

Quote of The Day

"Only 7% of communication is what we say - the rest is how we say it. Pitch, volume and rhythm carry 38% of a message, while body language, facial expressions and eye movement account for a whopping 55%."

Cyrus Parivar - from "Louder than Words" by A. Barbouer

ANONYMOUS TAX AMNESTY APPLICATIONS

Important points:

- Expires 30.06.2016, there is an indication that the period for submission of anonymous applications may be extended beyond this date.
- Provides immunity from criminal proceedings.
Application must include disclosure of all relevant information and must be done in good faith.
- Interest and linkage will be added to the amount of taxes payable.
- 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.
- The regular route (not anonymous), is effective through 31.12.16.

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

Staff News

We are pleased to welcome Dvora Soffer to the 'team' (administration) and look forward to working together.

Bruchah Haba'ah Dvora.

TAX NEWS

- New law requires submission of an income tax return where an Israeli resident transfers more than NIS 500,000 overseas during the fiscal year.
- An Israeli resident beneficiary of a trust whose assets amount to NIS 500,000 or more is obligated to submit an annual income tax return unless such beneficiary is under 25 years of age or was unaware of being a beneficiary of the trust.
- An individual who satisfies the 'days test*' (quantitative) of residence but holds that he/she is not resident in Israel, will now have to submit a tax report, including details explaining the contention of non-residence – including documentation – and report on Israeli Income. (Effective 2016)
* **183 days in the tax year or 425 days over a 3 year period.**
- Certain tax offences now fall within the ambit of the law governing anti-laundering and should be carefully noted. These include criminal tax offences relating to annual income exceeding NIS 1,000,000 or 4 years' accumulated income exceeding NIS 2,500,000. Also included are VAT amounts exceeding NIS 170,000 annually or NIS 480,000 over a period of 4 years.

Clients should note these material changes to the tax laws and consult with us on the implications.

The tax world has changed substantially in recent times – worldwide, this requires close review and examination.

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 2016 and beyond, and any other matters pertinent to you and with which we can assist.

Is Accounting Alien To You?

". . . . By actual survey, it is proven that about 80% of business owners do not understand what their CPA or Accountant is telling them."

"They want to understand those figures and financial items that rule their businesses."
Harry Kafka, NDK Consultants Ltd.

Well, dear clients, we too want you to understand what we are saying and what is happening in your taxes or business. So let's get together now and ensure that we understand one another.

The Tax Season is Now! Income Tax reports are due.

Banking regulations and practices in Israel are in a state of flux, particularly for foreign residents. We'll be glad to assist.

We would like to take this opportunity to wish all clients and associates a Chag Pesach Kasher V'Sameach!



Claiming Deduction of Expenses & Tax Credits

- If expenses are incurred in producing income, including passive income, claim deductions thereof.
- Such expenses may include – with the emphasis on "may":
 - ❖ Portfolio management and admin fees
 - ❖ Bank charges
 - ❖ Foreign travel
 - ❖ Professional services
 - ❖ Communications
 - ❖ Other

(Some of the above may be relevant in calculating capital gains/losses)

- Tax Credits may be claimed on local charitable contributions, provided the latter are properly approved. (carry forward up to three years)
- Foreign taxes paid on foreign income may be offset with taxes due, generally on a proportionate basis to the income comprising the "basket".
- Consideration should be given to local/foreign business expenses incurred which relate to a foreign business or practice and not necessarily detailed in the foreign income tax statement.

Reporting on Foreign Income & Assets

We have always counseled compliance with the laws in general, and the tax laws in particular. Our approach is based on operating strictly within the law, while utilising any 'loopholes' or tax-planning opportunities.

The Tax Authority has recently issued demands to thousands of residents for the submission of declarations of foreign income and assets. It appears that these demands are based on the frequent travel overseas of such persons, particularly where, over a two-year period, the number of days outside the country in a particular year amounted to 90 days or more.

Do note that this is an internal procedure, and not a change in the Law, and represents the declared intention of the Tax Authority to identify taxpayers who do not report on foreign income and assets. Residents who enjoy the ten-year tax holiday (resident from 2007 onwards) are generally not subject to these reporting requirements.

We once again reiterate the importance of complying with the Law, and strongly counsel proper registration and reporting (voluntary disclosure in certain instances) to the Tax Authority, in advance of any demands or legal action.