



BROIDE & CO.
Certified Public Accountants (Isr.)

MAJOR INCOME TAX CHANGES (Mini Reform)

Another round of material tax changes have been approved by the Knesset. Do note that advance e planning is strongly advised.

A. Passive Income (from investments)

	<u>2005</u> <u>%</u>	<u>2006</u> <u>%</u>	<u>2012</u> <u>%</u>
1. Interest - on bank deposits/savings plans –			
- unlinked	10	15	15
- as above – linked	15	20	25
- foreign bank deposits/savings plans	15	20	25
- traded bonds – linked	15	20	25
- unlinked	10	15	15
2. Dividends*			
- quoted shares	25	20	25
- unquoted shares	25	20	25
3. Capital Gains			
- quoted shares and bonds (Israeli shares and unlinked bonds – 15%)	15	20	25
- Unquoted shares and bonds*	25	20	25
- Real estate (through 2009; Thereafter 20%)	25	25	25

* 30% for 'material shareholder' – viz. 10% or more of equity.

We refer you to the tax table on our website; the rates have varied over recent years and, in calculating the taxes due, particularly on capital gains (where the calculation is a linear one) the period during which the asset is held will determine the taxes payable.

43a Emek Refaim St.
P.O. Box 8240
Jerusalem 91081
Tel. 972-2-5611323
Fax. 972-2-5669555

www.broide.com



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B. New Tax Rates

1. **Individual** - Maximum marginal rate in 2013 is 48% on monthly income exceeding NIS 501,960. An additional tax of 2% is payable on taxable income exceeding NIS 800,000 per annum.

2. **Corporate** – Currently 26%, increasing 1% annually.

Nissan 5773
April 2013

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