

Information about payments related to investments in funds

What are inducements?

JSC „SEB banka” (hereinafter – SEB), by distributing SEB and third party investment funds in Latvia, can provide and receive financial * and non-financial** benefits or inducements from third parties (for example, fund management companies).

General information regarding inducements and their pay-out principles you can find in the document [“Information on inducements related to the investment services and products provided”](#).

* Financial benefits are any payments and other financial benefits.

** Non-financial benefits are valuable gifts, exclusive invitations, significant advantages, etc.

The amount of inducements

Fund management companies make inducement payments by transferring part of the management fee of each respective fund to its distributors. The amount of inducements received by SEB is following:

Investment funds	Amount of inducements***
SEB investment funds (B, C, D, IC, ID, HNWC share classes)	70% from fund's management fee
Investment funds managed by Schroder Investment Management (Europe) S.A.	25% from fund's management fee
Other third party investment funds	0.00%-0.81% (annual rate) from SEB customers' total holdings in these particular funds

*** Amount of inducements is informative and it can change. Information about SEB investment funds management fee is available in SEB web page section “Fund prices”. Information about other investment funds management fee is available in respective funds regulatory documentation. Amount of inducements for third party investment funds are informative, considering indicators of these funds in 2022.

Example of calculation

Customer makes 100 euro investment by buying SSF SEB Strategy Growth Fund C fund shares. Management fee of the fund is 1.45% (annual rate) of investment value, which in this example will be 1.45 euro yearly (in case if investment value doesn't change during the year). By taking into account information stated above, inducements volume will be 70% of 1.45 euro, namely 1.01 euro yearly.

Income tax

Resident customers must independently pay income tax on the received inducements (SEB does not withhold or pay it on behalf of the customer).

- ➔ Private individuals have to pay income tax according to the Personal income tax law of the Republic of Latvia:
 - If income is received in the investment account – personal income tax has to be paid when withdrawals from particular account exceed the contributions, by submitting annual declaration of income (no need to pay the tax on each separate inducement payment received).
 - If income is received in current account – received inducement payments has to be included in the calculation of capital gain. This income has to be declared by submitting declaration of income from capital gain (once per quarter if the total declared income exceeds 1000 EUR, or once per year if income does not exceed 1000 EUR).
- ➔ Legal entities have to pay tax according to Corporate income tax law of the Republic of Latvia.

Non-resident customers****:

- ➔ Private individuals have to pay income tax according to the Personal income tax law of the Republic of Latvia:
 - If income is received in the investment account – personal income tax has to be paid when withdrawals from particular account exceed the contributions, by submitting annual declaration of income (no need to pay the tax on each separate inducement payment received).
 - If income is received in current account:
 - a) from investments in publicly traded investment fund - personal income tax is not applied;
 - b) from investments in non-publicly traded investment fund - the Bank withholds tax in the amount of 3% from the paid-out inducement amount during the withdrawal of it.
- ➔ For legal entities non-residents income from received inducement payments in Latvia is not a subject of income tax.

**** The information provided here applies only to income tax payable in the Republic of Latvia. Customers additionally has to assess the application of taxes for received income in accordance with regulations of their country of residence.

If you need additional information regarding application of income tax and its payment procedure, please contact the State Revenue Service of the Republic of Latvia.