



# Taxation in Israel and tax benefits for Olim

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# Things that will be discussed

- PRINCIPLES AND FACTS OF INDIVIDUAL TAXATION IN ISRAEL
- **TAX BENEFITS FOR OLIM**
- REAL ESTATE TAXATION
- BUSINESS TAXATION BENEFITS
- TAXATION ON TRUST



# PRINCIPLES OF INDIVIDUAL TAXATION IN ISRAEL

- An Israeli resident is taxed on his income from all sources and from around the globe
- Without the tax reform for Olim...

what determines if you are an Israeli resident?

- #of days
- ‘Center of life’

# PRINCIPLES OF INDIVIDUAL TAXATION IN ISRAEL

Any income generated on  
Israeli soil is subject to Israeli  
taxation

# TAX BENEFITS FOR OLIM

For the first 10 years after making Aliyah no reporting on income generated from outside of Israel or on assets that reside outside of Israel

# TAX BENEFITS FOR OLIM

- If you work from your home office in Israel
- If you work some of your time from Israel and some from abroad

# TAX BENEFITS FOR OLIM

- Extra **tax credits** tsrif eht rof 4.5 years
- Deposit in the Israeli bank
- Investing in foreign shares through an Israeli bank
- **Crypto**
- **Pension**
- **Adjustment year**

# **PRINCIPLES OF INDIVIDUAL TAXATION IN ISRAEL**

- **No inheritance tax**
- **Reporting earnings**
- **Bank transfers**
- **Tax treaty vs. internal tax law**
- **Certificate of residency from the ITA**



# Tax rates on individuals (active income)

- Individual tax rate on **active income** 47% -10% (evissergorp)
- additional tax on individual income - 721 evoba)3% K NIS a year)

# TAX RATES TABLE

| <b>Income range</b> | <b>RATE</b> |
|---------------------|-------------|
| 84,120 - 0NIS       | 10%         |
| 120,720 - 84,121    | 14%         |
| 193,800 - 120,721   | 20%         |
| 269,280 - 193,801   | 31%         |
| 560,280 - 269,281   | 35%         |
| 721,560 - 560,281   | 47%         |
| & 721,561up         | 50%         |

# Tax rates on individuals (passive income)

- Individual tax rate on **passive income** such as: Capital gain, dividends, interest (et al) 25% ~ ...

# TAX CREDITS

- RESIDENCY
- KIDS
- LIVING IN PERIPHERAL AREAS
- NEW ACADEMIC DEGREES
- Pension fund
- Education fund
- Life insurance (without health)
- Donations - ph. 46
- NEW IMMIGRANTS

# Taxation of real estate

- **Purchase tax** laer yub uoy nehW -  
- (ayilA gnikam retfa yuB) etatse  
tnediser ngieroF .sv tnediser ilearsI
- **Rental income** from residential  
property is tax free up to 5654 NIS a  
month => 10%
- **Capital gain**-ytreporp laitnediser no  
ylno ruoy si siht fi ylno tpmexe xat  
etatse laer laitnediser

# Taxation of Trust

- creator
- trustee
- beneficiary
- assets
- if one of the above is in Israel  
you may need to report to the  
ITA

# TAX BENEFITS FOR CERTAIN BUSINESS

- Corp tax rate = 23%
- Tax on dividend 30%/25%
- If you are manufacturing/ creating/  
developing new technology/ product  
(!!ecivres/laicremmoc ton)
- peripheral areas/export.../
  - ‘beneficiary status’
- Corp tax rate in peripheral areas = 7.5%
- Corp tax rate in central areas = 16%/12%
- Tax on dividends = 4%/20%
- Double depreciation

## Ways of communication with Business IL

- [www.2binisrael.org.il](http://www.2binisrael.org.il)
- [www.moia.gov.il](http://www.moia.gov.il)
- Calling from abroad 972-  
(24/7) 35117115
- Calling from Israel \* 8115  
(24/7)
- Mail: [infobiz@li.ten.014](mailto:infobiz@li.ten.014)

