

Quotes of The Day

“Only when we know little do we know anything,
doubt grows with knowledge..”
Von Goethe [1749-1834]

“A wise man’s questions contain half the answer.”
Ibn Gabirol [1022-1070]

**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 2022 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.

A NEW & COMPREHENSIVE GUIDE TO TAXATION OF TRUSTS IN ISRAEL



To view [CLICK HERE](#)
Published by Broide and Co.

COMPULSORY PENSION FOR SELF-EMPLOYED

[Click Here](#) for more details

New Tax Reform Proposals

For more details, [click here](#)

Forget - Me - Nots for 2022



- 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 2021 to be reported and paid by January 30, 2022, 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 2021 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 2021 to be submitted to our office [February – May 2022](#). (Timeous preparation of reports is dependent on early submission of data and documents to us).

New Immigrants

Planning Aliya should include tax planning(in Israel), particularly as relates to trusts





Trusts are “taxing” in Israel

For some time now we have encountered difficulties with the Israeli Tax Authority (ITA) relating to their dealings/approach to trusts which are subject to Israeli trust tax laws. This is often a result of insufficient understanding of trusts by the tax inspectors or their seniors, which leads to numerous and superfluous enquiries/investigations and such like. In addition, the ITA has published “guidelines” – some very recent – which may require specific reporting where contested and the amounts are material. In certain situations, it may be advisable to give thought to restructuring, even prior to taking up residence; in others we will continue to “wage battle” and adopt a strong response to the ITA in our efforts to minimize tax “damage”. It would appear that the ITA intend appointing a committee to review taxation of trusts in Israel; this will no doubt be a fairly lengthy process, but we will keep you updated. In the meantime, we counsel consulting with us in our efforts to optimize the tax registration and reporting in Israel.

Planning for the end of the tax holiday



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

Bituach Leumi (National Insurance) payable on foreign salary

In a recent ruling by the district Labour Court the judge held that a salary earned by a resident of Israel from a US employer is subject to Bituach Leumi, even though also liable for Social Security tax in the US, as there is no treaty covering “double payments” for social security between Israel and the US.

You may be liable to submit an annual income tax return in Israel

There are numerous provisions in the Income Tax Laws indicating when a resident of Israel is liable to submit annual returns; amongst the lesser known are:

- Shareholder (10% or more of the equity) of foreign or local company.
- Israeli resident who transferred NIS 500,000 or more abroad during the tax year.
- Income exceeded NIS 649,000 in the tax year (2020).
- A person who trades in the capital markets and whose turnover from sales exceeds NIS 2,522,800 (2020).
- Beneficiaries of trusts, subject to certain exclusions.
- A person who owns assets abroad valued at NIS 1,872,000 (2020) or more.
- A person receiving income from foreign pensions or interest subject to certain exclusions.
- Foreign resident may be subject to reporting requirements on certain Israel – sourced income.
- Certain persons may be required to submit reports where they do not comply – or they contest - ITA directives/standpoints on various issues, including residence.

The Law for Minimizing the Use of Cash

- The law has been amended and the amendment will take effect from August 2022.
- The restrictions apply to a transaction of purchase or sale of an asset\good or the provision or receipt of a service.
- The price includes VAT, purchase and other indirect taxes and accompanying charges agreed between the parties
- Restrictions on use of cash:

	IN THE COURSE OF BUSINESS: MAY NOT EXCEED (CEILING)	PRIVATE: MAY NOT EXCEED
	NIS	NIS
TRANSACTIONS	6,000*	15,000
SALARY\WAGES\ LOAN	6,000	6,000

*Where the amount of the transaction exceeds NIS 6,000 then the ceiling is the lower of NIS 6,000 or 10% of the amount of the transaction.

- Severe restrictions apply to the use of open\ uncrossed cheques, including endorsements thereof

It is strongly recommended that specific professional advice be taken on these matters. The restrictions on use of cash and “open” cheques are far reaching and close attention should be given to compliance.