

### Quote of The Day

“Take time to get to know people. Understand where they are coming from, what is important to them. Make sure they are with you.”

~Jack Welch, former Chairman & CEO of GE

"Life is not about waiting for the storms to pass . . . it's about learning how to dance in the rain"

~Unknown Source

### THE TAX SEASON IS NOW! INCOME TAX REPORTS ARE DUE.

#### 2016 Personal income tax return checklist

With the Income Tax season now in full swing, herewith the firm's Income Tax checklist for 2016, which we request you follow closely and submit the relevant documents and information to us without delay.

[Click Here](#)

#### Planning for the end of the tax holiday

New or returning residents who started the 10-year tax exemption period in 2007 should already be doing serious tax planning for the post tax holiday period.

Similarly the “2008 people” should begin planning in the near future.

#### TRUST MATTERS THAT MERIT YOUR ATTENTION:

- ❖ The donor/transferor of assets to the trust is also considered a settlor/grantor. There may be more than one settlor/grantor. The definition includes a beneficiary where able to exercise direct or indirect control of the trust.
- ❖ Where the trust has Israel-resident beneficiaries, it will be taxable in Israel, subject to certain exceptions.
- ❖ A family trust (close family relationship between settlor/grantor and beneficiaries) is defined in the Law and is also conditional on the settlor or spouse being alive.
- ❖ A trust settled by a new immigrant/resident is entitled to certain Income Tax benefits (“the 10-year tax holiday”) available to the settlor; new residents who became resident from August 1, 2013, will be subject to certain limitations.
- ❖ Beneficiaries are required to report on distributions received in kind or cash, and irrespective of whether taxable.
- ❖ Beneficiaries of a trust over the age of 25, where the value of the trust exceeds NIS 500,000, are required to open a tax file in Israel and submit an annual income tax return.

#### Additional Postponement of Multi Apartment Tax



Following the decision of the Supreme Court requiring further clarification regarding the Multi Apartment Tax, the ITA has announced that they have decided to postpone the registration and reporting deadline from June 30<sup>th</sup> to July 31<sup>st</sup>.

We will continue to monitor this closely as the situation remains unclear.

### Time for Mid-Year Reviews

This is an opportune time for mid-year business, financial and tax reviews. Please avail yourselves of this essential service. Kindly ensure we receive accounting and related data timeously

### All You Want to Know About and Were Afraid to Ask

We really are happy to answer queries, provide clarifications and handle problems, many of which can be dealt with telephonically, so please feel free to call us.



### Global Tax Transparency



Financial institutions in more than 100 jurisdictions around the world are legally required to find out the tax residence of their account holders and report details of their accounts, structures, trusts and investments to be exchanged with the appropriate tax authorities. If you have already declared all of your past and present income or gains to the ITA, including from overseas, there is no need for concern. But if you are in any doubt, we do suggest taking council with your tax professionals.

### New Income Tax Voluntary Disclosure Procedure Planned

The head of the I.T.A recently indicated that a new Voluntary Disclosure Procedure (for income not reported previously in Israel) will probably be announced in September. Whilst no guidelines have yet been publicized, in the past such procedures provided immunity from criminal proceedings.

In the past, the tax amnesty did not apply:

- Where the ITA or other government agency had specific information or had initiated investigation procedures.
- When income was from illegal activities.

These are preliminary comments as no directives have yet been published. Do note: preparatory work for the application is lengthy and should, therefore, be dealt with sooner than later.

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### Reduced Taxes on Dividends – Subject to Distribution by September 30<sup>th</sup>, 2017

Dividends distributed by “material” (viz. 10% or more of equity) shareholders from accumulated profits at 31<sup>st</sup> December 2016 and paid between January-September 2017, will enjoy a reduced tax rate of 25% - (instead of 30% + the 3% surcharge). This is subject to certain restrictions including that income from salary, management fees, linkage differences or interest and other payments made in the years 2017-2019 to the recipients of the dividend, is not less than the average paid in 2015 and 2016. This has significance too for repaying or reducing shareholders’ loans.