

### Quotes of The Day

“An investment in knowledge pays the best interest”

– Benjamin Franklin

“Do not go where the path may lead, go instead where there is no path and leave a trail”

– Ralph Waldo Emerson

### DOING BUSINESS IN ISRAEL

Click [here](#) for our business guide, presented on the PrimeGlobal website

### 2018 Personal income tax return checklist

With the Income Tax season now underway, [Click Here](#) for the firm's Income Tax checklist for 2018, which we request you follow closely and submit the relevant documents and information to us without delay.

### Annual VAT Declaration – ‘Osek Patur’ (עוסק פטור)

Osek Patur – Exempt VAT dealers – need to complete and submit an annual VAT declaration (exempt) – הצהרת עוסק פטור – by **January 31<sup>st</sup>, 2019**, detailing turnover for the previous year, viz. 2018. This may be done via the form you received in the mail from MAAM (מע"מ) or online, via the [following link](#) (this may require registration if you have never reported online to VAT before).

### The Law for Minimizing the Use of Cash

- The law has been approved by the Knesset and is effective as of January 1<sup>st</sup>, 2019
- The restrictions apply to a transaction of purchase or sale of an asset\good or the provision or receipt of a service
- The price includes VAT, purchase and other indirect taxes and accompanying charges agreed between the parties
- Restrictions on use of cash:

	IN THE COURSE OF BUSINESS: MAY NOT EXCEED (CEILING)	PRIVATE: MAY NOT EXCEED
	NIS	NIS
<b>TRANSACTIONS</b>	11,000*	50,000
<b>DEAL – TOURIST</b>	55,000	-
<b>SALARY\WAGES\LOAN</b>	11,000	11,000
<b>GIFT</b>	50,000	50,000

\*Where the amount of the transaction exceeds NIS 11,000 then the ceiling is the lower of NIS 11,000 or 10% of the amount of the transaction.

- Severe restrictions apply to use of open\uncrossed cheques, including endorsements thereof

This law has only recently been promulgated and further clarifications and guidelines are required. It is strongly recommended that specific professional advice be taken on these matters.

The restrictions on use of cash and “open” cheques are far-reaching and close attention should be given to compliance.



#### Forget-Me-Nots for 2019

- Annual payroll reports (Form 0126) by April 30<sup>th</sup> (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 30<sup>th</sup> (electronic plus signed confirmation thereafter).
- 10% tax 'route' on residential income for 2018 to be reported and paid by January 30, 2019, thereafter subject to interest.
- 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 2018 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 – Osek Patur – must be submitted by January 31<sup>st</sup>.
- Financial and accounting material for preparation of personal and corporate income tax returns for 2018 - to be submitted to our office February-April 2019. (Timeous preparation of reports is dependent on timeous submission of data and documents to us)

#### A NEW & COMPREHENSIVE GUIDE TO TAXATION OF TRUSTS IN ISRAEL

To view [CLICK HERE](#)  
Published by Broide & Co.

### Income Tax Voluntary Disclosure Procedure

Important comments relating to the Tax Amnesty Guidelines:

- 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 certain penalties will be added to the amount of taxes payable.
- Simplified filing for applications that include up to NIS2,000,000 of unreported assets and unreported income of up to NIS500,000.
- 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.
- Applications may no longer be submitted anonymously. The current Voluntary Disclosure procedure expires December 31<sup>st</sup>, 2019.

We are available to assist with applications for voluntary disclosure and clarifications.



### REPORTING ON 2018 RENTAL INCOME

For those who prefer, or have elected (and are legally entitled to do so), to pay taxes on residential income according to the 10% "route", you will require special tax payment vouchers.

The tax payable is based on your gross rental income for 2018, and must be paid by January 30<sup>th</sup> in order to avoid paying interest and linkage on late payments.

[Click Here](#) for our summary on rental income reporting