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The Taxation of Protection in Ireland

A definitive guide to the tax treatment of life assurance and protection products: premiums, proceeds, structures and planning

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PART A — FOUNDATIONS

1. Introduction and how to use this guide

Protection products — mortgage protection, term assurance, serious illness cover, income protection, whole of life and their business and estate-planning variants — are among the most widely held financial contracts in the State. Yet no single publication sets out, from primary sources, how they are actually taxed: what relief attaches to premiums, what taxes touch proceeds, and how the answer changes with the way a policy is owned. The material that exists is fragmented across Revenue manuals written for practitioners, statutory text written for no one, and product literature that ages silently and carries no citation apparatus. This guide closes that gap.

What this guide covers. The Irish tax treatment of protection products for Irish-resident policyholders: premiums, proceeds, and the planning structures built on them. Part A sets out the machinery every later chapter relies on. Part B takes each personal protection product in turn. Part C covers estate planning applications, principally Section 72. Part D covers business protection. Part E covers implementation, administration and how the guide is kept current, and Part F carries the reference apparatus, including the provider capability matrix.

What this guide deliberately excludes. Health insurance and the medical-insurance relief regime, except where the boundary itself causes confusion; payment protection and other credit-linked repayment cover; hospital cash plans; investment and savings products, beyond the exit-tax touchpoints that protection-shaped policies can meet and one boundary case (Section 73) included for disambiguation; the taxation of insurers themselves; VAT, which does not arise because insurance and intermediation are exempt activities; and non-Irish taxes, except where they interact with Irish liabilities. Where tax law from outside protection appears — pensions tax, capital gains tax on shares, general inheritance tax machinery — it appears only because it determines a protection decision or taxes the proceeds of an insured event, and the text says so at the point of use.

How to read it. Each product chapter follows a fixed template: what the product is, in one paragraph; the treatment of premiums; the treatment of proceeds under each ownership configuration; special situations; and a closing one-page treatment table that compresses the whole chapter. A reader in a hurry can navigate by the tables alone. Boxed **Technical basis** panels carry the statutory citations and Revenue references for professional readers; the narrative stands without them, and the full reference apparatus consolidates at the back of the guide — an endnote convention throughout, with no page footnotes. Worked figures appear in computation panels whose inputs are drawn from the companion reference workbook, so they recompute automatically whenever a rate or threshold changes rather than being re-typed by hand.

Currency. Every rate and threshold in this guide is maintained in the companion reference workbook, which records, for each figure, its value, the date from which it has effect, its status (enacted, or announced but not yet enacted), its primary source, and the date it was last verified against that source. Case-study computation panels cite their workbook inputs by code, and each chapter's Technical basis panel lists the workbook figures the chapter relies on; the narrative itself stays clean of the codes. Figures in this guide were verified on 4 August 2026. Where the law is stated without a figure, the governing statute is cited in the technical panel; the source register at the end of this document records the primary authority for every provision relied on.

2. The taxes that touch protection

Five taxes, one levy and one recurring boundary decide everything that follows. This chapter states each once, so later chapters can use them without re-explanation.

Income tax, USC and PRSI. Income tax is charged at 20% and 40%. The Universal Social Charge applies in bands — 0.5%, 2% (on income up to €28,700 for 2026), 3% and 8% — and employee PRSI stands at 4.2%, with further incremental increases scheduled each October under the published PRSI roadmap. Two facts about this cluster matter for protection. First, the only personal protection premium that attracts relief — income protection, Chapter 8 — is relieved against *income tax only*: a €100 premium costs a 40% taxpayer €60, not less, because no USC or PRSI relief attaches. Second, where protection *benefits* are taxable, they are generally taxable as employment-type income through the PAYE system, which brings USC with them.

Capital acquisitions tax (CAT). CAT is the tax on gifts and inheritances, charged on the *recipient* at 33% on the value received above a lifetime tax-free threshold determined by the recipient's relationship to the person providing the benefit: €400,000 where the benefit comes from a parent (Group A); €40,000 from a sibling, grandparent, aunt, uncle, niece or nephew (Group B); and €20,000 from anyone else (Group C) — a group that includes unmarried partners, however long the relationship. Benefits within the same group aggregate over a lifetime, counting everything received since 5 December 1991. Gifts and inheritances between spouses and civil partners are wholly exempt, without limit. A small gift exemption allows any person to receive €3,000 from any other person in a calendar year free of CAT and without touching the lifetime threshold; it applies to gifts only — there is no equivalent for inheritances. Budget 2026 left all of these unchanged. CAT is the tax that protection proceeds most often meet, and the single most consequential fact in this guide is that *whether* they meet it is decided not by the product but by the ownership configuration — Chapter 3.

CAT is self-assessed. A return (Form IT38) is required once benefits reach 80% of the relevant threshold, and tax on benefits with valuation dates up to 31 August is due, with the return, by 31 October of the same year; later valuation dates fall into the following year's deadline. The compressed interval between a death and that deadline is the liquidity problem that Section 72 policies exist to solve (Part C).

Capital gains tax and the life policy exemption. CGT is charged at 33%, but it almost never touches protection, because gains on a life assurance policy are outside CGT in the hands of its original beneficial owner, or any owner who did not acquire it for money or money's worth. The exemption is why a serious illness payment or a maturing policy is not a CGT event for the person who took the policy out. CGT re-enters only where policies are bought and sold — rare in Ireland — and, in business protection, where an insured event funds a *share* transaction: there it is the shares, not the policy, that are taxed (Part D).

The exit tax regime. Life policies commenced since 1 January 2001 sit in the "gross roll-up" regime: no tax inside the fund, with a life assurance exit tax on the *gain* at a chargeable event — surrender, maturity, assignment for consideration, an eighth-anniversary deemed event, or death. Finance Act 2025 cut the rate from 41% to 38% with effect from 1 January 2026. Two limits keep this regime at the margin of a protection guide. The tax falls on gains, and a protection-shaped contract — priced so that value paid in buys insurance cover rather than accumulating — rarely has one: the computation on death looks to the policy's value immediately before death against premiums paid, not to the sum assured. And policies commenced before 2001 sit in the old regime, taxed inside the insurer's funds, with no exit tax on payout. Chapter 9 applies this to whole of life, the one personal product where it can bite.

Corporation tax. Companies deduct expenses incurred wholly and exclusively for the trade and are taxed on trading receipts at 12.5%. Protection meets corporation tax in the business chapters (Part D): whether a key person premium is deductible, and the mirror question of whether the proceeds are a taxable trading receipt, both turn on this machinery.

The life assurance levy. A stamp duty levy of 1% applies to life assurance premiums under s.124B of the Stamp Duties Consolidation Act 1999. It is charged to and payable by the *insurer*, quarterly, on premiums received, and is reflected in the pricing of levied business rather than appearing as a line on the customer's schedule. Two carve-outs matter here: pension business and reinsurance are excluded — which is why pension term assurance (Chapter 10) escapes the levy that ordinary term cover bears — and a separate 3% levy applies to non-life premiums, relevant only at the boundary of how particular illness-based contracts are written. Budget 2026 maintained the 1% levy.

Sources, and their weight. The law is in the Acts — principally the Taxes Consolidation Act 1997 (TCA), the Capital Acquisitions Tax Consolidation Act 2003 (CATCA) and the Stamp Duties Consolidation Act 1999 (SDCA) — as interpreted by the courts and the Tax Appeals Commission. Revenue's Tax and Duty Manuals, eBriefs and published precedents describe Revenue's administrative practice: indispensable, generally reliable, but not law, and capable of changing without legislation. This guide cites statute for propositions of law and Revenue material for practice, and says which is which.

> **Technical basis** — CATCA 2003 (charge, thresholds, aggregation, spouse/civil partner exemption, small gift exemption; pay and file); TCA 1997 s.593 (life policy CGT exemption), Part 26 Ch 5 (gross roll-up and exit tax; rate reduced by Finance Act 2025 from 1 January 2026), s.81 (wholly and exclusively); SDCA 1999 s.124B (1% life levy; pension and reinsurance business excluded — Revenue Stamp Duty Manual, Part 9 (Levies)) and s.125 (3% non-life levy). Verified 4 August 2026. Figures: IT.RATE.STD; IT.RATE.HIGHER; USC.BAND2.CEIL; USC.RATES; PRSI.EE; CAT.RATE; CAT.THRESH.A; CAT.THRESH.B; CAT.THRESH.C; CAT.SGE; CGT.RATE; LAET.RATE; CT.RATE.TRADING; LEVY.LIFE; LEVY.NONLIFE — reference workbook. See Source register.

3. The legal anatomy of a policy

The recurring lesson of this guide is that tax outcomes follow *ownership*, not product names. Two identical term policies on the same life, for the same sum, can produce a nil tax bill in one configuration and a six-figure CAT charge in another. This chapter fixes the vocabulary.

Own-life. The insured takes out the policy on their own life and owns it. On death the proceeds belong to the estate (unless the policy is written under trust or assigned) and pass under the will or intestacy. Whoever receives them takes an inheritance, taxed by reference to their relationship to the deceased: nothing for a spouse or civil partner, Group A treatment for a child, Group C for an unmarried partner.

Life-of-another. One person owns a policy on someone else's life and pays the premiums from their own resources. At claim, the proceeds are simply the owner's own property maturing: nobody has given them anything, so no gift or inheritance arises. This single configuration is the solution to the cohabitant problem (Chapters 5 and 14) and the backbone of business protection (Part D). Its integrity depends on the premium test below.

Who provided the premiums. CAT looks through arrangements to the person who actually provided the benefit. Where the beneficiary of policy proceeds also funded the premiums, there is no gratuitous benefit and no CAT. Where someone *else* funded the premiums — directly, or by putting the beneficiary in funds — the proceeds are, to the extent referable to that funding, a gift or inheritance from the funder. A life-of-another policy paid for by the life insured is, in substance, an own-life policy with a named recipient, and is taxed accordingly. Every configuration in this guide should be read with this test attached.

Joint-life. One contract, two lives, paying on the first death (the standard mortgage protection shape) or the second (the standard Section 72 shape). Jointly owned, jointly funded first-death cover leaves the survivor holding proceeds half of which, broadly, they already owned and half of which they take from the deceased — with CAT consequences for unmarried couples that Chapter 5 and case study CS1 quantify. Many insurers also write *dual-life* contracts: two separate covers in one wrapper, each capable of the life-of-another configuration.

Trusts. A policy written under trust is owned by trustees for named or described beneficiaries; the proceeds never enter the estate, which typically accelerates payment and fixes destination. Section 7 of the Married Women's Status Act 1957 gives statutory effect to the simplest version: a policy expressed to be for the benefit of the insured's spouse or civil partner and/or children creates a trust in their favour without further formality. The trust changes *who takes* — and therefore which CAT relationship and exemption applies — but it does not by itself create or remove a charge: a child taking €600,000 through a s.7 trust is in the same Group A position as a child taking it under a will. Trust-held proceeds that remain on discretionary trusts can meet discretionary trust tax; that machinery, and the express business trusts used in Part D, are treated where they arise.

Assignment. A policy can be assigned — most commonly to a mortgage lender as security. The assignee's interest is limited to the debt; the tax analysis of what the discharge of that debt does to an estate is Chapter 5's subject. Assignments *for value* are the one context in which the CGT exemption for life policies falls away, noted in Chapter 2.

Insurable interest. A policy has traditionally required its owner to have an insurable interest in the life insured — one's own life, a spouse or civil partner, or a real financial exposure to the death, such as a creditor's interest in a debtor or business co-owners' interest in each other — under the Life Assurance Act 1774. For consumer contracts — those with individuals and with smaller unincorporated or incorporated bodies — the Consumer Insurance Contracts Act 2019 abolished insurable interest as a precondition for a valid claim and disapplied the 1774 Act altogether; insurers may still ask about it for underwriting and anti-fraud purposes, but its historic legal function has fallen away for most personal business, which is one reason the life-of-another configurations used throughout this guide, including between cohabitants, sit on firm ground. Larger corporate arrangements fall outside the 2019 Act's consumer scope and remain governed by the 1774 Act, which is why business protection between substantial companies (Part D) continues to be structured with insurable interest — mutual financial exposure between co-owners, or an employer's interest in a key employee — squarely in mind.

> **Technical basis** — CATCA 2003 ss.5 and 10 (gift and inheritance deemed taken; the disposition and consideration concepts underpinning the premium-provider test); Married Women's Status Act 1957 s.7 (statutory trusts for spouse/civil partner and children, as extended to civil partners); Life Assurance Act 1774; Consumer Insurance Contracts Act 2019 s.7 (abolition of insurable interest as a precondition for a valid consumer claim) and s.3(4) (disapplying the 1774 Act for contracts within the 2019 Act's scope); TCA 1997 s.593 (assignment for money's worth). See Source register.

4. How this guide measures tax value

"Tax-efficient" is an easy word and this guide does not use it without a number. Four conventions, fixed here, generate every quantified claim that follows.

Net-of-relief cost. Where a premium attracts relief, its net cost is the premium less relief at the payer's marginal income tax rate — and at that rate only, since neither USC nor PRSI relief attaches to any protection premium. A €1,000 income protection premium costs a 40% taxpayer €600 net; a 20% taxpayer, €800.

Gross-equivalent cost. The mirror measure: what pre-tax income is needed to fund a premium from net income. At a combined marginal rate of 52.2% — 40% income tax, 8% USC, 4.2% PRSI — funding a €1,000 unrelieved premium requires €2,092 of gross salary. This is the honest basis for comparing personally paid cover against employer-paid alternatives in Part D.

CAT funded per euro of premium. For estate cover, the ratio of tax liability extinguished to premiums paid, computed to stated ages and at stated cover levels. It is the measure that lets a Section 72 decision be examined rather than asserted, and Part C applies it with full workings.

Breakeven and lifetime cost. Where premiums run for life, the guide states total premiums to life expectancy and the age at which cumulative premiums equal the benefit — so the reader sees the cost of living long, not just the headline annual figure.

