



S H E K E L

The Broide & Co. Newsletter

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Vol. 19 No. 2 • Sivan 5767 • June 2007

Quotes of The Day

"Money, to some extent, sometimes lets you be in more interesting environments. But it can't change how many people love you or how healthy you are." **Warren Buffett**

"If you hear a voice within you say 'you cannot paint', then by all means paint, and that voice will be silenced."

Vincent Van Gogh

The Rhino Principle (Paul Johnson)

"There's a certain rule in life that I've found worth considering. It particularly applies if you're confronted by a crisis. I call it the Rhino Principle.

"Now, the rhino is not a particularly subtle or clever animal. It's the last of the antediluvian quadrupeds to carry a great weight of body armor. And, by all the rules of progressive design and the process of natural selection, the rhino ought to have been eliminated. But it hasn't been. Why not? Because the rhino is single-minded. When it perceives an object, it makes a decision -- to charge. And it puts everything it's got into that charge. When the charge is over, the object is either flattened or has gone a long way into cover, whereupon the rhino instantly resumes browsing.

"Few people think of learning from a rhino. But I have. And when I hear of an author who cannot finish or get started on a book, I send him (or her) a rhino card. I paint a watercolor of a rhinoceros on the front of a postcard - something I do well, as I've practiced it a great many times. And in the space next to the address I write: 'Stop fussing about that book. Just charge it. Keep on charging it until it is finished. That's what the rhino does. Put this card over your desk and remember the Rhino Principle'.

"Sending a rhino card usually works. Now, the Rhino Principle may not produce the perfect book, but it does produce a book. And once a book is drafted, it can be improved, polished and made satisfactory. But if the Rhino Principle is ignored, there is no book at all.

"The principle can be applied to many other things, particularly business. When an entrepreneur has an object in his line of vision, he should dismiss all other considerations from his mind, abandon all other activities and charge directly at that object, continuing to charge

until the object has been secured. All kinds of qualities are needed to make a great businessman. But aggressive single-mindedness is by far the most important. Indeed, it is indispensable.

"We can choose to lead quiet lives and get through them without achieving much. But if we want to do the big thing, if we hope to leave a record that will be admired and remembered, we must learn to distinguish between the peripheral and the essential. Then, having clearly established our central objective, we must charge at it again and again until the goal is achieved.

"That is what the rhinoceros does. It may not be a model animal in most ways. But it does one thing very well. And that one thing we can learn: Charge!"

(Paul Johnson is an eminent British historian and author.)

Interim Reviews

This is an opportune time for interim business, financial and tax reviews. Please avail yourselves of this essential service. Where relevant (and requested) this will include an in-depth "checkup" of the business or practice, and proposals for improvement. Kindly ensure we receive accounting and related data timeously.

Some Common-Sense Business Ideas for These Times

- Work closely to budget - monitor and update.
- Market creatively and intensely.
- Credit is costly - avoid or reduce to minimum.
- Be wary of foreign currency exposure.
- Prudence and conservatism are not 'swear-words' in these times.
- Business as usual means you run the business and set the parameters, and not vice-versa.

Non-Profit Institutions/Amutot

Non-profit clients are required to submit the following each year to the Registrar of Amutot (Associations):

- Annual financial statements signed by two members of the Executive Board;
- Report of the Audit Committee, including recommendation (minutes) to approve annual financial statements, and signed by members of the Audit Committee;
- Certificate/letter indicating recipients of the five highest salaries, and signed by two members of the Executive.
- Minutes of Annual General Meeting, signed by Chairman of the meeting, and including approval of annual financial statements, election of members of Executive, appointment of Audit Committee, appointment of Auditors, and approval of recommendation of Audit Committee.
- Minute of meeting of the Executive, appointing persons with signing powers for Amutah, and signed by two of its members.

