

**QUOTES OF THE DAY**

“Sometimes when you innovate, you make mistakes. It is best to admit them quickly, and get on with improving your other innovations.”

*-Steve Jobs*

“Most of the important things in the world have been accomplished by people who have kept on trying when there seemed to be no hope at all.”

*-Dale Carnegie*

**TOO BUSY TO CHANGE?**

Stop what you're doing for a minute and think – really stop!

Are you doing whatever it is because it's always been done that way, because it's policy, because it keeps you busy . . .? Now, more than ever before, the time has come to question **what** we do, **why** we do it, and also **how** we do it.

**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.

**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. (Effective 2016)  
\* **183 days in the tax year or 425 days over a 3 year period.**
- With the Income Tax season now in full swing, herewith the firm's Income Tax checklist for 2016, which we request you follow closely and submit the relevant documents and information to us without delay. [Click Here](#) for the Checklist.
- The new Multiple Apartment Tax ([Click Here](#) for highlights) has now been postponed to June 30<sup>th</sup>, 2017 ([Click Here](#) for postponement notice).
- Trusts generally assume the tax status of the grantor or settlor and, thus, may also enjoy new resident benefits (See website on taxation of trusts.) Beneficiaries may be subject to tax on trusts settled from August 1<sup>st</sup>, 2013, unless they are within the “10 –year tax holiday”.

### TAX NEWS AND VIEWS

- The tax benefit of a “company” car is no longer necessarily attractive; the tax implications should be closely reviewed.
- Trusts have limited tax advantages in recent times, but there are also non-tax factors to consider... and worldwide tax issues.
- Property Taxes have undergone major changes; monitor closely and consult with Property Tax experts when planning purchase and sale of residential real estate.

**THE TAX SEASON IS NOW!  
INCOME TAX REPORTS ARE DUE.**



### How Good Is Your Bank?

There is no doubt that banking is an important facet of our lives. But just how seriously do you treat your relationship with your bankers? Do you check and compare rates and charges? Do you insist on good service and relations? Does your bank enable you to operate properly? These are very relevant questions, and we can but emphasize that continuous review of bank matters is an integral, but often ignored, part of running a business or practice, or merely personal finances. It may be a good idea to set up a meeting with your bankers without delay.

### Reporting on Foreign Income & Assets

We have always counseled compliance with the laws in general, and the tax laws in particular. Our approach is based on operating strictly within the law, while utilising any ‘loopholes’ or tax-planning opportunities.

We once again reiterate the importance of complying with the Law, and strongly counsel proper registration and reporting (voluntary disclosure in certain instances) to the Tax Authority, in order to preempt any demands or legal action.

### Significant Ruling on “Residence” by Supreme Court (The “Sapir” Case)

- Residence of close family members may not be decisive in determining tax residence of taxpayer. The “Centre of Life” rule is considered material.
- “Centre of Life” includes location of home, place of work/employment, where active economic interests are located and, similarly, social connections/activities..
- The quantitative test – 183 days or more in the year, or 30 days in a particular year and accumulated days of 425, including the two previous years . . . but these may be contested . . . and in this case, successfully.
- In this case, the Court held that “it is incumbent on the ITA to do a material review of the interests and connections of the taxpayer, and cannot rely solely on the residential location of his family members”.
- The test of “Centre of vital interests” is very material.
- There may be implications for taxpayers who spend a major part of the year abroad while their family resides in Israel.