Every computation panel in this guide lists its inputs by reference code. Change the figure in the reference workbook and the panels change with it; that is the point.

> **Technical basis** — conventions of this publication. Figures: IT.RATE.HIGHER; USC.RATES; PRSI.EE; MARGINAL.TOP.PAYE — reference workbook.

PART B — PERSONAL PROTECTION PRODUCTS

Each chapter follows the fixed template: the product; premiums; proceeds by ownership configuration; special situations; treatment table. Configurations and the premium-provider test are as defined in Chapter 3. Part B closes with case studies CS1, CS2, CS4, CS5 and CS6.

5. Mortgage protection

The product. Decreasing term assurance tracking a repayment mortgage: the sum assured falls broadly in step with the scheduled loan balance and the policy exists to extinguish the debt on death. The Consumer Credit Act 1995 obliges mortgage lenders, subject to limited exceptions, to ensure such cover is in place — which is why the cover is close to universal among mortgaged homeowners; nothing in that obligation requires the *lender's* policy, and switching or replacing cover has, of itself, no tax consequence.

Premiums. No tax relief attaches. Relief for life assurance premiums was abolished in 1992 and survives only as a source of confusion; today, of the personal protection products, only income protection (Chapter 8) and pension term assurance (Chapter 10) carry premium relief. The 1% life assurance levy applies to the insurer on premiums for this business.

Proceeds. Neither income tax nor CGT arises: the payment is not income, and the life policy CGT exemption covers the original owner. The whole analysis is CAT, and it runs through the debt. When the policy pays and the mortgage is discharged, the *effect* is that the estate — or the surviving joint owner's holding — is worth more than it would have been: the beneficiaries receive the property unencumbered instead of the property less the debt. For a surviving spouse or civil partner the point is academic, because everything they take is exempt. For anyone else, the discharge of the debt enlarges the taxable inheritance.

Configuration decides who is treated as providing that enlargement:

- **Single life, assigned to the lender.** Proceeds go straight to the lender; the estate passes debt-free. Beneficiaries are taxed on what they take, valued without the mortgage deduction they would otherwise have had — no separate charge on the "proceeds" as such.
- **Joint life first death, jointly owned, premiums shared.** The standard configuration sold with joint mortgages. The survivor is treated as taking the deceased's share of the proceeds — half, where funding was equal — as an inheritance, on top of whatever share of the property passes. Between spouses, exempt; between an unmarried couple, taxable at Group C above €20,000. Case study CS1 puts numbers on the difference.
- **Two single-life policies, each on a life-of-another basis.** Each partner owns cover on the other and pays the premiums from their own resources. At claim the proceeds are the survivor's own property — no inheritance arises on them at all. Same cover, same cost, different ownership, and for cohabitants a very different tax bill. Part C (Chapter 14) develops the full structuring; the principle is available to any couple from the first application form.

Special situations. Where the property itself passes to the survivor, the dwelling house exemption can, where its conditions are met, shelter the property element — the policy-proceeds element is the piece only configuration can fix. Cover on a buy-to-let borrows the identical analysis: discharging the loan enlarges the inheritance of whoever takes the property. On separation or divorce, court orders commonly deal with policies alongside the home; the transfer machinery is a matter for Parts C and E.

Treatment table 5.1 — mortgage protection

	Single life, assigned to lender	Joint life, joint owners	Life-of-another (each owns cover on the other)
Premium relief	None	None	None
Levy	1% (insurer)	1% (insurer)	1% (insurer)
Proceeds — income tax	None	None	None
Proceeds — CGT	None (s.593, original owner)	None	None
Proceeds — CAT	No charge on proceeds; estate passes unencumbered — beneficiaries taxed on enlarged values per relationship	Survivor treated as inheriting deceased's share of proceeds; spouse/CP exempt, cohabitant Group C	None — proceeds are the owner's own property (premium-provider test must hold)

Technical basis — Consumer Credit Act 1995 s.126 (lender obligation); TCA 1997 s.593; CATCA 2003 ss.5, 10 and the spouse/civil partner exemption; the group thresholds; SDCA 1999 s.124B. Figures: LEVY.LIFE; CAT.THRESH.A; CAT.THRESH.B; CAT.THRESH.C — reference workbook. See Source register.

6. Term assurance

The product. Life cover for a fixed sum over a fixed term — level, indexed, or convertible to a further term without fresh underwriting. It is protection at its purest, and the cleanest illustration that taxation follows configuration.

Premiums. No relief; 1% levy to the insurer. Conversion, indexation and guaranteed-insurability options are contractual features of the same policy: exercising them is not a tax event.

Proceeds. No income tax; no CGT for the original owner. CAT depends entirely on the Chapter 3 configurations:

- **Own-life, payable to the estate.** Proceeds swell the estate and pass under the will. Spouse or civil partner: exempt. Children: Group A, €400,000 lifetime threshold each, aggregating with everything else they take from their parents. Unmarried partner: Group C, €20,000 — the configuration error that turns €300,000 of cover into a bill approaching €92,400.
- **Own-life under a s.7 trust.** A policy expressed for the benefit of spouse/civil partner and/or children takes effect as a trust for them: proceeds bypass the estate and probate and go where the trust says. The CAT *analysis* is unchanged — the spouse exemption or the child's Group A threshold applies exactly as it would under a will — but destination and speed are fixed, and the proceeds are insulated from the estate's creditors and disputes.
- **Life-of-another, owner-funded.** No gift, no inheritance: the owner is collecting on their own contract. The premium-provider test is the entire structure; an arrangement where the life insured quietly funds the premiums collapses back into a gift of the proceeds.
- **Premiums funded by a third party.** Proceeds are taxable as a benefit from the funder to the extent referable to their funding — the analysis that underlies both the planning opportunity in CS10 (Part C: a grandparent deliberately funding cover within the €3,000 small gift exemption) and the trap of casual arrangements.

Special situations. Cover written for the benefit of a charity passes exempt. Policies dealt with on separation or divorce move under court-order machinery with spouse-transfer reliefs (Part C/F). Where an employer funds personal term cover for an employee, the premium is a taxable benefit for the employee — the employer-paid variants with different treatment live in Part D.

Treatment table 6.1 — term assurance

	Own-life → estate	Own-life under s.7 trust	Life-of-another, owner-funded	Premiums funded by third party
Premium relief	None	None	None	None
Levy	1% (insurer)	1% (insurer)	1% (insurer)	1% (insurer)
Proceeds — income tax	None	None	None	None
Proceeds — CGT	None (s.593)	None	None	None
Proceeds — CAT	Per beneficiary's relationship to deceased; spouse/CP exempt	Same relationships; outside estate and probate	None	Benefit from the premium funder, per that relationship

Technical basis — TCA 1997 s.593; CATCA 2003 ss.5, 10, spouse/civil partner exemption, small gift exemption; MWSA 1957 s.7; SDCA 1999 s.124B. Figures: LEVY.LIFE; CAT.THRESH.A; CAT.THRESH.C; CAT.SGE — reference workbook. See Source register.

7. Serious illness cover

The product. A lump sum on diagnosis of a specified illness, written either standalone or as an *accelerated* benefit that advances part or all of the death cover on the same policy. Because the insured event happens in lifetime, the tax geometry differs from death cover in one instructive way — and in another, widely misunderstood way, it does not.

Premiums. No relief. The persistent belief that serious illness premiums attract relief comes from the neighbouring regime: *medical insurance* (hospital plans reimbursing treatment costs) carries tax relief at source, so the premium arrives pre-reduced. Serious illness cover pays a sum on diagnosis rather than reimbursing expenses; it sits outside that relief entirely, and no amount of paying for it through a health-insurance-brand direct debit changes that. The 1% life levy applies where the cover is written as life assurance business, as it standardly is in this market.

Proceeds. Paid to the policyholder on their own policy, the sum is not income — it is an insurance capital receipt — and the life policy CGT exemption covers the original owner. Nor is it a gift or inheritance: the claimant funded the premiums and owns the contract, so nobody has conferred anything. The standard personal claim is therefore wholly untaxed, and correctly so without any special exemption doing the work. The charge that *can* arise is CAT, in the now-familiar way: proceeds directed to someone other than the person who provided the premiums are a gift from the provider — a lifetime benefit, so gift tax rather than inheritance tax, with the same thresholds after the €3,000 small gift exemption.

Accelerated cover and the estate. An accelerated claim converts future death benefit into a present lifetime receipt. The claim itself is untaxed; the *estate effect* is that whatever remains at death — the reduced death benefit plus whatever the lifetime payment was not spent on — is what beneficiaries are taxed on. Depending on threshold headroom that can cut the eventual CAT bill or leave it unchanged; CS6 works both directions. Children's cover — the standard rider paying a smaller sum on a child's diagnosis — pays the policyholder parent on the parent's own contract and raises no charge.

Treatment table 7.1 — serious illness cover

	Own policy, standalone	Own policy, accelerated	Proceeds directed to another person
Premium relief	None (medical-insurance relief does not apply)	None	None
Levy	1% (insurer), as life business	1% (insurer)	1% (insurer)
Proceeds — income tax	None	None	None
Proceeds — CGT	None (s.593, original owner)	None	None
Proceeds — CAT	None	None on the claim; death benefit reduced — estate effect per beneficiaries' thresholds	Gift from premium provider; small gift exemption, then thresholds

Technical basis — TCA 1997 s.593; TCA 1997 s.470 (medical insurance relief — cited to mark the boundary, not to apply it); CATCA 2003 ss.5, 10; SDCA 1999 ss.124B, 125. Figures: CAT.SGE — reference workbook. See Source register.

8. Income protection

The product. A replacement income — paid monthly after a chosen deferred period — where illness or injury removes or reduces the ability to earn, continuing until recovery, return to work, or the policy ceasing age. In the legislation it is a "permanent health benefit scheme"; the market says income protection or income continuance. It is the one personal protection product whose premiums the tax system actively subsidises, and the one whose benefits it actively taxes: the two halves of a single statutory design.

Premiums — the relief. Section 471 TCA 1997 gives a deduction from *total income* for contributions to a Revenue-approved permanent health benefit scheme, capped at 10% of total income for the year. Because it is a deduction from total income, its value is the payer's marginal income tax rate — 40% for higher-rate taxpayers — and, because it stops at income tax, no USC or PRSI saving attaches. The practical mechanics:

- **Individual policies.** Approval attaches to the policy (insurers obtain it as a matter of course); the individual claims the deduction through their tax return or, for PAYE taxpayers, through Revenue's online claim channels. The relief is not given at source: an unclaimed policy is an unrelieved one, and four-year time limits apply to backdated claims.
- **Employer group schemes.** Employee contributions deducted through payroll under an approved group scheme obtain relief at source via the payroll ("net pay") mechanism — nothing further to claim.
- **Employer-paid premiums on an employee's policy.** Where an employer pays the premium and the employee is taxed on it as a benefit, the statute treats the premium as paid by the employee, who can then claim the s.471 deduction — the design keeps the relief with the person bearing the tax. (Employer-*owned* executive income protection is a different contract with different treatment: Part D.)

The 10% ceiling is generous — a €90,000 earner would need €9,000 of annual premium to hit it — but it is a real ceiling, aggregating all such contributions in the year.

Benefits — the charge. Benefits under an approved scheme are deemed to arise from an employment and are emoluments to which PAYE applies: the payer operates PAYE on each payment, and USC follows as it does for emoluments generally. Where benefits are routed through an employer's payroll they are taxed as ordinary pay. One statutory election softens the edge for the self-employed: an individual carrying on a trade or profession may apply for Revenue approval to have the benefits treated instead as receipts of the trade — paid gross by the insurer and brought into the accounts — which matters for anyone whose business continues to generate deductible expenses through a claim.

The State floor. Illness Benefit is itself taxable income, and income protection contracts are written net of them: the market convention caps total replacement — policy benefit plus State payments — at around 75% of earnings, a solvency-of-incentives rule rather than a tax rule. The self-employed, whose PRSI class gives no entitlement to short-term Illness Benefit, carry the starkest version of the exposure this product answers.

The value equation. Relief on the way in at 40%; tax on the way out only if the risk materialises, and then at whatever rate the claimant's reduced circumstances attract — commonly lower than the rate at which relief was obtained. Premiums for cover that is never claimed enjoy the subsidy with no clawback. CS4 runs the numbers.

Treatment table 8.1 — income protection (personal)

	Individual policy	Group scheme (employee contribution)	Employer pays, employee taxed on premium
Premium relief	s.471 deduction, 10% of total income cap; claim required	Same relief, given at source through payroll	Premium deemed paid by employee; s.471 claimable
Value of relief	Marginal income tax rate only — no USC/PRSI relief	Same	Same
Levy	1% (insurer)	1% (insurer)	1% (insurer)
Benefits	PAYE operated by payer; USC applies	Taxed as pay through payroll	PAYE operated by payer
Self-employed option	Election for trading-receipt treatment (benefits paid gross, taxed in accounts)	—	—

> **Technical basis** — TCA 1997 s.471 (deduction from total income; 10% cap; employer-paid premiums taxed on the employee treated as paid by the employee) and s.125 (benefits deemed emoluments; PAYE; trading-receipt election for traders and professionals); Revenue Tax and Duty Manual Part 15-01-10, current version dated 21 November 2024 (approval categories: group schemes and individual policies; operation of PAYE). Verified 4 August 2026. Figures: IP.RELIEF.CAP; IT.RATE.HIGHER; LEVY.LIFE — reference workbook. See Source register.

9. Whole of life

The product. Cover with no end date, paying whenever death occurs. Two designs share the name. *Guaranteed* whole of life fixes premium and sum assured for life: pure protection, no cash value of consequence. *Unit-linked reviewable* whole of life routes premiums through an investment fund from which the (rising) cost of cover is drawn, with periodic reviews that can demand higher premiums or cut cover — a structure whose sustainability at older ages is the product's defining practical risk, and whose investment plumbing is what brings the exit-tax regime near.

Premiums. No relief; 1% levy to the insurer. Where the contract is a qualifying Section 72 policy the premiums remain unrelieved — Section 72's magic operates on the proceeds, not the premiums, and is Part C's subject.

