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Quotes of The Day

"Dreams have their place in managerial activity, but they need to be kept severely under control."
(Lord Weinstock)

"A man can succeed at almost anything for which he has unlimited enthusiasm."
(Charles M. Schwab)

Forget-Me-Nots for 2015

- Annual payroll reports (Form 0126) by April 30th (electronic plus signed confirmation thereafter).
- Annual withholding tax reports (Forms 856, 857, etc.) on payments to subcontractors, suppliers of services, rental of premises, interest, etc. – by April 30th (electronic plus signed confirmation thereafter).
- 10% tax 'route' on residential income for 2014 to be reported and paid by January 30, 2015.
- Annual Company and Registered Partnership License renewal fees – payable by the end of February; non-receipt of renewal vouchers does not exempt you from timely payment. Payment may also be expedited on the Internet.
- Interest and linkage on tax debts – not charged (on 2014 debts) if paid by 31.01; end of February, 50% reduction; end of March, 25%.
- New withholding tax certificates and interim tax payments (mikdamot) dealt with by March.
- Annual Vat reports by exempt dealers must be submitted by January 31st.

Trust Tax Timetable for 2015

Based on recent circulars issued by the ITA, and in order to assist with work schedules, we are setting out below our office's timetable for the next six months with regard to the various requirements:

- Registration of Trusts with Israeli-resident beneficiaries - ongoing between January 2015 and April 2015;
- Gathering details of income earned and expenses incurred by Trusts during 2014 - ongoing between January 2015 and April 2015;
- Election of Transitional Arrangements relating to Trust income earned since 2006 where beneficiaries exercised direct or indirect control - ongoing between January 2015 and June 2015;
- Reporting to the ITA details of income earned and expenses incurred during 2014 by Israeli-resident Trusts (who do not qualify as Family Trusts) – April 2015-June 2015;
- Reporting to the ITA details of income earned and expenses incurred during 2014 and election of basis of taxation of Family Trusts (distribution or income route) - June 2015.

Note that while we will be preparing and arranging for signature of the required forms for registration of Trusts that have Israeli-resident beneficiaries between January 2015 and April 2015, we will only lodge these towards the end of April, in order to take into account any further changes that may be announced by the Israel Tax Authority. The ITA has indicated that a new directive is to be issued relating to Trust registration and reporting.

We recommend that you commence with the preparation of details of income earned and expenses incurred by Trusts during 2014 and submit this to us as soon as possible.

New Tax Reporting Proposals

We draw attention to new proposed tax legislation which widens the net of individuals who will be required to submit Income Tax reports. These include **beneficiaries of trusts who are 25 years of age, unless they were/are unaware that they were beneficiaries and there is good cause of their being unaware. In addition, anyone who makes transfers overseas amounting to NIS 500,000 or more will also be required to submit reports.**

These reporting requirements have not yet been approved. It is interesting to note that once again there is a proposal to amend the reporting obligations during the ten-year tax holiday, cancelling the exemption from reporting; we assume this will apply to new immigrants/residents who begin the ten-year period after the proposed change in the Law.



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Postponement of Tax Route Election for Family Trusts

The ITA published an announcement in late December, postponing the date for registration and submission of the forms for election of the appropriate tax route by "Family" Trusts. The postponement is to June 30, 2015 or the date of signing an "interim arrangement", whichever is the earlier. If the assessing Officer provides an extension for submission of the 2014 trust tax return, then this may be extended further, to the date of rendition, but not later than December 31, 2015.

There's No Time Like The Present!



So we invite you to come in for a coffee/tea/ water and a chat . . . to discuss and review business and finance matters, tax planning for 2015 and beyond, and any other matters pertinent to you and with which we can assist.

Certain Highlights of Bank of Israel Directive to Local Banks

A recent directive (draft at this time) of the Bank of Israel to Israeli banks stresses the risks to banks – in the light of recent developments, including the OECD Standard for Automatic Exchange of Financial Information. The measures detailed by the Bank of Israel include:

- Obtaining a declaration that proper taxes have been paid in the country of residence;
- Clarification, including documentation, of source of funds (local residents included);
- Information re tax jurisdictions and taxability, including relationship to service provided;
- Waiving of confidentiality by clients as pertains to exchange of information with other tax authorities.

New Income Tax Voluntary Disclosure Procedure and New Temporary Tax Amnesty Guidelines (Anonymous) for Unreported Foreign Income (reprinted from our October 2014 newsletter)

The ITA recently published the long-awaited new Voluntary Disclosure procedure (for income not previously reported).

- Effective 07.09.2014-06.09.2015.
- Applications may be made anonymously.
- Provides immunity from criminal proceedings. Information included in rejected applications will also enjoy immunity (criminal and civil). Application must include disclosure of all relevant information and must be done in good faith.
- Interest, linkage and possibly penalties, will be added to the amount of taxes payable.
- Advantageous simplified filing for applications that include up to NIS 2,000,000 of unreported assets and unreported income of up to NIS 500,000. Simplified filing may not be made anonymously.
- Amnesty will not apply (usually):
 - Where the ITA or other government agency has specific information or has initiated investigation procedures;
 - When income is from illegal activities;
 - If calculated tax liability is relatively low (currently undefined).

These are preliminary comments on the recently published tax directives. Preparatory work for the application is lengthy and should, therefore, be dealt with now.