



Press Release

Almost 9 in 10 support changes to tax legislation for cohabiting couples

“Relationship longevity” considered key to securing equality around tax benefits or pension entitlements

Almost 90% of people in Ireland would support an overhaul of the treatment of cohabiting couples for tax and pension entitlements, according to a nationwide survey from leading protection provider Royal London Ireland. The survey, carried out by iReach, also revealed that four in 10 believe there should be no conditions tied to eligibility, such as the couple must have been together for a minimum number of years or have children together. In Ireland, the trend of cohabiting rather than marrying is becoming increasingly more common: over 152,000 cohabiting couples were recorded in the 2016 census, up 6% since 2011 and representing one in eight families in Ireland*. Royal London Ireland said its survey demonstrates the widespread backing the Government would receive if they were to consider changes to legislation that would create a fairer tax structure for cohabiting couples, in line with that in place for married couples and civil partners. See appendix for full survey results.

Speaking of the findings, Karen Gallagher, Interim Head of Proposition at Royal London Ireland commented,

“Currently in Ireland, cohabiting couples who are in long-term relationships, (but who are unmarried) and who may have children or own property together, are treated as relative strangers from a tax perspective. This means they are not exempt from Capital Gains Tax and Capital Acquisitions Tax (CAT) on the transfer of assets between them and they cannot be jointly assessed for tax purposes. This has major implications when it comes to inheritance. For example, if one partner has provided for the other in their will, the surviving partner will be treated as a stranger for CAT purposes, paying a tax rate of 33% on gifts/inheritance over €16,250. There may be tax reliefs or exemptions that a cohabitant can apply for to minimise their tax liabilities, but not everyone will qualify.”

“In addition, surviving cohabitants are left without pension entitlements following the death of a partner that they had been living with but were not married to. Our survey finds that there is overwhelming support out there (88%) for changes to these tax and pension rules.”

Royal London Ireland reported that the survey highlights some difference in opinion when it comes to which couples should benefit from the suggested changes, with 47% of respondents stating that some qualifying criteria should apply.

Ms Gallagher explained,

“Relationship longevity appears to be a key consideration for some people, with approximately three in 10 suggesting that couples should be in a relationship for five to 10 years before they can avail of tax and pension benefits akin to those for a married couple. One in 10 contend that only couples that have children should receive comparable tax treatment and pension entitlement.”

The survey found that half of those in the 25-34 age bracket would unconditionally support the treatment of cohabiting couples as married for tax purposes – higher than the national average of 43%.

Ms Gallagher observed,

“This age group could be the most likely to be cohabiting themselves and so would benefit more directly and immediately from any changes. That said, there’s not much difference in viewpoints across the different age brackets. This suggests that most people in this day and age realise that relationships and families come in many shapes and forms so perhaps the legislation should change to reflect this.”

Ms Gallagher finished by saying,

“As cohabiting couples are currently treated as ‘strangers in law’, this can have significant legal and financial implications for them. It is possible for a cohabiting couple to structure their Mortgage Protection cover in a way that would help to fund, and in some circumstances may even reduce, their inheritance tax liability. However, it is crucial that a policy is set up correctly in order to achieve this. In addition, a special type of life assurance policy known as a Section 72 policy can be used to fund the inheritance tax liability of a surviving cohabitant on the death of their partner. We would recommend that cohabiting couples seek advice from a Financial Broker to help them understand their needs and find solutions that are tailored specifically to them.”

ENDS

Notes to the Editor:

About Royal London Ireland:

Royal London Ireland has a history of protecting our policyholders and their families for over 190 years in Ireland, and we're committed to continue to do so for a long time to come. Today we are owned by The Royal London Mutual Insurance Society Limited – the largest mutual life insurance, pensions and investment company in the UK, with assets under management of €195 billion, 8.8 million policies in force and 4,267 employees. Figures quoted are as at 31 December 2021.

Royal London Ireland's office is based at 47-49 St Stephen's Green, Dublin 2.