Proceeds — death. As ever: no income tax, no CGT for the original owner, and CAT by configuration exactly as in Chapter 6 — estate, s.7 trust, life-of-another, third-party-funded premiums — with the spouse exemption and group thresholds doing the same work. Because whole of life is the natural vehicle for estate liquidity, the configurations matter more here than anywhere in Part B: cover intended to *pay* a CAT bill should not be written so as to *enlarge* one, and the Section 72 wrapper exists precisely to exempt proceeds applied against the inheritance tax arising on the death (Part C, Chapter 12).

Proceeds — the exit-tax margin. Post-2001 contracts sit in the gross roll-up regime (Chapter 2). On death, the chargeable computation looks to the policy's value immediately before death over premiums paid — not to the sum assured — taxed at 38% from 1 January 2026. A guaranteed protection contract has no such value and produces no charge. A unit-linked contract in its early or middle years typically carries a fund value below cumulative premiums — again no charge — but a contract that has accumulated genuine surplus value can yield a taxable gain alongside the untaxed insurance element, and a *surrender* of such a contract in lifetime is squarely a chargeable event on any gain. Policies commenced before 2001 sit in the old internally-taxed regime and pay out without exit tax; a reader holding a 1990s contract holds a different tax animal from today's, and should establish which before restructuring anything.

Special situations. Over-50s guaranteed acceptance plans are small whole of life contracts and follow this chapter wholesale. Reviews, indexation and unit-price movements are not tax events; surrender and assignment for value are. Cover maintained under separation agreements follows the court-order machinery (Parts C and E).

Treatment table 9.1 — whole of life

	Guaranteed protection contract	Unit-linked reviewable (death)	Unit-linked (lifetime surrender)
Premium relief	None	None	None
Levy	1% (insurer)	1% (insurer)	1% (insurer)
Proceeds — income tax	None	None	Exit tax on gain, 38%
Exit tax on death	No (no gain: value below premiums)	Only on excess of pre-death value over premiums — uncommon in protection-shaped contracts	—
Proceeds — CAT	By configuration (Ch 6 table applies)	By configuration	Surrender proceeds are the owner's property
Pre-2001 contracts	Old regime: internally taxed, no exit tax on payout	Same	Same

> **Technical basis** — TCA 1997 Part 26 Ch 5 (gross roll-up; chargeable events including death; rate 38% from 1 January 2026 per Finance Act 2025 — reduction excludes corporate-owned and personal portfolio policies); TCA 1997 s.593; CATCA 2003 as in Ch 6; SDCA 1999 s.124B. Figures: CAT.THRESH.A/B/C; LAET.RATE — reference workbook. See Source register.

10. Pension term assurance

The product. Term life cover written as pension business: for the self-employed and those in non-pensionable employment, a personal contract under s.785 TCA 1997 alongside the retirement annuity regime; for company directors and employees, an employer-established arrangement under the occupational rules (the executive variant, treated with its siblings in Part D). The cover is ordinary term assurance; the wrapper changes two tax facts, both in the customer's favour.

Premiums — the relief. Personal pension term premiums are relievable against relevant earnings within the same architecture as pension contributions: the age-related percentage limits, applied to earnings capped at €115,000, *aggregating* pension contributions and pension term premiums in one ceiling. For a 40% taxpayer with headroom, a €1,000 premium costs €600 net — the identical cover bought as ordinary term costs €1,000. Three conditions temper the headline. The relief requires relevant earnings in the year: no earnings, no deduction, though the policy can continue. The headroom is shared: a director or self-employed person already funding a pension to the limit gets nothing extra for the term premium, and a case built on "40% off" must first check the ceiling. And relief follows the claim — through the return for the self-employed — not the premium.

Premiums — the levy. Pension business is excluded from the 1% life assurance levy. The exclusion is the quiet second discount: ordinary term cover is levied business and priced accordingly; the pension wrapper is not.

Proceeds. Death benefits under these contracts are paid as pension-scheme death benefits: no income tax on the lump sum in the estate's or beneficiaries' hands, with CAT then applying by relationship in the ordinary way — the spouse exemption and thresholds as elsewhere. Routing (to the estate, or under trust where the arrangement provides) follows the contract; the configuration logic of Chapter 3 travels with it. What the wrapper does *not* do is create any exit-tax or investment dimension: the contract is pure term cover.

Who it fits. The design case is the self-employed professional or company owner with relevant earnings, pension headroom, and a term-cover need — CS5 quantifies the arithmetic. The design caveat is symmetrical: where earnings are irregular, or pension funding already consumes the age-related limits, the relief that justifies the product can evaporate while the need for cover remains. Market availability of the personal contract differs across the domestic offices; the provider capability matrix records who currently writes it.

Treatment table 10.1 — pension term assurance (personal, s.785)

	Ordinary term	Pension term (s.785)
Premium relief	None	Marginal-rate relief within age-related limits; earnings cap €115,000; shared ceiling with pension contributions
Levy	1% (insurer)	None — pension business excluded
Relief conditions	—	Relevant earnings in year; claim required
Proceeds — income tax	None	None (lump sum death benefit)
Proceeds — CGT	None (s.593)	None
Proceeds — CAT	By configuration (Ch 6)	By relationship of recipient; spouse/CP exempt

Technical basis — TCA 1997 s.785 and the retirement annuity relief architecture (age-related limits; earnings limit); SDCA 1999 s.124B with pension business excluded (Revenue Stamp Duty Manual Part 9 — verified 4 August 2026); CATCA 2003 as in Ch 6. Executive variants: Part D. Figures: PEN.EARNCAP; IT.RATE.HIGHER; LEVY.LIFE; CAT.THRESH.A/B/C — reference workbook. See Source register.

Part B case studies

Fixed template: facts; the need; structure; tax analysis; the numbers (computed panel); alternatives; implementation notes. CS3 appears with Part C, where its trust analysis lives.

CS1 — Cohabiting couple, joint mortgage

Draws on Chs 2, 3, 5; forward to Ch 14.

Facts. Dara and Michelle, unmarried, buy a home for €500,000 as joint owners with a €300,000 mortgage. The lender's process produces the standard joint-life mortgage protection policy, jointly owned, premiums from the joint account. Dara dies eight years later with €260,000 outstanding.

The need. Clear the mortgage and leave Michelle secure — which the cover does. The question is what the Revenue relationship between two legal strangers does to the configuration.

Tax analysis. Michelle is Group C to Dara: a €20,000 lifetime threshold and no spouse exemption. Under the joint policy, she is treated as taking Dara's share of the proceeds — half, on equal funding — as an inheritance, in addition to whatever share of the property passes to her. Had each instead owned a single-life policy on the other's life, funded from their own resources, the payout would have been Michelle collecting on her own contract: no inheritance arising on the proceeds at all. The property element is the same in both worlds (and may attract the dwelling house exemption where its conditions are met — Part C); the proceeds element is pure configuration.

The numbers — panel CS1.1 *(inputs: [CAT.RATE] 33%; [CAT.THRESH.C] €20,000, assumed absorbed by the property share)*

	Joint policy (as sold)	Two life-of-another policies
Proceeds at claim	€260,000	€260,000
Treated as inherited by survivor	€130,000	€0
CAT at 33% on proceeds element	**€42,900**	**€0**

Alternatives. Marriage or civil partnership dissolves the problem by exemption; a s.7 trust does not assist (it serves spouses/civil partners and children). **Implementation.** Two applications instead of one; each partner pays their own premium from their own account and keeps it that way — the premium-provider test is the structure. Cost is materially the same as the joint policy.

CS2 — Married couple, young children

Draws on Chs 2, 3, 6.

Facts. Conor and Aoife, married, two children under five. Term cover of €400,000 on each life to age 65, each policy written under s.7 MWSA trust for the surviving spouse.

Tax analysis. On a death, proceeds pass under the statutory trust directly to the survivor: outside the estate, outside probate delay, and wholly exempt as a spousal benefit — no threshold consumed, nothing to file on the proceeds. Had the policies been payable to the estate the exemption would still have applied to whatever the survivor took under the will; the trust buys certainty of destination and speed, not a different tax rate. The configuration earns its keep in the second-order events: on a *simultaneous* death, or under trust wording extending to the children, proceeds pass to the children within Group A — €400,000 each, aggregating with all other parental benefits — which on this cover level leaves headroom intact.

The numbers — panel CS2.1 *(inputs: spouse exemption; [CAT.THRESH.A] €400,000)*

Scenario	Recipient	CAT
One death, trust to spouse	Spouse	€0 — exempt, no threshold used
Both die, €800,000 total to two children	€400,000 per child	€0 — within Group A, threshold fully consumed

Implementation. The trust wording is a tick-box at application with most offices; guardianship and the practicalities of trustees holding funds for minors are Part C (Ch 15, CS3) matters that should be settled in the will alongside.

CS4 — Employed high earner, income protection

Draws on Chs 2, 4, 8.

Facts. Sarah, 38, PAYE salary €90,000, top marginal rates. Personal income protection: benefit of 60% of salary integrated with State payments, 26-week deferred period, premium €1,350 a year, policy Revenue-approved.

Tax analysis. The premium is deductible under s.471 within the 10%-of-total-income ceiling (€9,000 here) — relief at 40%, claimed through her

Revenue account, worth nothing until claimed. In claim, benefits are emoluments: PAYE operated by the payer, USC applying, alongside taxable Illness Benefit — but assessed on claim-year income far below €90,000, so the effective rate on benefits is typically well under the rate at which relief was given.

The numbers — panel CS4.1 *(inputs: [IT.RATE.HIGHER] 40%; [IP.RELIEF.CAP] 10%)*

	€
Gross premium	1,350
s.471 relief at 40%	(540)
Net annual cost	**810**
Ceiling check: 10% × €90,000	9,000 ✓

Alternatives. An employer-paid executive policy changes the payer, the deduction and the BIK analysis — Part D, with the gross-equivalent comparison of Ch 4. **Implementation.** The claim for relief is the step people miss; four-year look-back applies to unclaimed years.

CS5 — Self-employed professional, pension term assurance

Draws on Chs 2, 4, 10.

Facts. Liam, 45, self-employed consultant, net relevant earnings €120,000, wants €500,000 of term cover to 65. Ordinary term quote €1,000 a year; the same cover as personal pension term assurance under s.785, broadly the same gross premium, with pension funding currently at half his age-related limit.

Tax analysis. The s.785 premium is deductible against relevant earnings inside the age-related ceiling (25% at 45–49, applied to capped earnings of €115,000), shared with his pension contributions — his current funding leaves ample headroom. Relief at 40%; and the premium sits outside the 1% levy base as pension business, a second, quieter saving already inside the pricing.

The numbers — panel CS5.1 *(workbook inputs: PEN.EARNCAP; IT.RATE.HIGHER; LEVY.LIFE)*

	Ordinary term	Pension term (s.785)
Gross premium	€1,000	€1,000
Income tax relief at 40%	—	(€400)
Net annual cost	**€1,000**	**€600**
Ceiling check: 25% × €115,000 = €28,750 less current pension funding	—	ample ✓

Caveats carried with the case. No relevant earnings in a year, no deduction that year; and every euro of premium relief consumes a euro of pension-funding headroom — for a maximum funder the products cost the same and the ordinary contract may serve better. **Implementation.** Relief through the annual return; confirm at each review that earnings and headroom still support the structure.

CS6 — Serious illness: standalone vs accelerated

Draws on Chs 2, 3, 7.

Facts. Niamh, 52, widowed, one adult daughter. Existing whole of life cover €400,000 payable to her estate (daughter sole beneficiary). She adds €150,000 of serious illness cover and is later diagnosed with a specified cancer; the claim pays in full and funds treatment, income replacement and adaptations of €150,000 over three years.

Tax analysis. The claim itself: her own policy, her premiums — no income tax, no CGT (s.593), no CAT. The configurations diverge afterwards. *Standalone* cover leaves the €400,000 death benefit intact. *Accelerated* cover would have paid the same €150,000 by advancing it from the death benefit, leaving €250,000. Since the lifetime payment was consumed by the illness in either design, the difference lands entirely on the daughter's inheritance.

The numbers — panel CS6.1 *(inputs: [CAT.RATE] 33%; [CAT.THRESH.A] €400,000; other estate assets €200,000; threshold unused)*

	Standalone	Accelerated
Death benefit remaining	€400,000	€250,000
Estate passing to daughter	€600,000	€450,000
Taxable above Group A	€200,000	€50,000
CAT at 33%	**€66,000**	**€16,500**
Cover received in lifetime	€150,000	€150,000

Reading the panel honestly. Acceleration is not a tax strategy — it is a cheaper contract that pays the same lifetime claim by giving up death cover, and the €49,500 CAT difference here is simply the tax shadow of the daughter inheriting €150,000 less. Where the estate sits *below* the threshold, acceleration costs the family the difference with no offsetting tax saving at all. The choice is a protection-need decision that the tax numbers illuminate but should not drive; what the tax analysis does insist on is that the comparison be run before purchase, not at claim.

PART C — ESTATE PLANNING APPLICATIONS

Estate planning is where protection meets capital acquisitions tax head-on. Part C works from the tax machinery (Chapter 11) to the product built for it (Chapter 12), the territorial boundary (Chapter 13), the relationships the exemptions do not reach (Chapter 14), the trusts that route proceeds (Chapter 15), and what actually happens at claim (Chapter 16). Throughout, CAT machinery appears only to the depth protection planning uses.

11. Capital acquisitions tax for planning purposes

Chapter 2 stated CAT's architecture; this chapter adds the working detail that sizing and structuring decisions actually turn on.

Valuation dates and the payment clock. Inheritance tax is computed by reference to the *valuation date* — broadly, the earliest date the personal representatives can retain the benefit for the successor, in practice commonly the date of the grant of probate rather than the date of death. Benefits with valuation dates in the twelve months to 31 August are returned and paid by 31 October of that year. The interval between a death and that deadline is often under a year, sometimes months — and the assets are typically a house and an illiquid business, not cash. That compression is the commercial reason Chapter 12's product exists.