Tax Matters

1. 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 payable; and where paid by the end of March, then 75% will be payable.
2. Recognition of charitable contributions - in order to enjoy the Income Tax credit, often encounters bureaucratic obstacles. Do ensure that receipts are originals and have Section 46 approval (printed and actual). It is advisable that the contributions be made from the bank account of the donor. Contributions exceeding the upper ceiling may be carried forward for use within the following three years.
3. Retain details and documents pertaining to investment-related expenses, so that these may be deducted; these include overseas travel, professional fees, communication expenses, portfolio and asset management fees, and other similar-type expenses.
4. The news with the taxation of trusts is that there is **no news** (hot off the press). The amendments have yet to be 'amended' and the forms to be issued. This does not, however, impact on the taxability of trusts, which became effective in January 2006.
5. Bituach Leumi (National Insurance) may be payable on property income if greater than earned income; exceptions include taxpayers over the age of 70 who 'made aliya' over the age of 60. Treat with care.
6. Certain countries have onerous estate taxes; do consult with your foreign professionals.

Marketing Ideas

- Define your potential market and - attack!
- Work on goodwill and 'exposure' - advertising, newspaper articles, business cards, circulars/newsletters, websites and 'internetting', lectures/seminars, radio and TV interviews.
- Explore and utilise 'connections'.
- Ensure satisfied customers/patients/clients - word of mouth is a powerful marketing tool.
- Keep on improving and expanding service - the consumer really is King/Queen!
- Be creative - boring ideas make for poor marketing.
- Consult with marketing specialists.
- Israel is a small market; don't ignore the 'global village'.

Consulting - Not Only on Tax Matters

Many clients are under the erroneous impression that we ('their CPA') are here only to solve (or plan for) tax matters. We are available to handle tax matters - but not only! Many of our clients benefit from consulting with us on administration, marketing, management, financial and general business matters.

Now, whilst we do not purport to be experts in all these fields, we do have considerable experience in them and, where necessary, will refer the client to the appropriate professional (for a second, or even first, opinion). We can but suggest that fuller and more efficient use be made of our consulting services. This really is no slogan, but . . . Your business problems are really our concern.

Taxing Marketing Benefits

The Income Tax authorities issued a directive some time ago, reiterating their standpoint that prizes, bonuses or other fringe benefits, given in the course of business (e.g. as a marketing incentive) are taxable in the hands of the recipient; in fact, the 'payer' is generally also liable to withholding tax at source on the value of such benefits.

Thus, overseas trips, hotel accommodation and such like, provided to doctors by certain pharmaceutical companies, and similar benefits provided to agents by insurance companies, are fully taxable.

Healthy Bodies and Healthy Minds - Reminder

client's state of health a matter to be reviewed with accountants? Well, we never did regard ourselves as just another firm of CPA's! Furthermore, there just seem to be too many clients who may take good care of their businesses or practices, but not of themselves. So, here we are to encourage exercise, relaxation (and vacations), correct eating habits, and lots of common sense. This is meant seriously!

Updates for "Non-Profits"

We wish to draw attention to the following pertinent issues that were stressed at a meeting some time ago between representatives of the Israel Institute of CPA's and the Registrar of Amutot:

- A. Employment of up to 10% (of staff) of members of the same family is considered acceptable.
- B. Where the accumulated deficit exceeds 50% of turnover, the Amutah will be referred for further examination by the Registrar.
- C. Importance is attached to the name of the Amutah to the extent that it should not be misleading.
- D. In-depth audits will be conducted every 3-4 years, either by the Registrar of Amutot or the Accountant General (i.e. the Treasury).

We Too Want to Improve

With 2007 under way, we turn to clients and associates with a special request for feedback - ideas, recommendations, innovations and constructive criticism - to enable us to improve and expand services, and rectify matters that so require.

This newsletter is prepared for the information of clients and associates. Whilst every care has been taken in compilation, no responsibility can be accepted for inaccuracies or errors. Clients are also advised that changes in the Law or practice occur periodically; it is recommended that specific professional advice be sought before any action is taken.