures with confidence and retain greater control over their financial future.

Key Takeaways for Advisers

- Frozen thresholds are increasing clients' tax liabilities across income tax, CGT and IHT.
- Rising salaries and asset values accelerate the impact of fiscal drag.
- Insurance-based wealth solutions offer tax deferral when thresholds do not keep pace with inflation.
- Trust arrangements can reduce IHT exposure and support long-term succession planning.
- Advisers should review existing plans to identify clients now at risk of crossing tax thresholds.
- Read the case study to learn how these strategies work for clients returning to the UK.

Case Study Insights

Simon Martin
Head of UK Technical Services

Managing Fiscal Drag and Inheritance Tax in the UK

Clients returning to the UK often face frozen tax bands, rising earnings and growing concerns about inheritance tax (IHT). In this case study, Simon Martin explores how an overseas insurance bond can help mitigate fiscal drag, reduce IHT exposure, and provide flexibility for wealth transfer – all while ensuring professional investment management and long-term tax efficiency.

The Client

Robert is 61, divorced and has two adult children. He was born in the UK and began his career there. For the past 15 years, he worked internationally as a ship surveyor. Four years ago, he returned to the UK and now works for an architectural firm in London with plans to remain in the UK long term.

Despite living abroad, Robert has always banked in the UK. His finances include savings of over £1 million across UK banks and a modest share portfolio managed by his UK bank.

Robert is concerned about 'fiscal drag' – the gradual erosion of investment returns caused by frozen tax bands and rising earnings – and wants to invest in a tax-efficient way. Planning for inheritance tax (IHT) is also a priority to maximise what his children will receive.

Robert prefers professional management of his investments. He is risk-averse and wants to protect his savings.

The Solution

The approach chosen was designed to deliver tax efficiency, flexibility and professional investment management:

- **Investment Approach:** Robert invests £800,000 in an insurance bond, divided into 100 segments of £8,000 each.
- **Management:** The bond is managed by a discretionary manager, chosen by Robert and appointed by the insurer. His bank oversees the bond under its discretionary management service, allowing him to take a hands-off approach.
- **Discretionary Management:** Robert does not select individual investments within the bond; the manager makes decisions on his behalf.

The Benefits

This strategy offers multiple advantages, from IHT mitigation to long-term wealth transfer opportunities.

- **Inheritance Tax Efficiency:** Robert will not be considered a UK long-term resident until he has lived in the UK for 10 years. Currently, his exposure to UK IHT is limited to UK assets. Money placed in the overseas insurance bond is immediately outside the scope of UK IHT, reducing his tax exposure.

- **Trust Planning:** Before becoming a UK long-term resident, Robert can transfer segments of his bond into trusts and include his children as potential beneficiaries. If he does this before reaching long-term resident status, there is no limit to how much he can settle into trust without triggering an IHT charge. Once he is a long-term resident, the trust will be subject to IHT, but only at a maximum rate of 6% every ten years and upon distribution.
- **Investment Freedom:** Because Robert does not influence the choice of underlying assets, his bank can maintain similar asset types to those he previously held. This offers more flexibility than a conventional UK insurance bond.
- **Tax Deferral:** All income and gains within the bond are not taxed until Robert or the trustees withdraw benefits. This allows deferral of tax liabilities until economic conditions or tax bands are more favourable.
- **Wealth Transfer:** Robert, or his chosen trustees, can assign segments of the bond to his children during his lifetime without incurring a tax charge. This is useful if he wishes to pass on wealth before his death.

Key Takeaways for Advisers

- Overseas insurance bonds can provide immediate IHT mitigation for clients returning to the UK.
- Segmenting the bond offers flexibility for trust planning and wealth transfer.
- Discretionary management ensures professional oversight while maintaining investment freedom.
- Tax deferral within the bond allows advisers to time withdrawals for optimal tax efficiency.

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