Instalments and interest. Revenue can allow payment by monthly instalments over up to five years where the inheritance consists of real property or other qualifying assets, but interest runs on the outstanding balance — deferral is finance, not relief. Statutory interest also attaches to late payment generally, and a surcharge to late returns.

Agricultural relief. Qualifying agricultural property passing to a qualifying beneficiary is reduced by 90% of its market value. Two tests do the work: the *farmer test* — at least 80% of the beneficiary's assets, after taking the benefit, must be agricultural property — and the *active farmer test* — the beneficiary must farm the property commercially for six years from the valuation date (holding a recognised qualification or committing at least half of normal working hours), or lease it for that period to someone who does. The relief claws back if the conditions fail within six years. Budget 2025 announced a further condition addressed to the disponer's ownership; at the date of this guide it awaits a commencement order and the existing conditions continue to operate.

Business relief. Relevant business property — a business, or shares in an unquoted trading company, held for the minimum ownership period — is likewise reduced by 90%. Investment and non-trading assets are excluded from relief, which is how a trading company carrying surplus cash or an investment portfolio produces a *partially* relieved inheritance: the trading slice at one-tenth of value, the excess at full value. The clawback runs six years, with a saver where sale proceeds are reinvested in qualifying assets within a year. Business relief is not available against discretionary trust tax.

Why the reliefs create a protection need rather than removing one. A 90% relief looks like the end of the CAT problem. In practice it *concentrates* the problem into three residues: the unrelieved slice (the surplus cash, the investment property alongside the trade); the conditionality (a clawback converts a nil liability into a full one years after the death, when the estate is distributed and gone); and the equalisation problem (the child who takes the relieved farm pays little; the siblings who take cash instead consume their thresholds in full — Chapter 12 and CS19). Sizing cover against the *true* exposure — residue plus conditional risk — rather than the headline value is Part C's recurring computation.

The dwelling house exemption. A dwelling passes exempt where the beneficiary lived in it as their only or main residence for the three years before the inheritance, holds no interest in any other dwelling, and (if under 65) continues to occupy it for six years after. It is powerful, conditional, and fragile — and it is the exemption that decides whether the property element in the cohabitant cases of Chapters 5 and 14 is sheltered while the *proceeds* element remains a pure configuration question.

> **Technical basis** — CATCA 2003: valuation date and pay-and-file; agricultural relief (farmer and active farmer tests; six-year clawback; Finance Act 2024 disponer condition pending commencement); business relief (relevant business property; excepted assets; six-year clawback with reinvestment saver; unavailable against discretionary trust tax); dwelling house exemption; Revenue CAT Manual (agricultural relief, business relief, dwelling house exemption parts). Verified 4 August 2026. Figures: CAT.RELIEF.AGRI; CAT.CLAWBACK.YEARS; CAT.RELIEF.BUS — reference workbook. See Source register.

12. Section 72 policies

The product and the section. A Section 72 policy is whole of life cover wearing a statutory wrapper: s.72 CATCA 2003 exempts the proceeds of a *qualifying insurance policy* from CAT to the extent they are applied in paying "relevant tax" arising on the insured's death. The estate's tax is paid by money that is not itself taxed — which is the entire point, because ordinary cover left to the same beneficiaries would simply enlarge the taxable inheritance it was meant to fund.

The qualifying conditions. Three, all statutory, all strict: the policy must be in a form approved by the Revenue Commissioners (the approval criteria are published in Statement of Practice SP-CAT/1/04, and insurers obtain approval for their s.72 contracts as standard); annual premiums must be paid by the insured during their life; and the policy must be *expressly effected under the section* for the purpose of paying relevant tax — the designation happens at the outset and an ordinary policy cannot be converted retrospectively. Revenue approval carries minimum-sum and minimum-duration requirements — in particular the sum assured must be no less than eight times the annual premium, which polices against savings contracts dressed as protection. Whole of life is the natural form because the insured event must be capable of happening whenever death occurs; early payment on a defined critical illness is permitted within the approval criteria without disqualifying the policy.

One combination that does not exist. The market is periodically asked for Section 72 cover written inside the pension term wrapper of Chapter 10 — premium relief and proceeds relief in a single contract. No office writes it, because no office can: s.785 relief belongs to a pension-form term policy whose death benefit is paid as a pension benefit, while s.72 requires a Revenue-approved qualifying policy, whole of life in form, expressly effected under that section. The two statutory forms are incompatible. An estate that needs both reliefs buys both contracts, separately — and an office offering each product (several do) is still offering two products, not a hybrid.

What "relevant tax" reaches. Relevant tax means inheritance tax arising on death — *and approved retirement fund tax*: the income tax charge that arises when ARF or vested-PRSA funds pass on death. That inclusion matters enormously in sizing, because for many estates the largest single charge is not CAT on the house but the ARF charge on the pension fund, and a s.72 policy can be sized to fund both. One computational nicety: in measuring the relevant tax, the beneficiary's interest in the s.72 policy itself is left out of account, which prevents circularity.

Excess proceeds. The exemption extends only as far as the tax. Proceeds beyond the liability are treated as an ordinary inheritance taken by those entitled to them on the day after the death, taxed by relationship in the usual way. Sizing therefore aims at the liability, tracked over time — which is what indexation options and guaranteed-insurability increases exist to do without fresh underwriting. Usefully, the exempt proceeds are also *excluded from aggregation*: paying a child's tax through a s.72 policy does not consume the child's threshold.

Joint-life arrangements. Spouses and civil partners commonly effect a single joint-life second-death contract — nothing is needed on the first death because the survivor takes exempt, and the liability crystallises on the second. The section accommodates this: each spouse is treated as providing the proceeds to the extent they fund tax on benefits taken under that spouse's dispositions, and any unapplied excess is attributed the same way.

Failure modes. Three dominate. *Lapse*: a reviewable unit-linked s.72 contract whose reviews demand unaffordable premiums at 85 delivers the worst outcome available — decades of premiums, no cover at death. Guaranteed-premium contracts cost more and remove the risk; the choice is the product decision. *Replacement*: the s.72 designation attaches to the contract, so "switching" a s.72 policy is not switching, it is surrendering the exemption and starting again at an older age — one of the few places in this guide where a replacement carries real tax consequences. *Drift*: a liability sized in 2026 and never reviewed will not match the estate of 2046; the review discipline of Part E applies with particular force here.

Is it worth it — the honest arithmetic. Applying Chapter 4's conventions to a representative case: a couple both aged 60 insure €400,000 on a joint-life second-death guaranteed s.72 contract at an illustrative €6,000 a year. To a joint life expectancy around age 90 they pay some €180,000 of premiums to fund €396,000 of tax — roughly €2.20 of tax funded per euro of premium (CS7). Cumulative premiums would not overtake the benefit until far beyond any plausible survival, which is the actuarial point: the contract converts an uncertain, badly-timed liability into a level, budgetable cost, and the "loss" scenarios are the ones where the couple live very long — the scenarios families mind least. The genuine counter-cases are equally honest: estates fully sheltered by the spouse exemption plus reliefs and thresholds; beneficiaries with ample liquidity; and anyone for whom the premium is only affordable on a reviewable basis they may not sustain.

Section 73 in brief

The same statutory family applied to *gift* tax — and, stated plainly, not a protection product. Gift tax arises in lifetime, so the funding vehicle must be encashable while the disponer is alive, which a protection contract by construction is not: s.73 relief attaches to a qualifying *savings* policy, expressly effected under the section, with annual premiums paid for at least eight years before the proceeds become available. Applied within a year to gift tax on gifts made by the insured, the proceeds are exempt exactly as under s.72; the policy gain itself remains within the exit-tax regime at encashment (Chapter 2), so the layering is exit tax on the growth first, then s.73 relief on what is applied to the tax. Its use case is the planned lifetime transfer — the farm or company moving to the next generation on a chosen date (CS8) — and its inclusion here is for disambiguation: s.72 and s.73 are siblings in the statute and perpetual strangers in practice, different products funding different taxes on different triggers.

Treatment table 12.1 — Section 72 cover

	Ordinary whole of life left to beneficiaries	Qualifying s.72 policy
Premium relief	None	None — the wrapper works on proceeds, not premiums
Levy	1% (insurer)	1% (insurer)
Proceeds applied to the CAT/ARF-tax bill	Themselves taxable as inheritance before they ever reach the bill	Exempt to the extent applied to relevant tax; excluded from aggregation
Excess over the liability	Taxable as inheritance	Taxable as inheritance, taken the day after death
Replacement/switching	No tax consequence	Loses the designation — effectively a surrender and fresh start

> **Technical basis** — s.72 CATCA 2003 and the definition of "qualifying insurance policy" and "relevant tax" (including approved retirement fund tax; exclusion of the policy interest in computing relevant tax); Statement of Practice SP-CAT/1/04 (approval criteria; minimum sum assured of eight times the annual premium; critical-illness early payment); Revenue CAT Manual, Part 9 — Sections 72–73 (excess proceeds taken as an inheritance on the day after death; joint-life spousal attribution; worked apportionments); s.73 CATCA 2003 (savings policy; eight annual premiums; application to gift tax). Verified 4 August 2026. Figures: LEVY.LIFE — reference workbook. See Source register.

13. The foreign dimension

Who is inside the Irish net. A gift or inheritance is within the charge to CAT where the disponer is resident or ordinarily resident in the State, *or* the beneficiary is, *or* the property itself is situate in the State — three independent gateways, any one of which suffices. For individuals not domiciled in Ireland, residence only counts once they have been resident for five consecutive tax years. The practical protection consequences: an emigrant child inheriting from an Irish parent is fully within the charge (the disponer gateway); an Irish-resident beneficiary is within the charge even where the deceased and the assets are entirely foreign (the beneficiary gateway); and Irish property is always within the charge regardless of everyone's residence.

Double taxation. Ireland has exactly two CAT treaties — with the United Kingdom and the United States — and unilateral credit relief where foreign tax is paid on foreign property also within the Irish charge. Cross-border and Northern Ireland patterns are therefore the common real-world cases: a UK-situs estate passing to an Irish-resident child engages both UK inheritance tax and Irish CAT with the treaty allocating; cover intended to fund the combined exposure should be sized against the *net* position, not both gross bills.

Foreign policies. Life policies issued by insurers in the EU, EEA or treaty states sit in the offshore-policy regime that mirrors the domestic one: exit tax on gains at 38% from 1 January 2026, self-assessed by the Irish-resident policyholder rather than deducted by the insurer. Protection-shaped foreign contracts rarely have gains for the same reason as domestic ones; a returning emigrant's foreign *savings*-type policy is a different animal and outside this guide's scope beyond that signpost. The CAT analysis of foreign policy proceeds follows the gateways above and the Chapter 3 configurations unchanged — ownership and premium provision decide, not the insurer's address.

> **Technical basis** — CATCA 2003 territorial provisions (disponer/beneficiary residence or ordinary residence; Irish-situate property; the five-year rule for non-domiciled individuals); double taxation relief and the Ireland–UK and Ireland–US conventions; TCA 1997 offshore life policy provisions as amended by Finance Act 2025 (38% from 1 January 2026). Verified 4 August 2026. Figures: LAET.RATE — reference workbook. See Source register.

14. Cohabitants and blended families

The problem, stated plainly. Irish tax law recognises marriage and civil partnership; it does not recognise time served. A couple together thirty years, unmarried, are Group C strangers to each other: a €20,000 lifetime threshold, no spouse exemption, and — because s.7 of the 1957 Act serves spouses, civil partners and children only — no statutory trust shortcut either. Every euro one leaves the other above €20,000 is taxed at 33%.

The structural answers. All of them run on Chapter 3's machinery. *Life-of-another ownership*: each partner owns the policy on the other's life and pays the premiums from their own resources; at claim the survivor collects their own property and no inheritance arises — the single most valuable configuration in this guide for unmarried couples, available from the first application form (Chapter 5; CS1). *Premium hygiene*: the structure is only as good as the premium-provider test; premiums from a joint account funded by the life insured collapse it. *Third-party funding within the small gift exemption*: premiums can be deliberately funded by gifts of up to €3,000 per donor per year — the technique CS10 works for a grandparent, equally available between partners provided the *owner* is the recipient of the gift and payer of the premium. *Express trusts*: where cover is for children of the relationship (or of prior relationships), an express trust does what s.7 would have done — Chapter 15.

Qualified cohabitants and court-ordered redress. The Civil Partnership and Certain Rights and Obligations of Cohabitants Act 2010 gives a *qualified cohabitant* — broadly, five years' cohabitation, or two with a child of the relationship — the right to apply for redress from a deceased partner's estate. Property transfers made under court orders in that redress scheme are exempt from CAT: the one relieving route the tax code offers absent marriage or civil partnership, and a litigation remedy rather than a plan. Its existence is worth knowing; relying on it instead of configuration is not planning.

Blended families. Layered exposures need layered configurations: cover for the partner on a life-of-another basis; cover for each set of children under express trusts, each child measuring against their own Group A threshold with their own parent as disponer; and the dwelling house exemption assessed honestly against its occupation conditions rather than assumed. CS11 assembles the pattern.

Treatment table 14.1 — the unmarried couple's configurations

	Joint policy, joint funding	Own-life each, payable to the other	Life-of-another, owner-funded
Proceeds — CAT on first death	Survivor inherits deceased's share; Group C above €20,000	Full proceeds an inheritance; Group C	None — owner's own property
Premium test	Fails by construction	Irrelevant — disposition is testamentary in effect	Decisive; keep funding separate
Marriage later	Exempt thereafter	Exempt thereafter	Already outside the charge

> **Technical basis** — CATCA 2003 Group C threshold and spouse/civil partner exemption boundaries; small gift exemption; Civil Partnership and Certain Rights and Obligations of Cohabitants Act 2010 (qualified cohabitants; redress orders) and the associated CAT exemption for court-ordered transfers; MWSA 1957 s.7 (scope limited to spouse/civil partner and children). Verified 4 August 2026. Figures: CAT.THRESH.C; CAT.RATE; CAT.SGE; CAT.THRESH.A — reference workbook. See Source register.

