

Quotes of The Day

“There are two ways of spreading light:
to be the candle or the mirror that
reflects it.”

[Edith Wharton, 1862-1937]

“Nothing great was ever achieved
without enthusiasm.”

[Ralph Waldo, 1803-1882]



INHERITANCE TAX PLANNING HIGHLIGHTS

A few estate tax planning comments from an Israeli perspective:

- There is no inheritance (estate) tax in Israel at this time
- Inheritance is not considered a capital gains tax event
- A sale or transfer of an asset, including a gift is a tax event and may be subject to capital gains tax unless specifically exempted.
- Bona fide gifts to relatives (in Israel) are generally exempt from capital gains tax, as are gifts to recognized charitable organizations.
- An "exit" tax (similar to capital gains tax) is charged on assets held at the time of emigration (deferred option exists).
- Different provisions apply to new or veteran returning residents within the 10-year tax exemption period or thereafter.
- Israeli resident or beneficiary trusts, or relative (family) trusts may be subject to the "exit" tax or capital gains tax following a change in the status of the settlor/grantor or beneficiary.
- Israeli residents may be subject to estate (inheritance) taxes on assets held in foreign jurisdictions; appropriate counsel should be taken.

The Tax Season is Now Underway



With the income tax season well underway, (even winding down) we strongly suggest you submit the relevant documents and information to us for 2021 without delay. [\[2021 checklist\]](#)

Confidentiality



All matters handled by the firm are treated with strict confidentiality, and in accordance with the highest ethical standards, as stipulated in the accounting profession's Code of Ethical Behaviour.

Is Accounting Alien To You?

". . . By actual survey, it is proven that about 80% of business owners do not understand what their CPA or Accountant is telling them."

"They want to understand those figures and financial items that rule their businesses."

Harry Kafka, NDK Consultants Ltd.

Well, dear clients, we too want you to understand what we are saying and what is happening in your taxes or business. So let's get together now and ensure that we understand one another.

DOING BUSINESS IN ISRAEL

Click [here](#) for our business guide, now presented on the PrimeGlobal website

THE TAX SEASON IS UPON US



- The law requires submission of an income tax return where an Israeli resident transfers more than NIS 500,000 overseas during the fiscal year.
- An Israeli resident beneficiary of a trust where the trust assets amount to NIS 500,000 or more is obligated to submit an annual income tax return unless such beneficiary is under 25 years of age or was unaware of being a beneficiary of the trust.
- An individual who satisfies the 'days test*' (quantitative) of residence but holds that he/she is not resident in Israel, has to submit a tax report, including details explaining the contention of non-residence - with documentation - and report on Israeli Income.
* 183 days in the tax year or 425 days (accumulated) over a 3 year period.



Overseas Travel

The deduction of expenses incurred on overseas travel is permitted where the trip is *essential for producing the income*. The tax Authorities tend to adopt a stringent approach in these matters. Full and detailed reports of such trips should be prepared. There are fixed limits on the various amounts deductible (viz. travel, accommodation, car-hire, meals, etc.)

There's No Time Like The Present!



So we invite you to come in for a coffee/tea/ water and a chat . . . to discuss and review business and finance matters, tax planning for 2022 and beyond, and any other matters pertinent to you and with which we can assist.

TAX ALERT

New residents who started the 10 – year exemption in 2012 and their 10 years come to an end during 2022 should already be considering the impact of the cessation of the exemption – tax planning is now. Similarly, for those whose "tax holiday" ends in 2023.



Wishing you happy and healthy summer holidays!

ARE YOU REALLY A TAX RESIDENT OF ISRAEL?

Attention should be given to the following:

- The days' tests may not be decisive, particularly where the "Centre of Life" is in Israel.
- The "Connections to Israel" test, where material and strong
- Proof of change in residence
- The "small" details, including credit cards, car, visits and such like.
- Close examination of location of permanent home, including broader context.
- Location of professional services provided
- Ownership of assets abroad
- Payment of social/national insurance – local/ abroad
- Medical services – local/abroad
- Activity in social and charitable organizations
- Citizenship
- Tax registration and reporting abroad
- No tax residence anywhere in the world
- These tests may be cumulative, sometimes independent and often non-conclusive and are based on court rulings and directives from the ITA

Professional guidance should be taken before acting hereon.

Proper Disclosure Of Income

In a ruling (Green) in the Jerusalem Regional Court, the judge elaborated on the issue of 'proper disclosure'. The judge held that it is unacceptable that the taxpayer is bound to meet the requirements of 'proper disclosure' of the relevant facts, whether on the specific form or other distinctive format.

This accords with our long-held view that proper and full disclosure is an integral part of tax planning and reporting.