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Effective yield tax for 2025 – 0.89%

The Swedish National Debt Office has published the Governmental borrowing rate as of 30 November 2024, which amounts to 1.96%. This means an effective yield tax for life insurance policies of 0.89% for income year 2025.

Since 1994, life insurance policies have been taxed at a standard rate by levying an annual yield tax. Since 2012, assets in investment savings accounts (ISK) have been taxed in a similar way through a standard levying of income tax.

For both forms of savings, assets are taxed as if they yield a presumed return each year corresponding to the Governmental borrowing rate (GBR) as of 30 November of the previous year. This standard presumed return is taxed with a capital income tax of 30%.

As of 1 January 2018, the calculation basis for taxation of both investment models is based on GBR + 1%. The lower threshold of 1.25% for calculating the tax, which was introduced from 1 January 2016 still applies.

On 28 November 2024, the GBR amounting to 1.96% for income year 2025 was published, which will form the basis for the taxation of life insurance policies and ISK.

Based on the GBR of 1.96%, the effective yield tax for life

insurance policies amounts to 0.89% $((1.96\% + 1\%) \times 30\%)$ of the value of the life insurance policy as of 1 January 2025 + the full value of premiums paid up to and including 30 June 2025 and half the value of premiums paid between 1 July and 31 December 2025.

Due to the decreased interest rates on a Swedish, as well as global basis, during 2024, the yield tax for income year 2025 has decreased compared to the previous year.

With a more attractive level of taxation, the added succession and portability planning opportunities and ease of administration, we believe that life insurance policies continue to be a very attractive investment vehicle.

Combined with the possibility to hold private equity and a wide range of both quoted and unquoted investments, life insurance policies continue to be an attractive long-term investment tool for managing your assets.

Historical graph of the effective yield tax up to 2025



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The overview of tax rates is indicative and is directed towards high net worth investors. The tax rates are therefore those levied on substantial portfolios. The rates and bases of taxation are liable to change.

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