



Quotes of The Day

“Some men see things as they are and say why. I dream of things that never were and say why not”

-John F. Kennedy

“The bad news is time flies. The good news is you're the pilot.”

-Michael Altshuler

We're on the move



We are pleased to announce our move to new offices at Yad Harutzim 3, Talpiot (corner Rivkah and Yad Harutzim), 3rd floor as of Sunday, April 25th, 2021.

Emails and phone numbers remain unchanged.

New P.O. Box number 53281, Jerusalem 9342141

Getting Together – The Personal Touch

In our technological "age", we often allow technology to take over, losing some of the "personal touch" aspects of working together. In short, emails and telephone calls (blogs, twitters and face-book too) are efficient means of communication – even zoom – but let's also meet, talk one-on-one and exchange smiles and thoughts. And there's no time like the present (after vaccinations!).



So we invite you to come in for a coffee/tea/water and a chat... to discuss and review tax business and finance matters, tax planning for 2021 and beyond, and any other matters pertinent to you and with which we can assist.

Israeli Tax Authority ("ITA") introduces new reporting requirement for Trusts

"Capital Declaration"

The ITA has recently, for the first time since Trust Tax Legislation was introduced in 2006, sent many Trusts requests / demands for submission of a declaration of the world-wide assets and liabilities of the Trust at a specific date (31 December 2019) – an asset/wealth declaration. This declaration has much significance in the eyes of the ITA and also tax professionals and must therefore be treated with the utmost care in its preparation.

The following is a preliminary list of the information required:

- ❖ Details of financial investments including the cost of these investments
- ❖ Summaries of investment portfolios held with banking and similar institutions including the cost of the investments contained in the portfolios
- ❖ Details of other investments, including private companies and partnerships
- ❖ Details of investments in real estate including the original cost and date of acquisition of such investments
- ❖ Details of debtors and creditors
- ❖ Details of loans made and received and also mortgage loans owed
- ❖ Details of underlying companies, wholly owned by the Trust, including details of assets and liabilities contained in such companies

Note that all items listed in the declaration must be accompanied by supporting documentation.

Clients are advised that our firm will be working closely with Trustees in the preparation and submission of this report.

The Tax Season is Now!



Income tax reports are due for submission now!



Planning for the end of the tax holiday

New or returning residents who started the 10-year tax exemption period in 2011, 2012 or 2013 should already be doing serious tax planning for the post tax holiday period. Similarly the "2007 to 2010 people" may be required to submit tax reports.

Pre – Ruling on Step-Up in Values of Foreign Assets

Subject to certain conditions, it is possible to obtain a tax pre-ruling on a "STEP-UP" in cost/value of foreign assets received as gifts or from an inheritance. The result of this may be a substantial reduction in taxes payable on the capital gain resulting from a subsequent sale of the asset, as the "cost" of the asset may be deemed to be the market value at the relevant date, and not the "historical cost". The conditions include:

- The donor of the gift or inheritance must be non-resident in Israel at the time of making the gift or on death.
- The asset is foreign.
- Proper application must be made per the "905" form (strict terms).

However, there are also downsides to the "step-up" which may, in certain circumstances, render an application not worthwhile. Proper counsel is recommended before acting on this.



**Wishing you a happy
Independence Day!**

CORONA GRANTS UPDATE – APRIL 2021

- **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 January-February ongoing until June 2021. Businesses will need to prove at least a 25% decrease in turnover for each 2-month period. In a new easing of conditions, the comparative period may now be the higher of the corresponding months in 2019 or 2018.
- **New grant for ongoing financial impairment.** This is a new grant that one is able to apply for, up until 10 May, 2021. To demonstrate "ongoing financial impairment" a business needs to have previously received at least 3 "participation in permanent expenses" grants.
- **The grants for employees,** who are also Ba'ale shlita (controlling shareholders) of their companies, operate in similar fashion to the grants for businesses above, except that a decrease in turnover of 40% or more is required.
- Employees who remain on unpaid leave (chalat) will receive unemployment benefits until June 2021.
- Employees over the age of 67 who have been put on "chalat" and who receive a pension of less than 5,000 per month may apply for a "Histaglut" (acclimatization) grant through Bituach Leumi. (2,000-4,000 NIS/ month until June 2021).
- **Businesses and Non-profits** may also be eligible for large Arnona discounts (up to 95%). In order to be eligible, the business or non-profit must show a 60% decrease in turnover compared to the parallel period in 2019. One may apply for such a discount for the periods beginning September-October 2020 (the deadline is 31 December, 2022).