15. Policies under trust

Why trusts, restated. A trust fixes destination, bypasses probate delay, and insulates proceeds from the estate's creditors and disputes — Chapter 3's points, which this chapter takes into execution. The s.7 statutory trust does it by a sentence on the application form, for spouses, civil partners and children. Everything else — cohabitants' children's cover, business trusts, staged access for young beneficiaries — needs an express trust, and insurers provide standard forms precisely so the execution happens at policy inception rather than in a solicitor's office years later.

Minors and control. Proceeds for a child are held by trustees until the trust says otherwise. The practical drafting questions are who the trustees are (align them with the guardians named in the will, or deliberately don't, but decide), at what age capital vests, and what the trustees may spend meanwhile. Where a beneficiary lacks capacity, the Assisted Decision-Making (Capacity) Act 2015 framework governs how funds are applied for them, and trusts for permanently incapacitated beneficiaries enjoy specific tax accommodation, including exemption from the discretionary trust regime below.

Discretionary trust tax, in one paragraph. Proceeds that *remain* on discretionary trusts — trustees choosing among a class rather than holding fixed shares — meet a once-off charge of 6% and an annual charge of 1%. Neither bites while the settlor is alive or while the youngest principal beneficiary is under 21, and trusts exclusively for incapacitated beneficiaries are exempt — which is why the standard family protection trust, paying out or converting to fixed shares as children reach majority, passes through the regime untouched, while an open-ended discretionary settlement of a large death benefit does not. The design rule: discretion for as long as it is needed and no longer.

Registration and claim-time compliance. Express trusts of policies are, in general, registrable on the Central Register of Beneficial Ownership of Trusts, and trustees should expect anti-money-laundering verification of beneficial ownership at claim. Neither is a tax; both are the price of the structure, and unregistered trusts meet friction at exactly the moment speed was the point.

> **Technical basis** — MWSA 1957 s.7; CATCA 2003 discretionary trust tax provisions (initial and annual levies; the under-21 and incapacity accommodations); Assisted Decision-Making (Capacity) Act 2015; trust beneficial-ownership registration requirements (CRBOT). Verified 4 August 2026 except the discretionary-trust and registration details, which are stated at summary level; Figures: DTT.INITIAL; DTT.ANNUAL — reference workbook. See Source register.

16. Proceeds, probate and the estate

Two speeds. Policies written under trust or owned by the claimant (life-of-another) pay on proofs of death and title — weeks. Policies payable to the estate wait for the grant of probate — months, sometimes longer — and then pass under the will, through the legal right share where a spouse or civil partner elects it, and into the CAT computation at the valuation date. The configuration chosen years earlier decides which queue the family stands in.

The s.72 offset in practice. At claim, the insurer pays the s.72 proceeds to those entitled under the policy's trust or the will; the personal representatives compute each beneficiary's inheritance tax; the proceeds are applied against those liabilities and returned as exempt to that extent on the IT38, with any excess returned as an inheritance taken the day after death. Where beneficiaries' liabilities differ — the child within Group A, the unmarried partner at Group C — the CAT Manual's apportionment approach allocates the exemption to the tax actually arising, not pro rata to the legacies.

Debts, the mortgage, and the deduction. Liabilities of the deceased reduce taxable values; a mortgage discharged by an assigned policy therefore never appears as a deduction — the beneficiaries simply take the property whole (Chapter 5). Where instead an estate-payable policy funds repayment, the arithmetic lands in the same place by a different route. Either way the enlargement is real and taxed by relationship.

Deaths in quick succession. Where the same property is inherited twice within short order — parent, then the child who had just inherited — the second charge attracts statutory mitigation. It is relief, not exemption, and it is no substitute for the survivorship drafting and second-death cover that anticipate the pattern.

> **Technical basis** — CATCA 2003 (valuation date; liabilities as deductions; successive-benefit mitigation); Succession Act 1965 (legal right share); Revenue CAT Manual Part 9 (s.72 application and apportionment at claim). Verified 4 August 2026; successive-benefit mitigation stated at summary level. See Source register.

Part C case studies

Template as Part B. All figures compute from the reference workbook; premiums are illustrative assumptions and marked as such.

CS3 — Single parent with dependent children

Draws on Chs 2, 3, 6, 15.

Facts. Róisín, widowed, two children aged 7 and 9. Term cover of €300,000 to age 65, written under trust for the children equally; her sister is trustee, and guardian under the will.

Tax analysis. On a claim the trustees hold €150,000 for each child: within each child's €400,000 Group A threshold, so no CAT, no threshold anxiety, and — because the trust converts to fixed shares at 21 — no discretionary trust tax on the way through (Ch 15). Proceeds bypass probate; the trustee's receipt discharges the insurer. The design points are legal, not fiscal: trustee/guardian alignment, vesting age, and trustee powers to spend income and capital for maintenance and education meanwhile.

The numbers — panel CS3.1 *(inputs: [CAT.THRESH.A] €400,000)*

	Per child
Trust share on claim	€150,000
Group A threshold available	€400,000
CAT	**€0**

Implementation. Insurer's standard trust form at inception; will and trust drafted together; review vesting ages as the children grow.

CS7 — €2m estate to two children: Section 72

Draws on Chs 2, 4, 11, 12.

Facts. Pádraig and Mary, both 60, married; estate €2,000,000 passing on the second death equally to two children. Joint-life second-death guaranteed s.72 whole of life, sum assured €400,000, illustrative premium €6,000 a year.

Tax analysis. Nothing arises on the first death (spouse exemption). On the second, each child takes €1,000,000 against a €400,000 threshold: CAT of €198,000 each, €396,000 together. The s.72 proceeds fund it exempt and unaggregated; the €4,000 surplus is a small taxable inheritance taken the day after death.

The numbers — panel CS7.1 *(workbook inputs: CAT.RATE; CAT.THRESH.A)*

	€
Taxable per child: 1,000,000 − 400,000	600,000
CAT per child at 33%	198,000
Household liability	**396,000**
s.72 proceeds applied, exempt	396,000
Premiums to joint life expectancy (~age 90, illustrative)	180,000
Tax funded per €1 of premium	**≈ €2.20**

Alternatives. Ordinary cover of €400,000 left to the children would itself be taxed — €132,000 of it lost to CAT before touching the bill — so matching the liability would need cover of about €591,000. **Implementation.** Guaranteed premiums for sustainability; indexation option against threshold and asset drift; review at every Budget.

CS8 — Farm succession: relief, clawback and s.73

Draws on Chs 11, 12 (s.73).

Facts. Tomás, 68, farms land and stock worth €3,000,000; daughter Aoife, agricultural science graduate, will farm. Plan: lifetime transfer at 70.

Tax analysis. With agricultural relief the taxable value is €300,000 — inside Aoife's Group A threshold, tax nil — *provided* she passes the farmer test at the date of the gift (80% of her post-gift assets agricultural; her €350,000 town house is the risk) and holds the active-farmer conditions for six years. If relief fails or claws back, the exposure is €858,000. Two instruments fit the two risks: an eight-year s.73 savings contract, timed to the planned transfer, pre-funds gift tax should relief be unavailable at the date of transfer; term cover on Tomás sized against the clawback window protects the six years after.

The numbers — panel CS8.1

Scenario	Taxable value	CAT
Relief holds	€300,000	**€0** (within threshold)
Relief unavailable/clawed back	€2,600,000 above threshold	**€858,000**

Implementation. Test Aoife's 80% position before the transfer date, not after; s.73 designation at outset with eight annual premiums completed before drawdown; minute the active-farmer plan.

CS9 — Trading company owner: the unrelieved residue

Draws on Chs 11, 12.

Facts. Sinéad, 63, owns a company worth €2,500,000, of which €800,000 is surplus cash and investments; all to her son.

Tax analysis. Business relief reduces only the trading slice: €1,700,000 relieved to €170,000; the €800,000 residue is fully taxable. Taxable value €970,000; less €400,000 threshold; CAT €188,100 — not the €693,000 a naive computation on the full value suggests, and not nil as the phrase "90% relief" tempts owners to assume. A s.72 policy is sized to €190,000, not €700,000 — the difference between an affordable premium and an abandoned plan. The conditional layer remains: a six-year clawback on the relieved slice adds a contingent €505,000 to the exposure that term cover or retained liquidity should answer.

The numbers — panel CS9.1

	€
Relieved slice: 1,700,000 →	170,000
Unrelieved investments	800,000
Taxable value	970,000
Less Group A threshold	(400,000)
CAT at 33%	**188,100**

Implementation. Strip or purpose the surplus assets in good time if relief on them matters; size s.72 to the computed residue; review the trading/investment mix annually.

CS10 — Grandparent funding cover through the small gift exemption

Draws on Chs 3, 6, 14.

Facts. Eileen, 78, wants to leave her granddaughter Clíodhna, 24, meaningfully more than the €40,000 Group B threshold allows without tax. Clíodhna effects a policy on Eileen's life for €150,000, owning it and paying the €2,600 annual premium, funded by Eileen's annual gift of €3,000 within the small gift exemption.

Tax analysis. The premiums are exempt gifts consuming no threshold; the proceeds are Clíodhna collecting on her own contract — no inheritance at all. The same €150,000 left by will would have cost €36,300. The premium-provider test is satisfied in form and substance because the gift is Clíodhna's to spend; the structure fails if Eileen pays the insurer directly.

The numbers — panel CS10.1 *(workbook inputs: CAT.SGE)*

Route	CAT
€150,000 legacy (Group B, threshold intact)	(150,000 − 40,000) × 33% = **€36,300**
Life-of-another policy, SGE-funded premiums	**€0**

Implementation. Gift to Clíodhna's account; premium from Clíodhna's account; keep both permanent.

CS11 — Blended family at Groups B and C

Draws on Chs 3, 14, 15.

Facts. Colm and Dervla, unmarried, ten years together; Colm has two adult children from a prior marriage, Dervla a teenage daughter. Home in Colm's sole name.

Tax analysis. Three exposures, three configurations. *Dervla*: Group C to Colm — cover for her goes life-of-another, Dervla owning and paying, taking the proceeds as her own property rather than a 33%-taxed inheritance. *Colm's children*: own-life cover under express trust for them — each within their own €400,000 Group A threshold from their father. *Dervla's daughter*: Group C to Colm — anything for her routes from **Dervla** as disponer (Group A), meaning Dervla's own cover under trust, not Colm's. The house engages the dwelling house exemption only if Dervla's occupation and no-other-dwelling conditions genuinely hold at the date of inheritance; the couple should plan as if it may not.

The numbers — panel CS11.1 *(cover €200,000 for Dervla, illustrative)*

Configuration	CAT
Colm's policy, proceeds to Dervla	(200,000 − 20,000) × 33% = **€59,400**
Dervla owns cover on Colm, own premiums	**€0**

Implementation. Separate premium funding rigorously; wills, trusts and the redress-scheme fallback reviewed together; revisit on any marriage, which rewrites the whole table.

CS19 — Inheritance equalisation

Draws on Chs 11, 12, 15.

Facts. Nóirín, widowed, 71: farm worth €2,400,000 to her son Fiachra, who farms it; she wants her daughter Orla treated fairly but holds little else.

Tax analysis. Fiachra's relieved inheritance has a taxable value of €240,000 — no CAT. Splitting the farm to equalise would destroy the relief for both and the farm with it. The instrument is life cover for Orla's benefit: €800,000 under trust for her costs Orla (800,000 − 400,000) × 33% = €132,000 in CAT, netting €668,000 — or, sized within Nóirín's insurability and budget, a s.72 element can fund Orla's tax so the full €800,000 arrives. Equal is not the same as identical: the panel shows each child's *net* position, which is the honest measure parents are actually equalising.

The numbers — panel CS19.1

	Fiachra	Orla
Gross benefit	€2,400,000 farm	€800,000 cover
Taxable value	€240,000	€400,000 above threshold
CAT	€0	€132,000 (fundable via s.72 element)
Net	**€2,400,000**	**€668,000 – €800,000**

Implementation. Trust-route the cover; document the equalisation intent in the will to pre-empt s.117-style grievance; review cover against farm value drift.

PART D — BUSINESS PROTECTION

Business protection answers three distinct problems — the lost profit-maker, the succession of ownership, and the owner's own family cover delivered through the business — and the tax analysis differs for each. Chapter 17 maps the territory; Chapters 18–22 work each instrument; Chapter 23 runs the same facts through every structure so the choice can be made on numbers.

17. The business protection map

Three problems, not one. *Key person* cover replaces what a death or serious illness takes from the profit and loss account: revenue, margin, a lender's confidence. *Succession* cover funds the purchase of a deceased owner's stake so the survivors keep the business and the family gets money instead of an illiquid minority. *Executive* covers deliver an owner's or employee's personal protection through the business because the tax route is cheaper than salary. Misdiagnosis is the commonest error in this field — a sole trader asking for "keyman" on their own life (CS16), a company buying succession cover shaped as key person cover — and the tax treatment punishes it, because each problem has its own deduction, receipt and CAT logic.

The entity decides the menu. A *sole trader* has no employer to insure them and no shares to sell: their business protection is personal cover, configured under Part B and C rules, plus key person cover on genuinely key *employees*. A *partnership* is transparent: the firm cannot own policies as a taxpayer, so cover is structured between the partners (Chapter 20). A *company* has the full menu — and the corporate succession route (Chapter 19) has hard statutory gates: it needs an unquoted **trading** company, a vendor **resident and ordinarily resident** in the State, shares held **five years** (three where inherited, the deceased's ownership counting toward it), and distributable reserves to lawfully pay. A young company, an investment company, or a non-resident shareholder fails those gates, and the personal trust route is not second-best but the only route.

The decision path. Who is the loss? *An employee's contribution to profits* → key person (Ch 18). *An owner, and the survivors must buy the stake* → co-director/shareholder or partnership structures (Chs 19–20); corporate route only if every gate above is open. *The owner's own family* → executive covers (Chs 21–22), compared honestly against personal equivalents (Ch 23).

