

To: Taxation WG
From: Personal & general insurance department
cc:
Date: 14-07-2023
Reference: ECO-TAX-23-097

Subject: Response by DG TAXUD to Insurance Europe's comments on BEFIT

Summary

On **14 July**, Ioanna Mitroyanni, Deputy Head of Unit of Company Taxation Initiatives (DG TAXUD, EC) responded to the comments sent by Insurance Europe about BEFIT ([ECO-TAX-23-094](#)):

"On behalf of all colleagues who are working on the BEFIT project, I would like to thank you for having managed to swiftly compile the letter which you addressed to us on 3 July. We are aware of how challenging this can be. Please note that we have read your points carefully and tried our best to ensure that the legal draft takes them into account.

More specifically, we have thoroughly looked into the diverse treatment of the several reserves which you referred to in your letter and envisage to address this reality in BEFIT. As we mentioned during our meeting, and with special reference to equalisation reserves, BEFIT is likely to allow Member States the possibility of dealing with certain features of the tax base at the national level by adjusting their apportioned share. This approach would allow Member States that operate tax deductions in the field of insurance to continue granting them but not at the expense of other Member States' tax bases.

Please note that we also envisage addressing your observation about unit-linked/index-linked insurance policies. The legal text will therefore be adjusted, to explicitly refer to unit-linked/index-linked insurance policies when providing for the taxation of fair value changes, capital gains and dividend distributions arising from investments on behalf of policy holders that bear the risk and where, over time, the return is fully allocated to these policy holders.

Regarding the amendments to the IFRS 17 and our potential choice to address their impact by way of delegated acts at a later point in time, it is our view that it would be better to wait until we can draw some meaningful conclusions from the application of the amended standard.

We hope that the above information can be helpful.

Many thanks for your constructive engagement in this process"

Members are invited to take note of the response. Should members wish to share a reaction to this response, they are invited to do so by sending an email the secretariat (life@insurancereurope.eu)

Next steps

- **12 September 2023 (tbc)**, the college of Commissioners is expected to adopt the text of the EC proposal.