



TAX PLANNING HIGHLIGHTS

Quotes of The Day

“Nothing great was ever achieved without enthusiasm”

– Ralph Waldo Emerson

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

– Erica Jong

WE HAVE MOVED

We look forward to welcoming you at our new address:

Yad Harutzim 3, 3rd floor,
Talpiyot (corner Rivka &
Yad Harutzim) Jerusalem



Meetings are conditional on all participants being fully vaccinated.

Planning for the end of the tax holiday

New or returning residents who started the 10- year tax exemption period in 2011 or 2012 should already be doing serious tax planning for the post tax holiday period. Similarly, the “2010 people” may already be required to submit tax reports.

The Tax Season is Now!

With the income tax season well underway, we strongly suggest you submit the relevant documents and information to us for 2020 without delay.



•“Light refreshments” provided at the place of employment are deductible up to 80% of such expenditure. These are defined as soft or hot drinks, biscuits and such like. The ITA, following requests from the Ministry of Health, will consider fruit and vegetables as light refreshments too.

•US charitable contributions may entitle taxpayers to a tax credit in Israel, similar in some respects to Israeli contributions; this is in accordance with the tax treaty between the two countries. However, the ITA holds that this is applicable only to US-sourced income. Thus care should be exercised before planning strategy for contributions.

•Most double tax treaties stipulate that the “first bite” (viz. preference) on capital gains tax is accorded to the taxpayer’s country of residence, irrespective of the geographical location of the asset or investment, but excluding real estate. It is strongly recommended that this be closely examined each year in order to avoid the risk of double taxation.

•Investments held by Israeli residents in the US or UK may well be subject to Estate Tax on death. As taxes may be substantial, proper foreign professional counsel should be taken in order to reduce or avoid such Estate Tax burden.

Latest Webinars



Here are the links to watch the recordings of our latest and highly successful webinars:

- [Webinar: Taxation of Trusts with Israeli Beneficiaries](#)
- [The World is Changing, How is the Economy Affected?](#)
- [Advanced Webinar for South Africans Planning Aliya or Already Living in Israel](#)
- [Webinar for South Africans Planning Aliya or Already Living in Israel](#)

Effective Listening (Richard Carlson)



Take a moment to reflect on your own listening skills at work. Do you truly listen to your colleagues? Do you let them finish their thoughts before you take your turn? Do you sometimes finish sentences for other people? In meetings, are you patient and responsive - or are you impatient and reactive? Do you allow words from others to sink in, or do you assume you know what the person is trying to say, so you jump in? Simply asking yourself these and related questions can be enormously helpful.

Personal Liability of Directors and Managers

The Beer Sheba Magistrates Court confirmed some years ago the criminal liability of active directors or managers for unpaid tax debts of the entity or association in which they are active; the case in Beer Sheba stressed this to be so even where a public society or non-profit institution is involved. And such criminal liability will not be overlooked merely because those actively involved do so on a voluntary basis and at personal sacrifice

The case focused on the non-payment of payroll taxes as a result of a shortage of funds. The Judge held that the association should not have continued activities while contravening the Law. So, whether you are a director of a company or an active executive member of a non-profit institution, due care must be exercised in performing your duties, including fiscal obligations of the body involved. In addition, it may be advisable to ensure adequate insurance of directors.

The pitfalls (or Oy Vay!) - plan to avoid clashes with tax authorities and banks

- In the new financial world we live in, tax authorities, banks and financial institutions - in the wake of CRS and FATCA - require full details (they call it "due diligence") of beneficial owners, source of funds/assets (historically too!), tax residence and reporting. And there are those who make life under the 10-year rule rather complex.
- Business or employment income from abroad may become partially or entirely taxable where the income is actually earned (= produced) in Israel. Planning and structuring are paramount.
- Double tax treaties with certain countries provide for tax exemption on income only where taxes are actually paid (not payable!) in Israel.
- The ITA may take a closer look after the expiry of the 10 years.
- There is generally no legal requirement to submit tax reports on the above exempt income and assets (not applicable to Israel-sourced income and assets).