> **Technical basis** — the statutory gates cited at Chs 18–19; Partnership Act 1890 (transparency and dissolution default) at Ch 20. See Source register.

18. Key person insurance

The product. Cover owned and paid for by the employer on the life (or health) of an employee whose loss would damage profits: the rainmaker, the technical founder-employee, the licence-holder. Quantum follows the exposure — multiples of salary or of attributable profit for revenue loss; the debt figure where a lender requires cover.

Premiums — the conditions for deduction. Revenue's published position, now restated in Tax and Duty Manual Part 04-06-01, allows key person premiums as deductions only where four conditions all hold: **(a)** the sole relationship is employer and employee; **(b)** the employee has **no substantial proprietary interest** in the business — in practice a shareholding of the order of 15% or more, held directly or indirectly, fails this; **(c)** the insurance is intended to meet **loss of profits**, as distinct from loss of goodwill or other capital loss; and **(d)** for death cover, the policy is **short-term insurance** paying only on death within a specified number of years — term cover with no surrender value or investment content. Cover on a controlling shareholder-director, or cover securing a loan, fails these conditions and the premiums are simply not deductible.

Proceeds — the symmetry. Where premiums are deductible under those conditions, the proceeds are a trading receipt, taxable at 12.5% in the period received — the design assumption being that they replace taxable profits. Where the purpose is capital — securing borrowings, protecting an investor's stake, compensating a capital loss — premiums are not deductible and the proceeds are capital in the company's hands, applied to the loan or the balance sheet without a corporation tax charge; the company as original beneficial owner is within the s.593 shelter from CGT. The two treatments must never share a contract: where one person represents both a profit exposure and a loan exposure, market and Revenue practice alike point to **two separate policies**, each with its purpose minuted at inception, so the deductible and non-deductible strands cannot contaminate each other at claim.

Variants. *Illness-based key person* cover follows the same conditions and symmetry with the insured event brought forward. *Locum and practice-expense cover* for professionals is the small-firm relative: premiums to keep a practice's revenue alive through an absence are on revenue account, receipts taxable, symmetry intact. *Investor protection* — cover effected because outside money has been invested in the company on the strength of particular people — is capital-purpose by construction: non-deductible premiums, capital proceeds (CS20). *Insolvency* changes nothing in the analysis but everything in the value: company-owned proceeds are company assets, available to creditors before shareholders — a reason succession cover should not masquerade as key person cover.

Treatment table 18.1 — key person cover

	Revenue purpose (profit replacement)	Capital purpose (loan/investor protection)
Premiums	Deductible where all four TDM 04-06-01 conditions hold	Not deductible
Levy	1% (insurer)	1% (insurer)
Proceeds	Trading receipt, 12.5%	Capital; no CT charge; s.593 shelters CGT
Policy form	Short term, no surrender value (condition (d))	Matched to the exposure's term
Documentation	Purpose minuted; conditions evidenced in the CT1 file	Purpose minuted; loan/investment linked

> **Technical basis** — TCA 1997 s.81 (wholly and exclusively); Revenue Tax and Duty Manual Part 04-06-01 (the four conditions; deductible premiums paired with taxable receipts; substantial proprietary interest); TCA 1997 s.593. Verified 4 August 2026. Figures: CT.RATE.TRADING; LEVY.LIFE — reference workbook. See Source register.

19. Co-director and shareholder protection

The problem. A shareholder dies; the shares pass to a spouse or children who neither work in nor want the company; the surviving owners need control and the family needs money. Unfunded, the collision produces locked-in minorities, forced sales and litigation. Funded, it is a purchase — and the tax analysis is the analysis of that purchase.

Structure (a): personal own-life-in-trust with cross-options. Each shareholder effects cover on their own life, in trust for the others in shareholding proportions, paired with a **double-option agreement**: on a death, the survivors may require the estate to sell, the estate may require the survivors to buy, at fair or formula value. The tax mechanics reward the design. The proceeds reach the survivors under a bona fide arm's-length commercial arrangement entered for full consideration — reciprocal cover and options — so no gift or inheritance arises on them, *to the extent they fund the purchase*; surplus proceeds beyond the price are inheritance-taxable in the survivors' hands. The estate sells at date-of-death value: because death uplifts CGT base cost, a prompt sale at that value yields **no chargeable gain**. The family's CAT position on the shares themselves is a separate matter of relationship, spouse exemption and business relief — and here the *options* structure earns its keep, because a **binding** buy/sell contract at death risks converting relevant business property into a mere right to cash and forfeiting business relief, while cross-options preserve it. Stamp duty of 1% attaches to the share transfer. Where ages or holdings differ materially, **premium equalisation** rebalances cost to benefit so the reciprocity that keeps CAT out remains real (CS13).

Structure (b): life-of-another cross-ownership. Each shareholder owns policies on the others. Identical claim-time tax (owner collects own property; purchase as above); surplus proceeds simply stay with the owner untaxed. It is administratively heavy beyond two or three owners — the policy count grows with the square of the shareholders — which is why trusts dominate in practice.

Structure (c): the corporate route — company-funded buyback. The company owns the cover; at a death it buys back the deceased's shares from the estate. Two statutory gatelines govern. *Tax*: capital (CGT) treatment instead of a distribution requires an unquoted trading company (or holding company of a trading group); a vendor resident and ordinarily resident in the year; **five years' ownership** (three where the shares were inherited, with the deceased's and personal representatives' ownership counting toward the vendor's); a buyback wholly or mainly **for the benefit of the trade**; a **substantial reduction** (the vendor's remaining proportion no more than 75% of before) and the vendor no longer connected (broadly under 30%) — or, wholly separately, the **inheritance-tax ground**: the conditions are dispensed with where substantially the whole of the proceeds discharge the vendor's CAT on those very shares by its due date, or a debt incurred within a week of the buyback to pay it, where hardship would otherwise result. *Company law*: a buyback is paid **out of distributable reserves** (or a fresh issue) — policy proceeds in the bank are not, by themselves, authority to pay; and the Companies Act 2014 procedure (authority in the constitution or by special resolution, on which the selling member's votes are disregarded; the contract available for inspection) must be run properly. On death the estate's CGT base is uplifted, so a buyback at date-of-death value produces no gain and the capital/distribution distinction matters less than in lifetime; in a **lifetime** exit — retirement, or an illness-triggered option — it matters entirely, and there retirement relief (to age 69, €750,000 of consideration for disposals other than to a child; €10m cap for disposals to a child) and revised entrepreneur relief (10% on the first €1.5m of qualifying gains from 1 January 2026) do the heavy lifting.

Illness-triggered options. Serious illness cover can fund a *living* buyout under the same cross-options. Everything above applies except the uplift: the departing shareholder makes a lifetime disposal at market value, CGT runs on the full gain subject to the reliefs just described, and the proceeds route to a living seller rather than an estate. The instrument is the same; the CGT chapter of the analysis is not.

Structure matrix 19.1 — the three routes

	(a) Own-life in trust + options	(b) Life-of-another	(c) Corporate buyback
Premiums	Personal, from taxed income; not deductible	Personal; not deductible	Company-paid; not deductible (not wholly/exclusively for the trade)
Proceeds at claim	To survivors' trust — no CAT to extent applied to purchase	Owner's own property — no CAT	Company asset (creditor-exposed)
Surplus over price	Inheritance-taxable in survivors' hands	Tax-free with owner	Taxed per its use in the company
Estate's CGT	None — death uplift, sale at probate value	None	None on death; full CGT analysis in lifetime
Business relief on the shares	Preserved by options (never a binding sale)	Preserved	Preserved pre-buyback; CAT ground available
Statutory gates	None	None	Trading co; residence; 5-year ownership; trade benefit; substantial reduction — or the CAT-discharge ground; distributable reserves
Stamp duty	1% on transfer	1%	None on a buyback
Fails when	Reciprocity/premium test breaks	Owner count grows	Young company; investment company; non-resident vendor; no reserves

Technical basis — CATCA 2003 ss.5, 10 (full consideration; bona fide commercial arrangements) and business relief provisions; TCA 1997 ss.176–186 (conditions; the inheritance-tax ground; substantial reduction and connection tests) and s.598/599 and s.597AA as amended (retirement relief limits from 1 January 2025; entrepreneur relief €1.5m from 1 January 2026); death base-cost uplift; SDCA 1999 (1% on share transfers); Companies Act 2014 (distributable profits; buyback authority and procedure). Verified 4 August 2026. Figures: STAMP.SHARES; CGT.RR.OTHER.5569; CGT.RR.CHILD.5569; CGT.ER.RATE; CGT.ER.CAP — reference workbook. See Source register.

20. Partnership insurance

Why it exists. Absent contrary agreement, the Partnership Act 1890 dissolves a firm on a partner's death — and even a well-drafted deed leaves the estate owed real money: capital account, undrawn profits, a share of assets and goodwill, commonly payable by instalments over years. The cover exists to turn that slow, relationship-straining debt into a funded purchase on the day it arises.

Structures and tax. The firm is tax-transparent, so policies belong to partners, not the practice: reciprocal own-life-in-trust with cross-options, or life-of-another between partners — Chapter 19's analysis transposed whole. Premiums are personal and non-deductible (they secure the partners' capital, not the firm's profits); proceeds funding the purchase of the deceased's share pass CAT-free as full-consideration commercial arrangements; the estate disposes at uplifted base cost, so no CGT on a prompt sale; business relief on the partnership share is preserved by options rather than binding accruer-at-a-price clauses. *Automatic accrual* deeds — the share passes to survivors, the estate takes a payment — reach the same commercial place and demand the same care that the payment reflects full value, or the shortfall is analysed as a benefit. Premium equalisation matters more here than anywhere: age spreads inside professional firms are wide, and reciprocity is the tax structure (CS13). Illness-triggered buyouts run exactly as in Chapter 19, without the uplift.

Technical basis — Partnership Act 1890; CATCA 2003 (full consideration; business relief on a partnership interest); death base-cost uplift; retirement and entrepreneur reliefs as Ch 19. Verified 4 August 2026. See Source register.

21. Executive income protection

The product. Income protection owned and paid for by the employer on an employee or director, paying the benefit to the *employer*, which continues salary through payroll. The contrast with Chapter 8's personal contract is entirely a question of who pays, who deducts, and how the money travels.

The tax mechanics. Premiums are deductible to the employer as ordinary remuneration cost, and — because the policy is the employer's, for the employer's benefit — no benefit-in-kind arises on the employee. In claim, the benefit lands as employer income and leaves as salary: PAYE, USC and PRSI (employer and employee) apply exactly as to pay, and the s.471 relief of the personal product has no role because the employee never pays a premium. **Pension contribution protection**, available in the market as a rider, keeps employer pension contributions running through a claim within stated salary-percentage and monetary caps — contributions that remain deductible to the employer and outside the employee's charge as ordinary scheme funding.

The comparison that sells it — honestly run. A director funding a personal policy pays from the far side of a 52.2% marginal wall, softened by s.471 relief; a company funding the executive contract pays gross and deducts. CS15 computes both columns; the executive route's advantage is real, and it is bought with two strings — the benefit belongs to the employer first, and it arrives as fully-taxed salary, where a personal policy's benefit is taxed to a claimant whose other income has usually collapsed.

> **Technical basis** — TCA 1997 s.81 (remuneration costs); benefit-in-kind principles (no charge where the employer owns and benefits); s.125/s.471 confined to the personal contract; PAYE/USC/PRSI on salary continuance. Verified 4 August 2026. Figures: MARGINAL.TOP.PAYE — reference workbook. See Source register.

22. Group life and death in service

The product. Employer-provided lump sum life cover — the "4× salary" of employment contracts — delivered through Revenue-approved occupational arrangements, today most commonly a master trust.

The Revenue limits. On a death in service before normal retirement age the approved lump sum may not exceed the greater of €6,350 or **four times final remuneration** — final remuneration for this purpose may simply be the rate at death — with a refund of the employee's own contributions payable in addition, and retained benefits from earlier employments counted against the headroom. Value beyond the lump-sum ceiling is not lost: it may provide a spouse's, civil partner's or dependants' pension up to the ill-health maximum, or transfer to an ARF for them.

The tax treatment. Employer premiums are deductible and raise no benefit-in-kind — the approved-scheme exemption doing for group life what it does for pension contributions. The lump sum passes free of income tax; CAT then applies by relationship exactly as in Chapter 6 — spouse or civil partner exempt, children within Group A — with trustee discretion over destination doing the routing work a s.7 trust does for personal cover. Dependants' *pensions* are income, taxed under PAYE as drawn; ARF transfers take on the ARF regime, including the charges Chapter 12 showed s.72 can fund. The Standard Fund Threshold — €2.2 million for 2026, rising in steps to €2.8 million in 2029 — polices total pension value including these benefits.

Two boundary notes. *Auto-enrolment* is retirement saving, not insured cover: a pot returned on death, whatever its value, is not life assurance, and enrolment does not reduce a protection need by a euro. And where an income protection claim runs into ill-health early retirement, the two must be sequenced — IP benefits typically cease when pension benefits vest — a coordination point for Part E's review discipline rather than a tax election.

Treatment table 22.1 — death in service

	Group life lump sum	Dependants' pension	ARF transfer
Employer premiums	Deductible; no BIK	—	—
Income tax on benefit	None on the approved lump sum	PAYE as drawn	ARF regime; charges fundable via s.72
CAT	By relationship; spouse/CP exempt	Generally outside CAT as pension income	Per ARF rules
Ceiling	Greater of €6,350 or 4× final remuneration, less retained benefits	Ill-health maximum	SFT context

> **Technical basis** — Revenue Pensions Manual, Chapter 10 (July 2025): lump sum ceiling, final remuneration at death, contribution refunds, retained benefits, dependants' pension or ARF transfer (s.772(3)(b) TCA); approved-scheme treatment of employer contributions; SFT €2.2m (2026) rising to €2.8m (2029). Verified 4 August 2026. Figures: PEN.DIS.LUMP; PEN.SFT — reference workbook. See Source register.

