



Tax Planning alert for 2006

CAPITAL GAINS

- a. Tax rate is reduced-generally-to 20% in 2006.
- b. This will apply RETRO-ACTIVELY from January 2003.
- c. For some this will be advantageous, for others not; plan accordingly.(eg.disadvantageous on traded securities that were subject to 15% rate prior to 2006.)
- d. The linear calculation will apply to assets held before 2003.
- e. There is the possibility,during December 2005, to do a "notional" sale of traded securities through a locally registered stock-broker/bank but the taxes due will be payable within a year.
- f. Pay close attention to potential gains or losses and plan accordingly.

TAXING TRUSTS

- a. Irrevocable/discretionary trusts will be taxable from Jan 2006.
- b. The form 151 declaration and disclosure of awards/distributions by recipient in excess of nis100,000 is applicable from 2003.
- c. Certain material amendments covering "step-up" in values and proportionate tax calculation where there are foreign beneficiaries have yet to be promulgated.
- d. There are factors,other than income tax,which need to be born in mind when planning for trusts.

GENERAL

These and other tax matters must be closely scrutinized in planning your taxes for 2005 and 2006.We refer you to previous notices from our office and our website.

Sincerely,

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