



SHEKEL

The Broide & Co. Newsletter

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Quote of The Month

"Customer Service does not come from a manual. It comes from the heart. When it comes to taking care of the customer, you can never do too much and there is no wrong way if it comes from the heart!"

(Debra Fields, President of Mrs. Fields, Inc.)

(Thanks to Gerber & Co., C.P.A., Los Angeles)

Interim Business Reviews and Planning

With the first two-thirds of 2008 behind us, this is an opportune time to plan for business and tax reviews based on the results of the first eight months, and forecasts for the rest of 2008, and we strongly encourage you to do so.

There are strong indications that our economy has joined the worldwide slow-down; we strongly advise clients to plan (and act) accordingly. The implications are both financial and business. "Slow-downs" also create opportunities.

We will be glad to meet with you and discuss these and related matters; to this end, kindly forward interim financial results to us, together with a brief forecast/budget for 2008, including explanations. (We're waiting!)

At this time, do make sure of the following:]

- Mikdamot (tax advances) are being properly reported and paid, or have been cancelled;
- Taxes are withheld at source from office/business rental, unless landlord has provided exemption or reduced tax certificate, and other payments to suppliers;
- Creative marketing now!
- Proper budgeting and cash-flow control - now!

100+ Marketing Ideas

(Ms. Joyce L. Bosc, Boscobel Marketing Communications Inc.)

1. Never let a day pass without engaging in at least one marketing activity.
2. Determine a percentage of gross income to spend annually on marketing.
3. Set specific marketing goals every year; review and adjust quarterly.
4. Maintain a tickler file of ideas for later use.
5. Carry business cards with you (all day, every day).

6. Stay alert to trends that might impact your target market, product or promotion
7. Read market research studies about your profession, industry, product, target market groups, etc.
8. Collect competitors' ads and literature; study them for information about strategy, product features and benefits, etc.
9. Ask clients why they hired you and solicit suggestions for improvement.
10. Identify a new market.

Check Your Internal Controls

If you want to prevent and detect fraud, you need to set up and maintain effective internal controls. Use the checklist to evaluate your present controls.

If you answer YES to even one of these questions, you might be allowing a situation that is conducive to fraud.

If you answer YES to more than three questions, you need to make immediate procedural changes.

Check with us if you would like further advice. We would be happy to help you set up an effective system of internal controls.

Internal Controls Checklist Yes No

	Yes	No
Does the person responsible for preparing cheques have cheque-signing or transfer authority, or final authority to approve suppliers' invoices?		
Is your stock of cheques, invoices and receipts maintained and accounted for by the same people who use them?		
Does the person who deposits money in the bank have any responsibility for preparing the paying-in records?		
Does the person responsible for reconciling the bank account also have cheque-signing or bank transfer authority?		
Does the person who prepares the monthly debtors statements also mail them?		
Does the person who opens the mail have any responsibility for debtors?		
Does the wages clerk distribute pay cheques/make transfers directly to employees?		
Is the sales ledger clerk authorised to write off errors?		
Does the person who prepares cheques or transfers also send them?		

Income Tax Planning for the Last 1/4 of 2008

With the 2008 year headed into the final quarter, there is a need for prudent, but creative, tax planning. We are available to meet, discuss and plan.

A. Last Minute Planning for Businesses and Services

There is a substantial difference between taxpayers who report on a cash basis, and those who report on a regular commercial basis. The former account for monies actually received during the tax year and expenses actually paid; the latter report on income earned - irrespective of whether received - and expenses actually incurred. This distinction is of much significance, as it relates to the tax device of timing income and expenses within the fiscal year.

Now is the time to review expenses on overseas travel, professional and related literature, entertainment of overseas customers and associates, gifts, travel, food and refreshments, overseas telephone calls, home-related expenses, and various 'borderline' type expenses that require close scrutiny. Payments for life insurance, provident and pension funds, training funds, donations, research and oil projects, film production, National Insurance and others must be made by December 31st in order to enjoy the tax benefits thereon.

Utilisation of capital losses applies only to losses actually incurred by December 31st - the particular asset or investment must actually have been sold.

B. Reducing the Tax Burden on Passive (Investment) Income

1. Give thought to early redemption/realization of financial assets. Thus, a low gain or capital loss situation at the present time may make tax logic assessment, subject, of course, to the decision/s making sound economic sense (e.g. 'creating' capital loss for set-off against capital gain).
2. Expenses incurred in relation to such assets - as above - over the period held, may well reduce the taxable gain. These would include, in our opinion, management and administration fees, consulting and professional fees, and possibly, finance charges.
3. Similarly, these and other expenses may be deductible from regular passive income from dividends and interest on bonds; expenses are not deductible from interest earned on bank deposits (i.e. cd's). Other expenses may include travel, communications and professional fees.

C. Income from Real Estate

1. Rental income from residential property in Israel (individual tenants only) enjoys a tax exemption of individuals (only) up to NIS 4,200 monthly.
2. Alternatively, you may elect to be taxed at 10% of gross rental, without any upper ceiling. **This route is now conditional on the taxes (viz. 10% of gross rental) being paid within 30 days of the tax year-end.**
3. Where there are high maintenance or other costs (including depreciation), neither of the two alternatives may be appropriate, but rather the regular tax route. Where the apartment or house is used for business (not for residential) purposes, then these tax provisions do not apply.
4. Rental income from property owned outside Israel - residential or commercial - may be taxed at 15%, but excludes claiming expenses and deductions (other than

depreciation) and any foreign taxes paid thereon. The alternative is the regular tax route.

D. Interest and Linkage on Taxes Due

The 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 paid; and where paid by the end of March, 75% will be payable.

How to Get the Truth from References

1. What did he learn during his time with your company?
2. If you could give him a single career suggestion, what would it be?
3. If the reference managed the candidate: How did the candidate respond to your management style?
4. Would you rehire him?
(by Jessica Stillman)

Tax and Bituach Leumi Payments Postponed

The Tax and National Insurance authorities have announced that September payments for Vat, Bituach Leumi and Income Tax - corporate, individual and payroll - have been postponed from October 15th to the 26th because of the Chaggim.

Trust Tax Reports Postponed

The Tax authority has postponed the submission of Income Tax reports of trusts, including the numerous related forms, for the 2006 and 2007 tax years, from October 31st to December 31st, 2008. These forms include the notices, declarations and reports required under the new legislation.

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.



We take this opportunity to wish you and your family L'Shanah Tovah Tikateivu v'Teichateimu! A year of health, happiness,

prosperity, peace &
security, fulfillment,
and just lots of
'sweetness'!

Chag Sameach!