

### Quote of The Day

"A pessimist sees the difficulty in every opportunity, an optimist sees the opportunity in every difficulty."

Winston Churchill

### Mid-Year Review

This is an opportune time to review business and operating results for the first half of the year, initially by clients and, thereafter, a joint analysis and review with us, including budgetary and cost controls, marketing results and plans, tax planning, and overall business evaluation. Kindly ensure we receive accounting and related data timeously.

### Overseas Travel

The deduction of expenses incurred on overseas travel is permitted where the trip is **essential for producing the income**. The Tax Authorities tend to adopt a stringent approach in these matters. Full and detailed reports of such trips should be prepared. There are fixed limits on the various amounts deductible (viz. travel, accommodation, car-hire, meals, etc.).

### Voluntary Disclosure – an Update

- Application under the anonymous and short routes must be submitted by September 6<sup>th</sup>; for regular applications the closing date is December 31<sup>st</sup> 2016.
- A person is generally entitled to submit a voluntary disclosure application once in a lifetime.
- The current tax amnesty excludes applications when the taxes due are considered immaterial; this does not include inheritances.
- The ITA has indicated that many/most of the recipients of the "form 5329" (summarized tax questionnaire) which was sent to over 100,000 people, are not eligible to apply for the tax amnesty. The ITA is monitoring closely the submission of these forms.
- The source of the assets that produced unreported income is a material aspect of the application and the agreement to be reached with the Tax Authority.
- Given the new "World of Transparency" it would appear that voluntary disclosure merits serious consideration.

### Trust Tax News

- Beneficiaries are required to open personal income tax files.
- Beneficiaries of "Family" trusts taxable under the distribution route – to report on distributions received each year. Certain forms, not reports, to be submitted by the Family Trust too.
- 10-year "tax holiday" for new and returning residents (veterans) does not necessarily exclude all trusts and/or beneficiaries from reporting requirements.
- The tax route elected by the Family Trust is irreversible as long as the foreign settlor/grantors, or spouse, is alive
- Registration dates, if the trust is not yet registered:  
Regular trusts – now  
Family trusts – June 30<sup>th</sup>, or later, depending on tax report submission dates (not later than 31.12.2015); may be postponed where negotiations with ITA in progress.
- In certain situations, trust income may be reported by settlor/grantor or beneficiaries.

**Our helpful Income Tax Checklist (2014) is available  
Visit our New Look Website at:  
[www.broide.com](http://www.broide.com)**

### **Reviewing the Business Structure**

Clients should periodically review their choice of business entity, namely sole proprietorship, limited or unlimited partnership, regular or family/transparent company. Factors to consider include changes in taxes or other laws, and business changes (such as new products or services, changes in ownership or location). Choice of entity must recognize that a structure that has served well in the past may no longer do so, as a result of change.

### **Some Real Food for Thought**

Most of us spend years learning to communicate by writing and speaking, but we have very little training in listening – in truly understanding another individual from the persons own frame of reference. It's very rare for someone to listen without the intent to reply. We're getting ready to say "I know how you feel. Let me tell you about my own experience".

### **Inner Strength – (Economia, April 2015)**

Excerpts from this fascinating article:

"Intrapreneurship – where company employees are encouraged to develop new business ventures or special projects in-house – is not a new idea, especially not in the US.

But today some companies are embracing intreprenurship as never before, and for good reason. Research from the Economist Intelligence Unit (The innovative company: how multinationals unleash their creative potential) shows that, "in a world of fast changing technologies, markets and consumer preferences, innovation is a strategic priority for all companies, regardless of their size, location and industry".

The most cost-effective way of harnessing new ideas capable of generating new revenue is from within, by encouraging collaborative innovation across organizational lines.

Installing an entrepreneurial culture is something many businesses aspire to, but often fail to follow through. Research from the Economist Intelligence Unit shows they believe such culture should "encourage new ideas from everyone" and "have a high tolerance of failure".

**(- by Iwona Tokc-Wilde)**

### **Is The Trust Really A Trust?**

The ITA issued a notice some years ago, holding that where the same person is the settlor/grantor of a trust, and also the trustee and beneficiary, then such structure does not satisfy the tax definition of a trust. The essence of a trust is an arrangement whereby the trustee holds the assets, for a specific purpose, for the benefit of beneficiaries. The ITA concludes by stating that "The more the settlor/grantor is involved in decision-making, which is the prerogative of the trustee, then the trust does not meet the definition (tax) of a trust under the Law."

These are matters which should be accorded close attention and proper guidance taken.

*Happy Summer to all  
our clients and  
associates!*

