

## **TAX ALERT**

**TRUST-BREAKING NEWS** - Tax reports for trusts (Israel-resident) for the 2006 and 2007 tax years have been postponed, and will not have to be submitted by the end of June. The new date for submission is two months following the publication of the Trust Income Tax forms in English (August/September/October??).

**NEW TREATY WITH UK** - Is expected to come into effect on January 1, 2010; the new provisions include reduced withholding taxes of 5% on interest and dividends, zero on royalties, and favourable treatment on pensions. These are particularly significant for new and returning residents.

**ASSET VALUES FROM GIFTS AND INHERITANCES** - The Tax authority appears to be adopting a liberal approach on the values at "acquisition" when calculating capital gains (viz. market value).

**EXPENSES ON CHILDCARE** - "Deductibility" from 2010, as a result of the ruling in the Pery case, but subject to various conditions. The Treasury is planning to change the Law .... And thus the tax benefits of the ruling.

**CHARITABLE CONTRIBUTIONS** - New proposal to change Law, increasing the maximum amount entitled to tax credit in any tax year to the lower of 30% of taxable income or NIS 7,500,000 (previously NIS 4,208,000). Do note that it is, as yet, only a proposal.

**THE NEW BUDGET** - Watch the media for changes in Income Tax, Vat and Bituach Leumi.

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