



רחל לבקוביץ | רו"ח
Ruchi Levkowitz | CPA

ISRAELI INCOME TAX UPDATE FOR YEAR 2018 (2017 Tax Year)

In light of the recent Israeli tax legislation and with the commencement of the 2017 tax year, many of our clients may require Israeli tax services during the year. To assist with overall tax planning and compliance, we have a network of tax professionals and lawyers that assist us in this capacity. Among the services provided are:

1. New or Current Businesses for self-employed ("Atzmai"), corporations, and non-profit organizations ("Amutot"):
 - a) Assistance in opening files with V.A.T. and the Israeli income tax authority
 - b) Opening up files with Israeli Income Tax Authority ("Mas Hachnassah")
 - c) Opening up files with National Insurance ("Bituach Leumi")
2. Filing Israeli income tax returns:
 - a) Individuals – including calculation of tax for self-employed individuals and filing for refunds based on charitable deductions
 - b) Corporations – including full bookkeeping, write-up, and audit
 - c) Non-profit organizations – including bookkeeping, write-up and audit
3. Representation before the Israeli Income Tax Authority, V.A.T., and Bituach Leumi in cases of audit or correspondence received.

Israeli Tax Tidbits

1. Payments made to the Israeli Tax Authority before January 31, 2018 for taxes incurred in 2017 will be exempt from linkage and interest. If you think that you may owe tax you are welcome to send your information to Ruchi (ruchi@taxrl.com) who can assist you in calculating an amount for an estimated payment.
2. To help reduce your overall Israeli tax burden you can make contributions before December 31, 2017 to your retirement funds. Depending on your gross income, there is a maximum amount that you can benefit from when you contribute to your Kupat Gemel or Keren Hishtalmut. If you would like an exact calculation based on your own numbers please contact Ruchi at 073-796-4487.
3. A tax credit of 35% of your charitable donations against your overall Israeli income tax liability is available provided you have contributed more than 180 shekels and that the charities are authorized under section 46(A) of the income tax ordinance. There is a maximum contribution allowed which is either 30% of taxable income or 9,130,000 shekels.

4. Inventory count

In a business that have inventory, it is necessary to conduct a complete count of the inventory (known as a physical count).

The inventory count should be accurate for 12/31/17.

(The Physical count could be done starting from 12/20/17 until the 10/01/17 in one condition that there would be an exact listing of the inventory transactions on the 12/31/17). Inventory value should be adjusted to the 12/31/17.

5. Exempt dealers- "עוסק פטור"

From 2016 Exempt Dealers must report to the VAT authorities. In order to be ready on time with your report to the authorities please send (latest 01/24/18) your total revenue amount for 2017.

For your convenience the 2017 tax rates are listed below.

<u>Marginal Tax Bracket</u>	<u>Total income</u>	<u>Total taxes</u>
10%	74,640	7,464
14%	107,040	12,000
20%	171,840	24,960
31%	258,800	45,718
35%	496,920	136,060
47%	999,999,999	

For any questions or assistance, please contact Ruchi at 073-796-4487 or ruchi@taxrl.com.

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