



Quotes of The Day

“Never mistake motion for action”

-Ernest Hemingway

“Advice is what we ask for when we already know the answer but wish we didn’t”

-Erica Jong

New Australia – Israel Tax Treaty



This new treaty has been formally approved and comes into effect as of January 2020 for withholding taxes and July 2020 for the general treaty. The treaty impacts on taxation of dividends, interest and pensions amongst others.



UK – Israel Double Tax Treaty Amended

The protocol of amendments to the Treaty (dated 17.1.2019) has now been formally approved and comes into effect as of January 2020. The amendments are of particular relevance to new and veteran returning Israelis during the 10-year tax exemption period in Israel, but also for expats generally.

Forget-Me-Nots for 2020



- ✓ 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 2019 to be reported and paid by January 30, 2020, thereafter subject to interest.
- ✓ 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 2019 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 reports by exempt dealers – Osek Patur – must be submitted by January 31st.
- ✓ Financial and accounting material for preparation of personal and corporate income tax returns for 2019 - to be submitted to our office February-April 2020. (Timeous preparation of reports is dependent on timeous submission of data and documents to us).



**Annual VAT Declaration – ‘Osek Patur’
(עוסק פטור)**

Osek Patur – Exempt VAT dealers – need to complete and submit an annual VAT declaration (exempt) – הצהרת עוסק פטור – by **January 31st, 2020**, detailing turnover for the previous year, viz. 2019. This may be done via the form you received in the mail from MAAM (מע"מ) or online, via the [following link](#) (this may require registration if you have never reported online to VAT before).

**COMPULSORY PENSION FOR
SELF-EMPLOYED**

- ☑ As of 2017 self-employed persons – under the age of 55 – are legally required to deposit a minimum amount in a pension savings plan.
- ☑ Such minimum amount is fixed at 4.45% of taxable income that is less than half the “average salary” (2019 – NIS 5,136.50), and thereafter at 12.55%.
- ☑ These provisions do not apply to a person in the first 6 months of activity as self-employed.
- ☑ These amounts are required to be deposited by December 31st each year.
- ☑ These deposits will be added to pension fund tax benefits.
- ☑ Funds may be used under certain conditions as unemployment compensation.

**2019 Personal income tax return
checklist**

With the Income Tax season now underway, [Click Here](#) for the firm’s Income Tax checklist for 2019, which we request you follow closely and submit the relevant documents and information to us without delay.

The Law for Minimizing the Use of Cash

- The law has been approved by the Knesset and is effective as of January 1st, 2019
- 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	11,000*	50,000
DEAL – TOURIST	55,000	-
SALARY\WAGES\LOAN	11,000	11,000
GIFT	50,000	50,000

*Where the amount of the transaction exceeds NIS 11,000 then the ceiling is the lower of NIS 11,000 or 10% of the amount of the transaction.

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



REPORTING ON 2019 RENTAL INCOME

For those who prefer, or have elected (and are legally entitled to do so), to pay taxes on residential income according to the 10% “route”, the tax payable is based on your gross rental income for 2019, and must be paid by January 30th in order to avoid paying interest and linkage on late payments.

[Click Here](#) for our summary on rental income reporting