



Quote of The Day

"Every member of a team has to understand they're part of a jigsaw puzzle. If you remove one piece, the picture doesn't look right."

-Sir Alex Ferguson

Tax News

- ❖ **Company tax rate to drop to 25%. (currently 26.5%)**
- ❖ **No change in the tax law – yet – requiring taxpayers to report on foreign assets/ income during the “10-year tax holiday”. Monitor closely.**
- ❖ **Trust tax reports for 2014 now due for preparation and submission; negotiations with the ITA to be completed by 31.12.15.**

We want to wish all of our Clients, Associates, and Friends a very Healthy, Happy, Prosperous, and Fulfilling New Year.



CHAG SAMEACH !!

ANONYMOUS TAX AMNESTY EXTENDED

The period for submission of applications under the income tax voluntary disclosure program has been extended to 30.06.16.

The I.T.A. has announced an extension under the Voluntary Disclosure Procedure (for income not reported previously in Israel).

Important comments:

- Effective from 07.09.2014 – 30.06.2016.
- Applications may be made anonymously.
- 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 possibly penalties 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 requirement for a material tax liability has been cancelled.
 - The “short route” has also been extended to 30.06.16. The regular route (not anonymous), is effective through 31.12.16.

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

VAT EXEMPTION ON SERVICES TO FOREIGN RESIDENTS

Section 30(a)(5) of the VAT law provides that income from a service provided to a non-resident in Israel, is exempt from VAT. However, if the service relates to an asset located in Israel or is, in effect, given to a local resident, then the exemption will not apply. The Law was amended some time ago to exclude income from the provision of a service to a foreign resident where the subject of the agreement includes the provision of the service “also to a resident of Israel”. This requires close study, particularly to establish whether the service was actually provided to a local resident. There is only a need to establish that an Israeli resident receives, or benefits from, the service, and not who is the main or material recipient or beneficiary of the service. This certainly impacts on many suppliers of services and, particularly, brokerage services between Israeli and foreign residents. Careful thought should be given to the structuring of service agreements.



**C + C (Coffee + Chat)
(or – Focus on the future
.....not the past)**

As you can see, we have a new slogan

Which means, please come in for
a coffee (or tea!) and chat.....
about planning taxes, economic times,
creative thinking and such like.

We await your call!!!

Our “Do Not Ignore” Checklist

- 1. Innovative ideas recently introduced.**
- 2. Cash-flow prepared for second half of 2015.**
- 3. Expenditure budget closely reviewed through December 31st.**
- 4. Marketing plan updated for next half-year.**
- 5. Costing mechanism re-examined.**
- 6. Direction and trends of business or practice re-evaluated.**
- 7. Have you dealt seriously with this checklist?**

CHANGE IN THE RATE OF VAT

We trust you have noted the change in the rate of VAT – 17% (previously 18%). The effective date is October 1st.

Do note the following:

1. On the sale of goods/products, the date of transfer (viz. handing over) is the determining date.
2. Property deals – Determining date is the date of transfer of rights (viz. generally, ownership).
3. Rentals – On receipt of income.
4. Services on cash basis – Determining date are date of receipt of money.
5. Services not on cash basis – Date service is provided.

Year-End Tax Tips

Some tax-reducing thoughts - still for 2015

Review inventory closely with a view particularly for dead/obsolete items – will reduce closing inventory and taxable income.

Check your 2014 asset and depreciation schedules for items no longer in use or obsolete: these may be fully depreciated in 2015 if the above applies.

Capital gains may be reduced by realized capital losses; assets/investments that reflect paper losses, and are unlikely to rise in value in the very near future, may be suitable candidates for review.

Capital losses on securities arising in 2015 may be offset with income from dividends and interest on securities received in 2015. This includes dividends from private companies.

Recognition for charitable contributions requires Section 46 approval, and must be made (and receipted) before Dec. 31.

Give close attention to expenses that may be deductible – business and investment.

Review dividend strategy where relevant.