

Subject to certain conditions, it is now possible to obtain a tax pre-ruling on a "**STEP-UP**" in cost/value of foreign assets received as gifts or from an inheritance. The result of this may be a substantial reduction in taxes payable on the capital gain resulting from a subsequent sale of the asset as the "cost" of the asset may be deemed to be the market value at the relevant date and not the "historical cost."

The conditions include:

- A. The donor of the gift or inheritance must be non-resident in Israel at the time of making the gift or on death.
- B. The asset is foreign.
- C. Proper application must be made per the "905" form (strict terms).

However, there are also downsides to the "step-up" which may, in certain circumstances, render an application not worthwhile. As this is a major tax breakthrough-subject to the circumstances of each particular situation.

We strongly counsel setting up a meeting with us to discuss these tax matters further.

DO TREAT THIS VERY SERIOUSLY - IT MAY BE VERY RELEVANT FOR YOU.