

Quotes of The Day

"Doubt grows with knowledge."

- Johann Wolfgang von Goethe (1749-1834)

Chi Wen Tzu always thought three times before taking action. Twice would have been quite enough.

- Confucius (479-551 B.C.)

Voluntary Disclosure – Individuals & Trusts



Whilst the formal procedure for Voluntary Disclosure to the ITA is no longer available at this time, there are alternative reporting routes which should be considered. We are available to discuss potential solutions.

Bank of Israel Moves to Regulate Reverse Mortgages



Reverse mortgages have mainly become a means whereby property owners over 60 can produce funds for retirement or other purposes. The Banking Supervision Department of the Bank of Israel, published a draft circular designed to regularize reverse bank mortgages. A reverse mortgage is a loan taken by borrowers aged 60 or more secured on their existing home. The loan is repaid when the borrowers die, with the mortgaged asset serving as the source of the repayment. Interest rates are generally higher than for regular mortgages.



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 Israeli resident beneficiary of a trust who received a distribution even if not taxable, is obliged to submit a tax return.
- 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 over a 3 year period** (minimum of 30 days in any one year).
- With the Income Tax season now in full swing, it is time submit the relevant documents and information to us without delay.
- Trusts generally assume the tax status of the grantor or settlor and, thus, may also enjoy new resident benefits ([Click here](#) for more details.) Beneficiaries may be subject to tax on trusts established from August 1st, 2013, unless they are within the "10-year tax holiday", or where the Settlor\Grantor became a resident prior to August 2013.

This list is partial and not exhaustive.

2022 Personal Income Tax Return Checklist



With the Income Tax season now underway, [Click Here](#) for the firm's Income Tax checklist for 2022 which we request you follow closely and submit the relevant documents and information to us without delay.

Healthy Bodies and Healthy Minds



Ah, those old, wise clichés! Now, since when is the client's state of health a matter to be reviewed with accountants? Well, we never did regard ourselves as just another firm of CPA's! Furthermore, there just seem to be too many clients who may take good care of their businesses, practices or investments, but not of themselves. So, here we are to encourage exercise, relaxation (and vacations), correct eating habits and lots of common sense.



חג פסח כשר ושמח

A few estate (inheritance) tax planning comments from an Israeli perspective:

- There is no inheritance (estate) tax in Israel at this time.
- Inheritance is generally 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 are generally exempt from capital gains tax, (excluding foreign residents) 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.

New Restrictions on Cash Transactions – Brief Summary (Updated August 2022)

The Knesset recently approved new laws governing the use of cash for transactions; the new limitations may not exceed certain amounts as hereunder:

- Where recipient or payer is a business (osek) – NIS 6,000.
- A private (viz. non-business) transaction - up to NIS 15,000.
- Where one of the parties is a tourist –NIS 40,000.
- Single gifts made or received – not exceeding NIS 15,000.
- The NIS 6,000 cash limitation applies to services provided by lawyers and CPA's to commercial clients, or NIS 15,000 to private clients.
- Excluded from these restrictions are payments between family members (not applicable to salaries).
- In addition, endorsed checks may not be accepted where the payee or recipient is a business, unless full details of the endorser are indicated on the check. Similar provisions will apply to private transactions where the amount on the check exceeds NIS 5,000.

The above is an annotated version of these new laws, it is recommended to refer to the official version before acting thereon.