



BROIDE & CO.
Certified Public Accountants (Isr.)

FEW TAX CHANGES FOR 2012 APPROVED

The Knesset approved certain tax changes recommended by The Trachtenberg Commission

The Trachtenberg Commission recommendations were approved yesterday by the Knesset.

The following fiscal changes were approved (applicable 1-1-2012):

- Increase in Corporate Tax to 25% in 2012 (currently 24%) and possibly 26% in 2013. The plan for further reductions is to be discontinued.
- Increase in top marginal tax rate for individuals from 45% (2011) to 48% on monthly income of NIS 40,231 and discontinuation of plan to reduce top marginal rate over a few years .
- Increase tax on dividends, interest and capital gains from 20% to 25% and to 30% (from 25%) for material shareholders (holding equity of 10% or more in company).
- Allowance of two tax credit points to fathers for each child under 3 years of age. (Mother still to receive one credit point for each child up to 18 years of age).
- Change in Bituach Leumi ceiling (to monthly income of NIS40,790) and increase in participation of employers
- The Knesset did not approve the Tax surcharge of 2% on taxable income exceeding NIS 1,000,000 annually, from all sources – business, salary (earned income), dividends, interest, capital gains.

Many of these changes require tax planning and implementation by December 31st this year.

We will be glad to plan with you.

Warm regards,
Broide & Co.
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