23. Choosing between structures

Same facts, every route. CS12 runs a two-director company through the trust route and the corporate route side by side, and adds the illness-triggered lifetime leg; CS15 runs the same director's income protection personally and through the company. Chapter 19's matrix carries the comparative logic; this chapter adds the judgement layer the matrix cannot: *reserves reality* (a corporate route that cannot lawfully pay is not a route); *valuation drift* (options priced by formula in 2026 meeting a 2036 company); *creditor exposure* (company-owned proceeds queue behind the bank); and *reciprocity maintenance* (the trust route's CAT position is only as durable as the premium equalisation and cross-options that constitute the consideration).

On anti-avoidance, briefly. Every structure in this Part is long-established, Revenue-recognised practice with published treatment: purchases at full value, options rather than obligations, purposes minuted, reliefs claimed on their statutory terms. Nothing here trades on artificiality, and the documentation discipline of Part E is what keeps the analysis demonstrable a decade later.

> **Technical basis** — as Chs 18–22; general anti-avoidance context noted. See Source register.

Part D case studies

Template as before; premiums illustrative and marked.

CS12 — Two-director company: trust route vs corporate route

Draws on Chs 17, 19, 23.

Facts. Brendan (58) and Úna (52) own DataFit Ltd 50/50; agreed value €3,000,000. Each stake €1,500,000. Brendan dies; his shares pass to his wife Máire.

Route (a) — own-life-in-trust with cross-options. Úna's trust receives €1,500,000; options are exercised; Máire sells at date-of-death value. CAT on the proceeds: none — full-consideration commercial arrangement. CAT on Máire's inheritance of the shares: spouse-exempt in any event. CGT for the estate: none — death uplift, sale at probate value. Stamp duty for Úna: €15,000. Úna owns 100%; Máire holds €1,500,000 cash.

Route (c) — corporate cover and buyback. Company receives €1,500,000; buyback needs distributable reserves at least equal to the price — the gating check that must be passed **before** the structure is chosen, not at the funeral; conditions or the CAT-discharge ground satisfied; special-resolution procedure run with Máire's votes disregarded. No stamp duty on a buyback; Úna reaches 100% without personal outlay; proceeds sat, until paid out, exposed to company creditors.

The illness leg. Five years on, Úna suffers a specified illness; her SIC-funded option requires Brendan's successor-shareholder to buy at €1,600,000. Lifetime disposal: gain ≈ €1,600,000 less minimal base; retirement relief unavailable in full (consideration exceeds the €750,000 non-child cap); entrepreneur relief (conditions met) takes the first €1,500,000 of gain at 10%, balance at 33%: CGT ≈ €183,000 — the number the death-based comparison never shows, and the reason lifetime options should be priced net of it.

Panel CS12.1 *(workbook inputs: STAMP.SHARES; CGT.RR.OTHER.5569; CGT.ER.RATE; CGT.ER.CAP)*

	Trust route (death)	Corporate route (death)	Illness-triggered (lifetime)
CAT on proceeds/purchase	€0	€0	€0
CGT on disposal	€0 (uplift)	€0 (uplift)	≈ €183,000

CGT on disposal	€0 (uplift)	€0 (uplift)	≈ €183,000
Stamp duty	€15,000	€0	€16,000
Hard gate	Premium reciprocity	Distributable reserves; s.176 conditions	Option pricing net of CGT

CS13 — Three-partner firm: premium equalisation

Draws on Chs 19, 20.

Facts. An engineering partnership: Séamus 61, Karen 47, Dmitri 39, equal shares, firm value €1,800,000. Own-life-in-trust cover of €600,000 each; illustrative premiums €9,000 / €3,400 / €1,900.

Tax analysis. Unequalised, the young partners pay little to receive much and Séamus the reverse — a gratuitous tilt that erodes the full-consideration analysis keeping CAT off the proceeds. Equalisation reallocates the €14,300 total so each partner's contribution tracks the benefit they stand to receive (broadly, each pays a half-share of the premiums on the *other* lives): Séamus €2,650, Karen €5,450, Dmitri €6,200. The deed records it; the bank mandates execute it; the CAT analysis survives it.

Panel CS13.1

Partner	Own-life premium	Equalised contribution
Séamus (61)	€9,000	€2,650
Karen (47)	€3,400	€5,450
Dmitri (39)	€1,900	€6,200

CS14 — Key person: revenue purpose vs capital purpose

Draws on Ch 18.

Facts. MedSupply Ltd depends on sales director Lorna (no shareholding): attributable gross margin €400,000 a year. The company also carries a €300,000 term loan personally driven by her lender relationship.

Tax analysis. Two exposures, two policies. *Policy 1*: €800,000 five-year term, profit-replacement purpose minuted — all four TDM 04-06-01 conditions hold; premiums (€2,400) deductible; proceeds, if claimed, a trading receipt: €800,000 less 12.5% leaves €700,000 net — which is why revenue-purpose cover is sized *gross of the tax on the proceeds*. *Policy 2*: €300,000 matching the loan, capital purpose minuted — premiums (€900) not deductible; proceeds capital, applied to the debt, no CT. One combined policy would have invited the worst of both readings.

Panel CS14.1 *(workbook inputs: CT.RATE.TRADING)*

	Policy 1 (revenue)	Policy 2 (capital)
Premiums p.a.	€2,400 — deductible	€900 — not deductible
Proceeds €800,000 / €300,000	Trading receipt; CT €100,000	Capital; CT €0
Net to purpose	€700,000	€300,000

CS15 — Executive vs personal income protection

Draws on Chs 4, 8, 21.

Facts. Aisling, owner-director, salary €120,000, wants €72,000 p.a. of income protection. Illustrative premium €3,000.

Tax analysis. *Executive route*: company pays €3,000, deducts it — net company cost €2,625; no BIK; a claim pays the company and reaches Aisling as salary, fully taxed. *Personal route*: Aisling pays €3,000, claims s.471 at 40% — net €1,800; but €1,800 of net income costs €3,766 of gross salary at the 52.2% margin, before the employer's PRSI on that salary widens the gap further; a claim pays her under PAYE at whatever her claim-year rates then are.

Panel CS15.1 *(workbook inputs: IP.RELIEF.CAP; IT.RATE.HIGHER; MARGINAL.TOP.PAYE)*

	Executive	Personal
Premium funded by	Company, gross	Net income
True annual cost	€2,625 (company, after CT)	€3,766 gross salary (before employer PRSI)
Benefit taxed	As salary via payroll	PAYE on claimant, claim-year rates
s.471	Not in point	40% relief already reflected

CS16 — Sole trader with business borrowings

Draws on Chs 5, 17.

Facts. Marek, sole-trader fit-out contractor, €250,000 business loan personally guaranteed by definition — he *is* the business.

Tax analysis. "Key person on himself" does not exist: no employer/employee relationship, no deduction, and the framing obscures the real structure, which is Part B's — personal term cover of €250,000 assigned to the lender. Premiums come from taxed income (insuring the proprietor's own life is not a trading expense); at a claim the debt is discharged and the estate passes unencumbered, the beneficiaries taxed on enlarged values by relationship exactly as Chapter 5 analysed for the home loan.

Panel CS16.1

	Treatment
Premiums	Personal; no deduction against the trade
Proceeds	To lender; no income tax/CGT; estate enlarged
Family's CAT	By relationship on the debt-free estate

CS17 — Shares to a non-working spouse

Draws on Chs 11, 19.

Facts. Two-director company; Cathal dies leaving his 50% (€1,200,000) to his wife Sorcha, who has never worked in it.

Tax analysis. Sorcha's inheritance is spouse-exempt regardless — the tax problem is not hers on day one, it is *liquidity and control*: an unmarketable half-share and dividends at the survivor's discretion. Funded cross-options convert it: she sells at date-of-death value — no CGT (uplift), 1% stamp for the buyer — and takes cash. The options also protect the *next* CAT event: had a binding sale-at-death contract existed instead, business relief on any onward planning could have been forfeited; and because Cathal's years of ownership count as Sorcha's, the shortened three-year condition for inherited shares is typically met at once — the corporate buyback route stays open as the alternative exit.

Panel CS17.1

Without funding	With funded options
Illiquid 50%, spouse-exempt but unsaleable	€1,200,000 cash, no CGT, buyer stamps 1%

CS18 — Group and holding-company structures

Draws on Chs 17–19.

Facts. The Ó Briain family trade through OpCo, owned by HoldCo, owned by three siblings.

Tax analysis. Cover follows the exposure. *Succession* attaches to the shares actually changing hands — HoldCo shares — so shareholder protection is structured at HoldCo level (personal trusts and options; or HoldCo buyback, testing the s.176 conditions at the *holding company of a trading group* limb and HoldCo's own reserves). *Key person* attaches to the trade, so it sits in OpCo, on OpCo's key employees, under Chapter 18's conditions. Cover parked in the wrong entity fails quietly: OpCo cannot buy back HoldCo's shares, and HoldCo has no trading profits for a key person receipt to replace.

Panel CS18.1

Exposure	Correct owner
Sibling succession	Shareholders personally (trusts/options) or HoldCo (buyback gates)
Loss of OpCo rainmaker	OpCo (Ch 18 conditions)

CS20 — Investor-backed startup

Draws on Chs 17, 18.

Facts. Venture investors put €2,000,000 into Glaslann Ltd, incorporated eighteen months ago, on the strength of founder-CTO Éabha (28% shareholding).

Tax analysis. Cover of €2,000,000 on Éabha is capital-purpose by construction — it protects invested capital, not this year's profits — and her 28% stake fails the proprietary-interest condition regardless: premiums non-deductible, proceeds capital, no CT charge; minute it that way and price it that way. The corporate *succession* route is closed on independent grounds — no shareholder can meet the five-year ownership condition in a company this young — so any founder buy-out architecture is built personally, with trusts and options, from day one.

Panel CS20.1

	Treatment
Premiums	Not deductible (capital purpose; proprietary interest)
Proceeds	Capital; applied per the investment agreement
Buyback route	Unavailable — ownership condition unmet

PART E — IMPLEMENTATION AND ADMINISTRATION

The tax analysis of Parts B–D is only as durable as the paperwork and filings that evidence it. Part E is short by design: what to document, what to file, what life events reopen, and how this guide itself stays current.

24. Documentation and disclosure

Trust forms. Executed at inception, on the insurer's standard wording unless the case needs bespoke drafting; trustee appointments aligned with the will; letters of wishes lodged with the trustees where discretion exists. A trust executed years after the policy is a resettlement question; a trust executed with the application is a tick-box.

Option agreements. Cross-options drafted as options, never obligations (Chapter 19's business-relief point); valuation mechanism stated (formula, or independent valuation with a named basis); option periods realistic for probate timelines; the agreement, the shareholders' agreement or partnership deed, and the cover schedule reviewed as one document set, because the commonest failure is a 2026 agreement citing 2019 cover.

Board minutes and purpose. Company-owned cover carries its purpose in the minute that authorises it — profit replacement, loan protection, buyback funding — one purpose per policy (Chapter 18's two-policy rule). The minute is what the CT1 position stands on at an audit five years later.

Disclosure at inception. One paragraph, because it is contract law rather than tax, and because a tax plan that fails at claim achieved nothing: proposals are answered honestly and with reasonable care under the Consumer Insurance Contracts Act 2019 regime, and material changes notified where the contract requires — the duties are the insurer-facing foundation every structure in this guide silently assumes.

> **Technical basis** — Companies Act 2014 (minutes; buyback authority per Ch 19); Consumer Insurance Contracts Act 2019 (proposal and remedies regime). See Source register.

25. Tax administration

Claiming s.471. Employees claim income protection relief through Revenue myAccount (in-year or by review); the self-employed through the Form 11. Claims are subject to the general four-year limit, so unclaimed relief is recoverable that far back and no further. Where an employer operates a group scheme net of relief, no separate claim arises.

Payroll in claim. Income protection benefits routed through an employer are salary for every payroll purpose — PAYE, USC, PRSI, reporting — from the first payment. Personal-policy benefits are the claimant's income, returned and taxed under PAYE arrangements with the insurer or through assessment.

The CT1 file. Key person deductions are claimed, not assumed: the four-condition analysis, the purpose minute and the premium schedule sit in the file that supports the return, and the receipt side is returned symmetrically in the period a claim pays.

CAT filing and the s.72 offset. Beneficiaries file the IT38 once benefits pass 80% of the relevant threshold; tax on valuation dates to 31 August is paid by 31 October. Section 72 proceeds are returned with the exemption claimed against the computed relevant tax, the excess (if any) returned as a separate inheritance taken the day after death (Chapter 16).

Records. Six years is the statutory floor; for this subject-matter the practical rule is *life of the structure plus six*: trust deeds, options, minutes, premium-source evidence (Chapter 14's hygiene), and the valuation papers behind any transfer.

> **Technical basis** — TCA 1997 s.865 (four-year limit); PAYE regulations; CATCA 2003 pay-and-file (80% threshold trigger; 31 October); record-keeping obligations. Verified 4 August 2026. See Source register.

26. Lifecycle events

Marriage and civil partnership. From the date of the marriage or partnership, transfers between the couple are exempt for CAT and prior Group C exposure between them simply ceases; existing life-of-another structures (Chapter 14) become belt-and-braces rather than essential. Policies and nominations written for the pre-marriage family should be re-read the same month — marriage revokes a prior will unless made in contemplation of it, and the protection architecture usually assumed the will.

Separation and divorce. Transfers of policies and property under court orders on separation, divorce or dissolution pass exempt across the three capital taxes — no CAT, no CGT, no stamp duty — which is why the *transfer machinery* for cover in these events is the order itself. Thereafter the parties are strangers for CAT: maintenance-backing cover for an ex-spouse is a Group C analysis, and the Chapter 14 configurations return to service. Court-ordered cover obligations (securing maintenance) should name ownership and premium source with Chapter 3's precision.

Emigration and return. Chapter 13's gateways govern: an emigrant policyholder's Irish-situate policy, or Irish beneficiaries, keep events within the Irish net; a returning emigrant's foreign policies enter the offshore regime. Cover portability is contractual, not fiscal — the tax analysis moves with residence even where the policy travels freely.

