

PHILANTHROPIC STRATEGIES

Israeli Tax Aspects Regarding Donations

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Some Relevant Sources:

Section 46 of the Income Tax Ordinance:

- a. Approved Charitable Organisation
- b. Income Tax credit -individual 35%
company 29 - 25%
- c. Ceiling: The lower of NIS 4,000,000
or 30% of taxable income.
- d. Amount in excess of ceiling - carried
forward for three years (but always
subject to ceiling).

Additional limit: Charitable contributions
under Sec. 46 and investment in R & D
under Section 20A may not exceed 50%
of taxable income.

Section 15a(2) of the Double Tax Treaty with the USA:

Charitable contributions made to
organisations recognised by the IRS - and
treated as such in the U.S. - may enjoy
the tax credit, but subject to a ceiling of
25%.

Proper Receipts: (Internal Directive 3/2001 of the Netzivut)

- a. Originals (copies not accepted).
- b. "Donation" printed on receipt (distinct
from where service/benefit provided).
- c. Note - "The institution has Income Tax
approval for donations under Sec. 46
of the Income Tax Ordinance."
- d. Details of organisation - name and
registration number.
- e. Method of payment - cash, cheque,
credit card, stop-order.
- f. Date of maturity.
- g. Name of taxpayer/donor.