



Quotes of The Day

“Nothing lowers the level of conversation more than raising the voice”

– Stanley Horowitz

“Being defeated is often a temporary condition. Giving up is what makes it permanent”

– Marlene vos Savant

YEAR - END TAX TIPS

[Click Here](#) for some tax-reducing thoughts for 2019

ITA Voluntary Disclosure Procedure

DEADLINE

Time is running out fast. Final applications may be submitted no later than December 31, 2019.

Reviewing the Business Structure



Clients should periodically review their choices of business entity, namely sole proprietorship, limited or unlimited partnership and regular or family/transparent company. Factors to consider include changes in tax or other laws, and business changes (such as new products or services, changes in ownership or location). Choice of entity must recognize that a structure that has served well in the past may no longer do so, as a result of change.

Who is a tax resident of Israel – Defining residence

There are substantial clauses covering individuals. The law seeks to define an individual as a resident where the focus of his or her life is in Israel. To this end, close attention will be given to family, economic and social circumstances; these will include:

- Place of permanent home, even if used temporarily by someone else.
- Place of residence of the individual and the members of his or her family.
- The location of regular business dealings, place it fixes employment and location of assets and investments.
- Memberships of clubs, organizations and associations.
- If an individual spends at least 183 days in the tax year in Israel, this would appear to indicate that the focus of his or her life during the tax year was in Israel. Alternatively, where a period of at least 30 days was spent in Israel during the fiscal year, and during the period of that tax year and the two previous ones such person spent at least 425 days in Israel, this too will be considered an indication that such person is a resident of Israel (for tax purposes).

The above are not conclusive, and may be contested by both the taxpayer and the assessing officer.

PROPER DISCLOSURE OF INCOME

In a ruling (Green) in the Jerusalem Regional Court, the judge elaborated on the issue of ‘proper disclosure’. The judge held that it is unacceptable that the taxpayer keeps the information to himself and also (makes) the decision as to its ‘implications’. The taxpayer is bound to meet the requirements of ‘proper disclosure’ of the relevant facts, whether on the specific form or other distinctive format.

This accords with our long-held view that proper and full disclosure is an integral part of tax planning and reporting.



Confidentiality

All matters handled by the firm are treated with strict confidentiality, and in accordance with the highest ethical standards as stipulated in the accounting profession's Code of Ethical Conduct.

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.

The Tax Season is Now!
Income tax reports are due for submission now!

Taxation of trusts in Israel
[Click here](#)

Income tax guidelines for new immigrants/new residents/returning residents
[Click here](#)

We want to wish all our clients, associates and friends a very healthy, happy, prosperous and fulfilling new year.



Chag Sameach!

Israeli Court Ruling on Trust Tax Matters

In a recent appeal to the Tel Aviv District Court, the ITA held that the transfer of rights to real estate to a trust constituted a sale and thus subject to tax. The Income Tax Ordinance specifically stipulates that assets transferred to a trust for no consideration by the settlor/grantor is not a tax event. The court ruled against the ITA. In addition the court held that a change in the beneficiaries of a trust is not a taxable tax event.

This is not the final word as the ITA may contest this ruling.

ESTATE TAX PLANNING HIGHLIGHTS

A few estate tax planning comments from an Israeli perspective:

- There is no inheritance (estate) tax in Israel at this time.
- Inheritance is not considered a capital gains tax event.
- A sale or transfer of an asset, including a gift is a tax event and may be subject to capital gains tax unless specifically exempted.
- Bona fide gifts to relatives are generally exempt from capital gains tax, as are gifts to recognized charitable organizations.
- An "exit" tax (similar to capital gains tax) is charged on assets held at the time of emigration (deferred option exists).
- Different provisions apply to new or veteran returning residents within the 10- year tax exemption period or thereafter.
- Israeli resident or beneficiary trusts, or relative (family) trusts may be subject to the "exit" tax or capital gains tax following a change in the status of the settlor/grantor or beneficiary.
- Israeli residents may be subject to estate (inheritance) taxes on assets held in foreign jurisdictions; appropriate counsel should be taken.