



BROIDE & CO.
Certified Public Accountants (Isr.)

August 2016

TAX ALERT – NEW TAX PROPOSALS

- New proposal to cancel exemption from reporting to the ITA by new residents/immigrants or 'veteran' returning residents – during the 10 year tax holiday. If approved by the Knesset, will become effective for those beginning the 10-year tax holiday as of January 1st, 2017. This does not impact on the exemption from taxes on foreign income, only on the reporting thereof.
- Proposed alternative route for capital gains tax on sale of residential real estate – 20% tax on gain without allowance for additional expenses/deductions. The regular route is the 25% tax on capital gains, with due allowance for expenses/deductions.
- New proposal to tax drawings/loans to shareholders in private companies (5 or less shareholders) as salary or dividends where not repaid within a year.
- It is proposed to levy a tax on owners of 3 or more residential properties, the tax to be levied on the third apartment and thereafter; the tax is the lower of 1% of the municipal value of the apartment or NIS 1,500 monthly. This will apply to each property owned excluding the first two, the election of which apartments to be made by the taxpayer.

These are a few of the recent Treasury proposals - if approved will become effective as of January 1st, 2017.

Reminder: Voluntary Disclosure applications must be submitted by December 31st, 2016.

This update has been prepared for information purposes only. Whilst every care has been taken in compilation, no responsibility can be accepted for inaccuracies or errors. Changes in the Law or practice occur periodically; It is recommended that specific professional advice be sought before any action is taken.

43a Emek Refaim St.
P.O. Box 8240
Jerusalem 91081
Tel. 972-2-5611323
Fax. 972-2-5669555

www.broide.com