Sources:

* Census 2016 -

<https://www.cso.ie/en/media/csoie/newsevents/documents/census2016summaryresultspart1/Census2016SummaryPart1.pdf>

Appendix

Royal London Ireland Survey

Q. Couples who are in long-term relationships (but unmarried), who may have children and/or a home together etc. are treated as relative strangers from a tax perspective in Ireland. This means they have to pay higher rates on capital gains tax, and they cannot be jointly assessed for tax purposes. Would you support changes to the tax regime to put them on more of a level playing field with married couples?

Couples who are in long-term relationships (but unmarried), who may have children and/or a home together etc. are treated as relative strangers from a tax perspective in Ireland. This means they have to pay higher rates on capital gains tax, and they cannot be jointly assessed for tax purposes. Would you support changes to the tax regime to put them on more of a level playing field with married couples?

	What gender are you?			Age					Region				Socio-Economic Status	
	All Adults	Male	Female	18-24	25-34	35-44	45-54	55+	Dublin	Rest of Leinster	Munster	Connacht + Ulster	ABC1	C2DE
Sample Size	1000	489	511	110	185	209	175	321	307	198	307	183	411	478
Yes definitely – you should not have to get married to get the tax benefits.	43 %	41 %	44 %	35 %	50 %	38 %	41 %	45 %	38 %	47 %	48 %	36 %	43 %	42 %
Yes – only if they have children.	12 %	13 %	11 %	23 %	10 %	11 %	13 %	9 %	12 %	11 %	9 %	17 %	10 %	12 %
Yes – if they have been together for more than 2 years.	6 %	7 %	4 %	11 %	6 %	3 %	5 %	6 %	6 %	7 %	6 %	3 %	6 %	5 %
Yes – if they have been together for more than 5 years.	14 %	13 %	14 %	10 %	17 %	16 %	11 %	13 %	14 %	10 %	13 %	17 %	16 %	14 %
Yes – if they have been together for more than 10 years.	13 %	11 %	15 %	11 %	5 %	18 %	16 %	15 %	13 %	14 %	12 %	17 %	13 %	14 %
No - you should have to be married to get the tax benefits.	13 %	15 %	11 %	9 %	12 %	15 %	15 %	12 %	17 %	10 %	12 %	10 %	12 %	14 %

Q. As it stands in Ireland, surviving cohabitants are left without pension entitlements following the death of a partner that they had been living with (but not married to). Would you support a change in legislation to ensure that unmarried cohabiting partners would receive the same entitlements that a widower would be entitled to in this instance?

As it stands in Ireland, surviving cohabitants are left without pension entitlements following the death of a partner that they had been living with (but not married to). Would you support a change in legislation to ensure that unmarried cohabiting partners would receive the same entitlements that a widower would be entitled to in this instance?														
	All Adults	What gender are you?		Age					Region				Socio-Economic Status	
		Male	Female	18-24	25-34	35-44	45-54	55+	Dublin	Rest of Leinster	Munster	Connacht + Ulster	ABC1	C2DE
Sample Size	1000	489	511	110	185	209	175	321	307	198	307	183	411	478
Yes definitely – you should not have to get married to receive a widow’s pension.	39 %	39 %	39 %	36 %	47 %	33 %	35 %	41 %	37 %	39 %	42 %	37 %	36 %	37 %
Yes – only if they have children.	10 %	12 %	8 %	28 %	3 %	10 %	12 %	6 %	11 %	13 %	6 %	12 %	8 %	11 %
Yes – if they have been together for more than 2 years.	5 %	5 %	6 %	3 %	10 %	5 %	5 %	4 %	6 %	6 %	7 %	2 %	5 %	6 %
Yes – if they have been together for more than 5 years.	17 %	16 %	17 %	26 %	19 %	14 %	14 %	15 %	18 %	13 %	15 %	22 %	19 %	16 %
Yes – if they have been together for more than 10 years.	16 %	13 %	19 %	3 %	11 %	20 %	21 %	18 %	14 %	16 %	18 %	16 %	18 %	15 %
No - you should have to be married to receive a widow’s pension.	13 %	15 %	11 %	2 %	10 %	18 %	13 %	16 %	14 %	13 %	13 %	11 %	13 %	15 %

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