Alterations to policies. Indexation, conversion, guaranteed-insurability exercises and beneficiary changes within a trust are not tax events (Part B). Assignments for value are — a disposal outside s.593's shelter (Chapter 3) — and the s.72 designation does not survive replacement (Chapter 12). The rule of thumb: changing a policy's *terms* is neutral; changing its *owner for consideration*, or swapping the contract itself, is where analysis is needed.

Fair Deal, in brief. Included on the same basis as Section 73 — a boundary regime readers ask about, not a protection benefit and not a tax. The Nursing Homes Support Scheme sets a resident's contribution to care at 80% of assessable income plus 7.5% of the value of assessable assets *for each year in care* (3.75% each for a couple), after a €36,000 disregard (€72,000 per couple). The 7.5% is an annual contribution while care lasts, not a charge on death: the principal residence is assessed for a maximum of three years — the 22.5% cap — and its contribution (like a farm's or business's, where conditions are met) can be *deferred* under the optional nursing-home loan and collected from the estate afterwards, a repayment of the capped, accrued amount rather than a fresh levy. Three protection-relevant facts follow. Pure protection cover has no assessable value while in force — there is nothing to count. Proceeds, once paid, are cash: assessed at 7.5% for every year of care, with no three-year cap and no deferral by right — which argues for trust routing that keeps benefits with their intended owners rather than adding to an applicant's assessable assets. And assets transferred in the five years before application are assessed as if still owned — the look-back that catches premium-funding gifts and deliberate impoverishment alike. Beyond these touchpoints, Fair Deal is the HSE's territory, not this guide's.

> **Technical basis** — CATCA/TCA/SDCA exemptions for transfers under separation and divorce orders (stated at summary level); Succession Act 1965 (revocation by marriage); Nursing Homes Support Scheme Act 2009 and HSE Fair Deal guidance (assessment percentages, disregards, three-year cap, five-year look-back). Verified 4 August 2026. Figures: FD.INCOME; FD.ASSET; FD.DISREGARD; FD.HOMECAP; FD.LOOKBACK — reference workbook.

See Source register.

27. Keeping this guide current

Tax figures age on a schedule: the Budget each October, the Finance Act each December, commencement on 1 January. Every figure in this guide therefore lives in the companion reference workbook with its value, effective date, status and source, and the text cites the code rather than hard-wiring the number. Between the Budget announcement and the Finance Act, a changed figure is law-in-waiting, and the workbook's *announced* status exists precisely for that window — announced measures are flagged as such wherever they appear rather than silently adopted. The guide is reissued to reflect each Finance Act and any Revenue guidance that alters an analysis; the edition and "text as at" date on the cover state exactly which law a copy reflects. A reader holding this document more than a year after its stated date should check the workbook, or the current edition, before relying on any figure.

PART F — REFERENCE APPARATUS

The endnote layer of the guide: every authority relied on, indexed and glossed, so any statement in the text can be traced to its source without page footnotes.

28. Consolidated legislation table

Provision	What it does in this guide
TCA 1997 s.81	The wholly-and-exclusively test gating every business deduction, including key person premiums
TCA 1997 s.125	Taxes benefits from certain policies as emoluments under PAYE — the receipt side of income protection
TCA 1997 ss.176–186	The conditions under which a company buyback of its own shares is capital rather than a distribution, including the inheritance-tax ground
TCA 1997 s.471	Income tax relief for permanent health benefit (income protection) premiums, capped at 10% of total income
TCA 1997 s.593	Shelters life policy disposals from CGT in the hands of the original beneficial owner
TCA 1997 s.597AA	Revised entrepreneur relief — 10% rate, €1.5m lifetime limit from 1 January 2026
TCA 1997 ss.598–599	Retirement relief on business and farm disposals; age-banded limits from 1 January 2025
TCA 1997 s.772(3)(b)	Permits transfer of death-in-service value to an ARF for dependants
TCA 1997 s.784A	The income tax charge on ARF assets passing on death — fundable by s.72 cover
TCA 1997 s.785	Pension term assurance: relief for personal term premiums within the pension limits
TCA 1997 s.790A	The €115,000 earnings cap on pension and s.785 relief
TCA 1997 s.865	The four-year limit on repayment claims, including unclaimed s.471 relief
TCA 1997 Part 26 Ch 5	The gross roll-up/exit tax regime for life policy gains — 38% from 1 January 2026
CATCA 2003 ss.5, 10	Deem gifts and inheritances taken; carry the consideration and premium-provider analysis of Chapter 3
CATCA 2003 s.72	Exempts qualifying policy proceeds applied to inheritance tax and ARF tax on death
CATCA 2003 s.73	The sibling relief for gift tax funded by a qualifying savings policy (eight annual premiums)
CATCA 2003 s.86	The dwelling house exemption
CATCA 2003 s.89	Agricultural relief — the 90% reduction, farmer and active-farmer tests
CATCA 2003 ss.92–102	Business relief — the 90% reduction, relevant business property, excepted assets, clawback
CATCA 2003 Part 3	Discretionary trust tax — the once-off and annual charges and their accommodations
SDCA 1999 s.124B	The 1% life assurance premium levy, insurer-payable; pension and reinsurance business excluded
SDCA 1999 s.125	The 3% non-life levy — the boundary marker for health-adjacent products
SDCA 1999 Sch 1	1% stamp duty on transfers of shares
MWSA 1957 s.7	The statutory trust for a spouse, civil partner and children written on the application form
Consumer Credit Act 1995 s.126	The lender's mortgage protection obligation and its exemptions
CICA 2019 ss.3(4), 7	Disapplies the 1774 Act for consumer contracts and abolishes insurable interest as a claim precondition
Life Assurance Act 1774	The historic insurable-interest statute, still governing non-consumer corporate arrangements
Partnership Act 1890	The dissolution-on-death default that partnership insurance exists to fund around
Companies Act 2014	Distributable-reserves and procedural gates on share buybacks
Succession Act 1965	The legal right share and revocation of wills by marriage
Cohabitants Act 2010	Qualified-cohabitant redress and the CAT exemption for court-ordered transfers
NHSS Act 2009	Fair Deal — the boundary regime of Chapter 26

29. Revenue materials index

Material	Bearing
Tax and Duty Manual Part 04-06-01	Key person insurance: the four deduction conditions and receipt symmetry (Ch 18)
Tax and Duty Manual Part 15-01-10 (21 November 2024)	Income protection: s.471 relief operation, group schemes, PAYE on benefits (Ch 8)
CAT Manual, Part 9	Sections 72–73: approval, excess proceeds, joint-life attribution, apportionment at claim (Chs 12, 16)
CAT Manual, agricultural and business relief parts	Conditions, clawbacks and Revenue practice (Ch 11)
Statement of Practice SP-CAT/1/04	The s.72/s.73 policy approval criteria, including the minimum sum assured (Ch 12)
Pensions Manual, Chapter 10 (July 2025)	Death-in-service limits: the 4× ceiling, refunds, dependants' options (Ch 22)
Pensions Manual, Chapters 21 and 24	Retirement annuity and PRSA relief architecture framing s.785 (Ch 10)
Stamp Duty Manual, Part 9	The s.124B levy and its pension/reinsurance exclusions (Chs 2, 10)

30. Glossary

Accelerated cover — serious illness cover paid as an advance of the death benefit rather than in addition to it. **ARF** — approved retirement fund; its death charge is within s.72's "relevant tax". **BIK** — benefit-in-kind. **Cross-option (double option)** — matched put and call options exercisable on death or illness, preserving business relief where a binding contract would not. **Disponer** — the person providing a gift or inheritance. **Exit tax** — the charge on life policy gains under gross roll-up. **Gross roll-up** — no annual tax inside the fund; tax on chargeable events. **Group threshold** — the lifetime CAT-free amount set by relationship to the disponer. **Life of another** — a policy owned by one person on another's life. **Premium-provider test** — the Chapter 3 analysis asking whose resources funded the cover. **Qualifying insurance policy** — a contract meeting the s.72 or s.73 conditions. **Relevant tax** — inheritance tax and ARF tax arising on the death, the target of s.72 proceeds. **s.7 trust** — the statutory MWSA trust for spouse/civil partner and children. **Valuation date** — the date fixing CAT value and the payment clock.

31. Misconceptions corrected

The claim	The position
"Serious illness premiums get tax relief like health insurance"	No. TRS belongs to medical insurance under s.470; protection SIC has no premium relief (Ch 7)
"Life policy proceeds are always tax-free"	Free of income tax and (for the original owner) CGT — but CAT by configuration, which Chapter 3 decides
"Key person proceeds are tax-free"	Where premiums were deductible the proceeds are a trading receipt at 12.5% — size cover gross (Ch 18)
"We've lived together for years, so I'm treated as a spouse"	No length of cohabitation creates the exemption; Group C applies absent marriage/civil partnership (Ch 14)
"Section 72 and Section 73 are interchangeable"	Different taxes, different products, different triggers: s.72 protects against inheritance tax on death; s.73 is a savings policy for lifetime gift tax (Ch 12)
"The pension term policy is just cheaper term cover"	It is term cover with relief — which evaporates without relevant earnings or headroom (Ch 10)
"A Section 72 policy can be written as pension term assurance, getting premium relief too"	No such contract exists: s.785 relief and the s.72 designation are incompatible statutory forms; a plan needing both buys both, separately (Chs 10, 12)
"A binding buy/sell agreement is the safest succession structure"	It can forfeit CAT business relief; options preserve it (Ch 19)
"UK planning applies here"	Ireland has no PETs or seven-year taper, no nil-rate band mechanics, no "relevant life" policies; NI cases straddle two systems under one treaty (Ch 13)

"The company's policy money is ours to pay the family"	It is a company asset, creditor-exposed, and paying it out has its own tax analysis; a buyback needs distributable reserves (Ch 19)

32. Provider capability matrix

The one place in this guide where providers are named. Availability facts only, for the five domestic life offices — Aviva, Irish Life, New Ireland, Royal London Ireland and Zurich Life — verified against provider materials on 4 August 2026. Product ranges change; confirm at point of advice.

Capability	Offices currently writing (4 August 2026)
Mortgage protection; level/convertible term; serious illness (accelerated and standalone forms)	All five offices
Section 72 qualifying whole of life	Aviva; Irish Life; Royal London Ireland; Zurich Life
Guaranteed-premium whole of life (non-s.72 uses)	The s.72 writers above at minimum; confirm others at point of advice
Executive income protection	Written by several of the offices; rider features (such as pension contribution protection) vary — confirm at point of advice
Personal pension term assurance (s.785)	Written by a subset of the offices, including Aviva; confirm current availability at point of advice
Section 73 qualifying savings contracts	Availability limited; confirm at point of advice

Source register

Authority	Used for	Verified
CATCA 2003 (as amended) — charge, thresholds, aggregation, exemptions	Chs 2, 3, 5–16; case studies throughout	4 August 2026
CATCA 2003 s.72 and s.73; Statement of Practice SP-CAT/1/04; Revenue CAT Manual Part 9	Chs 12, 16; CS7–CS9, CS19	4 August 2026
CATCA 2003 agricultural relief (s.89) and business relief (ss.92–102); Revenue CAT Manual relief parts	Chs 11, 19, 20; CS8, CS9, CS19	4 August 2026
CATCA 2003 dwelling house exemption (s.86); discretionary trust tax (Part 3)	Chs 11, 14, 15	4 August 2026 (DTT machinery at summary level)
TCA 1997 s.471 and s.125; Tax and Duty Manual Part 15-01-10 (21 November 2024)	Chs 8, 21, 25; CS4, CS15	4 August 2026
TCA 1997 Part 26 Ch 5 and offshore policy provisions — exit tax 38% from 1 January 2026 (Finance Act 2025)	Chs 2, 9, 13	4 August 2026
SDCA 1999 s.124B and s.125; Stamp Duty Manual Part 9; Sch 1 (1% on shares)	Chs 2, 5–10, 19; CS5, CS12	4 August 2026
TCA 1997 s.593 — CGT shelter for the original beneficial owner	Chs 2, 3, 5–10, 18	4 August 2026
TCA 1997 s.785, s.790A; Pensions Manual Chapters 21 and 24	Ch 10; CS5	4 August 2026
TCA 1997 s.81; Tax and Duty Manual Part 04-06-01 — key person conditions	Ch 18; CS14, CS20	4 August 2026
TCA 1997 ss.176–186 — buyback capital treatment and the inheritance-tax ground	Chs 17, 19; CS12, CS17	4 August 2026
TCA 1997 ss.598–599 (retirement relief limits from 1 January 2025) and s.597AA (entrepreneur relief €1.5m from 1 January 2026)	Ch 19; CS12	4 August 2026
Revenue Pensions Manual Chapter 10 (July 2025) — death-in-service limits; TCA 1997 s.772(3)(b), s.784A; SFT €2.2m (2026)	Chs 12, 22	4 August 2026
Married Women's Status Act 1957 s.7	Chs 3, 6, 14, 15; CS2, CS3	4 August 2026
Consumer Credit Act 1995 s.126	Chs 3, 5	4 August 2026
Life Assurance Act 1774; Consumer Insurance Contracts Act 2019 ss.3(4), 7	Chs 3, 24	4 August 2026
Civil Partnership and Certain Rights and Obligations of Cohabitants Act 2010; associated CAT exemption	Ch 14; CS1, CS11	4 August 2026
Partnership Act 1890; Companies Act 2014 (buyback reserves and procedure)	Chs 17, 19, 20, 24; CS12, CS13	4 August 2026
Succession Act 1965 (legal right share; revocation by marriage)	Chs 16, 26	4 August 2026
Nursing Homes Support Scheme Act 2009; HSE Fair Deal guidance (assessment, disregards, caps, look-back)	Ch 26	4 August 2026
Income tax, USC and PRSI rates and bands for 2026; Budget 2026 measures	Chs 2, 4; CS15	4 August 2026
Provider product materials — the five domestic offices	Ch 32	4 August 2026