

- A notice on the election must be submitted to the authorities (within 90 days upon arriving to Israel).
- At the end of the adaptation year, the individual may leave Israel without triggering Israeli tax implications.

Effective Date

- The Amendment applies as of 1.1.2007 and in relation to individuals who become Israeli tax residents from this day onwards (certain provisions carry a different effective date).

Secondary benefits package

- Offered to a "Returning Resident", i.e.: former Israeli resident returning to Israel after being a foreign resident for at least 6 years. The 6 years requirement pertains to individuals who ceased to be Israeli resident as of 1.1.2009.
- Under a transitional provision, a period of 3 years (the period required prior to the amendment), will continue to apply to those have ceased to be Israeli resident prior to 1.1.2009.
- 5 years tax exemption for passive income (including interest and dividend from traded securities within "a closed bank account");
- 10 years tax exemption for capital gains (including from traded securities within "a closed bank account");
- Pertains only to income from foreign assets acquired while being a foreign resident.

(December 2008)

family company and benefits for new immigrant

Recently an interesting taxation resolution, referring income from a family company to a new immigrant was published (Taxation resolution 1010/09).

The case dealt with a couple, residents and citizens of a treaty country that considered immigrating to Israel and getting the status of "new immigrants". The couple owned a foreign company (fully held by them) which serves as an "agent" to another foreign company that was a related company. The couple wanted to incorporate a family company in Israel that will replace the "agent" company's activities. The family company would commit to tax under Section 64 A of the Ordinance .

The question was whether the couple is entitled to the benefits in accordance with Article 14 (a) of the Ordinance, even when the activity producing the income will be through the Israeli family company. Section 14 (a) of the Ordinance provides for a 10 years tax exemption on income produced outside of Israel by a new immigrant ("Olim") or a long term returning