

Quotes of The Day

"The wise person questions himself,
the fool others"

-Henri Arnold

"When two men in business always
agree, one of them is
unnecessary"

-William Wrigley

Webinar: Taxation of Trusts, Beneficiaries & Settlers in Israel



An insightful and informative webinar was held on January 27th, **for trustees and trust professionals**, presented by Jeff Broide, Gidon Broide & Selwyn Feinblum. Look out for the recording.

There's no time like the present, even in the Corona Era!



So we invite you to join us for a Zoom or telephone chat to discuss and review tax planning for 2021 and beyond, and any other matters pertinent to you and with which we can assist.

This is a serious invite. Meantime, do take care, comply with the rules and vaccinate.

CORONA GRANTS UPDATE

- All eligible businesses: small, medium and large can continue to apply for the "Participation in permanent expenses" grants, on a bi-monthly basis for the periods September-October and November-December until June 2021. Businesses will need to prove at least a 25% decrease in turnover for each 2-month period as compared to the parallel period in 2019, in order to be eligible. The last date to apply for September-October is February 15th and for November-December's grant is April 15th.
- The grants for employees who are also controlling shareholders (Ba'ale shlita) of their companies function in a similar fashion to the grants for businesses as above, except that a decrease in turnover of 40% or more is required. The same expiry dates are in effect.
- Round 4 of the Corona grants is the round that provides incentives for employers to rehire staff who were previously put on "Chalat" (unpaid leave) during March-April of last year (2020). Employers may also be entitled to benefits for hiring new staff. Note that the final date to submit applications for these grants is January 31st.
- Employees who remain on unpaid leave (chalat) will receive unemployment benefits up until June 2021.
- Employees over the age of 67 who are on unpaid leave (chalat) and who receive a pension of less than NIS 5,000 per month may apply for a "Histaglut" (acclimatization) grant through Bituach Leumi. This will provide a grant of 2,000-4,000 NIS monthly until June 2021.
- Businesses and Non-profits may now also be eligible for large Arnona discounts (up to 95%). In order to be eligible, the turnover must have decreased by 60% compared to the parallel period in 2019. One may apply for such a discount for the periods beginning September-October 2020 and the deadline is 31 December, 2022.

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 **February 28th, 2021**, detailing turnover for the previous year, viz. 2020. 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).

10-Year Tax "Holiday" (Exemption Period) In The Courts

Highlights of recent court rulings:

- Income from employment or business – where the taxpayer is active both in Israel and abroad – is taxable per the days actually worked in Israel with the calculation done on proportionate basis. (Viz. income earned in Israel based on days worked in Israel as a percentage of total work days in the year).
- However, income from business assets held or developed abroad, prior to becoming a resident of Israel, may indeed be exempt. Such income may include commissions, share of profits, royalties, and such like. The parameters for tax planning require cautious examination.
- Whilst a new resident\oleh\returning resident is specifically exempt from reporting on foreign assets and income, the court held that such exemption is not applicable where criminal issues may be involved.

**COMPULSORY PENSION FOR
SELF-EMPLOYED**

[Click Here](#) for more details

Forget-Me-Nots for 2021



- ✓ 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 2020 to be reported and paid by January 30, 2021, thereafter subject to interest. [Click Here](#) for our summary on rental income reporting
- ✓ 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 2020 debts) if paid by January 31; end of February, 50% reduction; end of March, 25%.
- ✓ New withholding tax certificates and interim tax payments (mikdamot) dealt with by March.
- ✓ Annual Vat declaration of turnover by exempt dealers – Osek Patur – must be submitted by February 28th.
- ✓ Financial and accounting material for preparation of personal and corporate income tax returns for 2020 – to be submitted to our office March-May 2021. (Timeous preparation of reports is dependent on timeous submission of data and documents to us).