

REGISTRATION OF COMPANY MOTOR VEHICLES
IN THE NAME OF THE DRIVER

The income tax authorities have recently issued a directive, indicating that the 14-year old practice of registering company vehicles in the name of the driver/user-at the vehicle registration office-is no longer acceptable. This practice developed, generally speaking, in order to overcome the lower resale value of corporate vehicles and often was used by major shareholders in the purchase of private vehicles. The formal procedure invariably included minutes of the directors' meeting approving the purchase and a declaration to this effect by the parties. Thereafter the vehicle was (is) included in the company assets.

The Institute of CPA's in Israel has challenged this ruling which is due to come into effect as of September 1st, 2007. We will monitor this closely.

Whilst on the subject of cars, do note that the taxable value of the use of private vehicles is moving upwards continuously; this merits evaluation of the pros and cons of utilising a "company" car.