

Quote of The Day

“Our lives are not determined by what happens to us, but by how we react to what happens; not by what life brings to us, but by the attitude we bring to life. A positive attitude causes a chain reaction of positive thoughts, events and outcomes. It is a catalyst, a spark that creates extraordinary results.”
(Anonymous)

Thinking Time Martyn Gowar

Food for Thought

Thinking time is a precious commodity, and I suggest we all need at least half an hour minimum a day – but at a time when we are not mentally tired.

Of course, we are all different in terms of what works for us, and I claim to offer no answer, except to say that I try to focus on the reality that my clients want from me a properly considered response to their problem, built on an understanding of all the influences that affect their own lives. That requires time and concentration. Somewhere in the day, time has to be found for it.

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Last-Minute Planning for 2014

Do give these your very close attention!

- a. **Capital Losses on Securities** arising in 2014 may be offset against income from dividends and interest on bonds in 2014. (This may include dividends from private companies.); such losses may also be set off against capital gains.
- b. **Charitable Contributions** – In order to enjoy the Income Tax credit, charitable contributions must be made before December 31st. Do ensure that receipts are originals and have Section 46 approval. The tax credit is 35% of the amount contributed for individuals, and for companies, currently 26.5%.
- c. **Interest and Linkage on Taxes Due** – Income Tax debts for a particular tax year bear linkage and interest for the tax year reported as of January 1st in the year following. If you wish to avoid or reduce such interest, then interim payments may be made to the Income Tax offices during the year. Where tax debts for the previous tax year are paid by the end of January – in the year following – no interest or linkage will be charged; if settled by the end of February, only 50% will be paid; and where paid by the end of March, 75% will be payable.
- d. **Optimise (don't increase!) expenses/deductions** - These include: *Local and foreign travel *Gifts *Entertainment *Advertising *Depreciation (on assets) *Finance charges *Professional fees *Management charges (investments) *Various others – all within the legal parameters.
- e. **Pension (Gemel) and Training (Hishtalmut) Funds** - Contributions must be made before December 31st.
- f. **Rental Income** – Due care must be exercised in ensuring that the 10% tax (where relevant) on 2014 residential rental income is **reported and paid by January 30, 2015**. Other options for reporting on residential rental include the exemption (up to monthly ceiling) or regular reporting, including deduction of relevant expenses.
- g. **Increase in Taxes** - Corporate and individual tax rates were increased in 2014. Furthermore, an additional tax of 2% will be levied on income of individuals exceeding NIS 811,560 (2013).
- h. **Trusts with Israel-Resident Beneficiaries** - Under the new Trust Tax Laws, a trust (including foreign) with Israel-resident beneficiaries is subject to new reporting requirements, and will be subject to tax in Israel (partially or totally) as of January 1st 2014. (See earlier notices on website.) Thus, appropriate planning should be considered and done **now**. Certain reporting requirements must be met by December 31st.

New Income Tax Voluntary Disclosure Procedure and New Temporary Tax Amnesty Guidelines (Anonymous) for Unreported Foreign Income

The I.T.A. recently published the long-awaited new Voluntary Disclosure procedure (for income not reported previously).

- Effective 7.9.2014 - 6.9.2015.
- 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.
- Advantageous simplified filing for applications that include up to NIS 2,000,000 of unreported assets and unreported income of up to NIS 500,000. Simplified filing may not be made anonymously.
- 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.
 - If calculated tax liability is relatively low (currently undefined).

These are preliminary comments on the recently-published tax directives. Preparatory work for the application is lengthy and should, therefore, be dealt with now.

Proper Disclosure of Income

In a ruling (Green) in the Jerusalem Regional Court, the judge elaborated on the issue of ‘proper disclosure’. The judge held that “it is unacceptable that the taxpayer keeps the information to himself and also (makes) the decision as to its ‘implications’. The taxpayer is bound to meet the requirements of “proper disclosure” of the relevant facts, whether on the specific form or other distinctive format.

This accords with our long-held view that proper and full disclosure is an integral part of tax planning.

Do Us A Favour

In order to improve and expand the services offered to clients, we really need your input. Please let us know just where we are not delivering, what can be improved, and any other services which we should be providing. Any ideas, suggestions or criticisms will be much appreciated.

There’s No Time Like The Present!

So we invite you to come in for a coffee/tea/water and a chat . . . to discuss and review business and finance matters, tax planning for 2015 and beyond, and any other matters pertinent to you and with which we can assist.

How Good Is Your Bank?

There is no doubt that banking is an important facet of any business. But just how seriously do you treat your relationship with your bankers? Do you check and compare rates and charges? Do you insist on good service and relations? Does your bank(s) enable you to operate properly? These are very relevant questions, and we can but emphasise that continuous review of bank matters is an integral, but often ignored, part of running a business or practice. It may be a good idea to set up a meeting with your bankers without delay.

We take this opportunity to wish all clients and associates Chag Sameach!

