



ISREAL – April 2020

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Tax Israel - Relief & Postponement Deadlines During Covid-19

On March 27th the government of Israel published temporary Regulations (#8432) intended to provide relief in the realm of taxation in connection with the Coronavirus pandemic.

These specific regulations mainly provide extensions of a number of deadlines in relation to required filings and adjust the definitions of certain “periods” of importance under Israeli tax law.

One of the main highlights of the Regulations is that calendar days in the period from the 22nd of March until the 31st of May this year – for now – will not be considered as “calendar days” when complying with deadlines and other definitions as they appear under the Israeli tax laws. Further, and in particular, the regulations extend many and varied critical deadlines and periods:

- for the tax authorities to answer a taxpayer request for an advance pricing agreement
- for distribution of stock options to employees after approval
- for submission of notification of certain qualified tax-neutral reorganizations
- deadlines for collection of tax debts
- for the auditing income tax and VAT returns filed
- for taxpayers to file an appeal against decisions by the income tax and VAT authorities
- for the issuance of a written decision by the land tax authorities
- for various notifications that need to be submitted to the land tax authorities—in particular, notifications regarding the sale of a residential apartment
- for the tax authorities to confirm or counter the reported in a real estate transaction and for the taxpayer to file an objection against the value set
- for a year of “election year” regarding the commencement of significant tax benefits under the Law for Encouragement of Capital Investment
- for the filing of a request for advance approvals
- for filing of the 2019 annual corporate income tax reports—the due date of 31 May is postponed to 31 July 2020 (further extensions possible under regular rules), including income tax reports submitted electronically by individuals
- for filing hard-copy annual income tax reports by individuals postponing the due date of 30 April to 30 June 2020 (further extensions are available upon request)
- for monthly VAT reporting and payment postponing the March 16th deadline to 26th March 2020
- for bi-monthly VAT reports and VAT payment a postponement of from the 15th of April to the 27th April 2020
- for renewal of annual withholding tax certificates the annual date of the 31st March postponed to April 30th 2020
- for submission of online first quarter reports for financial service providers till May 10th 2020

VAT authorities will allow an input VAT deduction to be claimed with the submission of a scanned copy of tax invoices – rather than the originals – for receipts issued in the period between 1 March and 31 May 2020.

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Entrepreneurs affected by the COVID-19 situation may apply for reduction of advance payments for national insurance. For self-employed individuals, the deadline for the March 2020 national insurance payments are postponed from 15 April 2020 to 15 May 2020.

Certain administrative relief regarding the tax rate adjustments is provided for employees who are sent on unpaid leave and who are eligible for unemployment benefits. The compliance arrangement facilitates receipt of unemployment benefits without the need for detailed tax rate adjustment compliance. The relief for the tax rate adjustment will be granted from the beginning of the year on the permit of the primary employer or on the basis of the 101-employee card.

Payment of tax refunds totalling approximately NIS 1 billion to approximately 17,000 companies and individuals of approximately NIS 750 million were released and input VAT refunds of approximately NIS 230 million were released to approximately 27,000 VAT registered businesses.

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