

# Taxation of international executives: Israel



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# Overview and Introduction

# 1 Overview and Introduction

Subsequent to a tax reform from 1 January 2003, tax has been imposed on a personal basis, such that every Israel resident will be charged a progressive tax on their worldwide income. Certain sources of income are subject to special tax rates and capital gains tax is payable on gains from the sale of certain assets.

A foreign resident is subject to tax on income produced or derived in Israel only. The tax year for individuals is the calendar year.

The official currency of Israel is the Israeli New Shekel (ILS).

Herein, the host country/jurisdiction refers to the country/jurisdiction to which the employee is assigned. The home country/jurisdiction refers to the country/jurisdiction where the assignee lives when they are not on assignment.

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# Income tax

# 2 Income Tax

## 2.1 Tax Returns and Compliance

### When are tax returns due? That is, what is the tax return due date?

Generally, 31.04.YY. but when required to submit based on double entry bookkeeping or submit online filling 31.05.YY. The Israeli tax authorities may grant extension deadlines to taxpayers.

### What is the tax year-end?

31 December.

### What are the compliance requirements for tax returns in Israel?

#### Residents

Individual taxpayers who are required to file a return must generally do so by 30 April following the tax year-end, or 31 May when an online filing is required or submitted based on double entry bookkeeping or an individual who has the obligation to file the tax return electronically. Any balance of tax owing for the tax year concerned should be paid by the individual close to the submission to the tax authorities. However, it should be noted that interest and index linkage differences (that is adjustment for movements in the Israeli consumer price index) on the balance accrues from 1 January immediately following the tax year-end.

A resident taxpayer whose main income consists of employment income is not generally required to file an annual personal income tax return if the employment and other income of each spouse does not exceed certain limits and tax was withheld at source.

Employers, in accordance with tables issued by the Commissioner of Taxes and updated from time to time, withhold tax on income from employment. Foreign employers are not exempt from the obligation to open and operate an Israeli payroll withholding tax file, on a monthly basis, in respect of personnel in Israel. Such an obligation may be satisfied by appointing a local representative (or an employee) to assist with payroll processing and reporting matters.

#### Non-resident

A non-resident who has income, which was accrued or derived in Israel, must file an annual personal Israeli tax return, unless tax was withheld at the source. Even where an expatriate is not obliged to file a return, they may wish to do so in the years of arrival and/or departure from Israel so as to benefit from the application of annual (rather than monthly) tax brackets in respect of income earned in Israel in the periods concerned. It should be noted that in order to obtain a refund from the Israeli Tax Authority one must obtain an Israeli bank account.

## 2.2 Tax rates

### What are the current income tax rates for residents and non-residents in Israel?

#### Residents

The tax rate is progressive for Israeli residents. There are different tax rates for income that is derived from personal exertion and for income that is derived from any other source in the state of Israel.

Income tax is calculated by applying a progressive tax rate schedule to taxable income. The tax rates for personal exertion income are as follows.

### Income tax table for 2024 in Israeli new shekel (ILS)

Taxable income bracket		Total tax on income below bracket	Tax rate on income in bracket
From ILS	To ILS	ILS	Percent
0	84,120	8,412	10
84,120	120,720	13,152	14
120,720	193,800	28,152	20
193,800	269,280	55,551	31
269,280	560,280	153,401	35
560,280	721,560	229,202	47
721,560	Over		50

These rates will also apply to all income earned by an individual of age 60 or over, other than income for which a specific rate is provided. The tax rates for income of an individual under the age of 60 from any other source are as follows (excluding incomes with specific tax rates).

Taxable income bracket		Total tax on income below bracket	Tax rate on income in bracket
From ILS	To ILS	ILS	Percent
0	84,120	8,412	10
84,120	120,720	13,536	14
120,720	193,800	28,152	20

### Non-residents

Non-residents are taxed progressively like Israeli residents. However, there are special rules that may apply to eligible non-residents which lower their tax liability in Israel. Such rules enable them to have deductions such as some of their personal expenses, and so on.

## 2.3 Residence rules

### For the purposes of taxation, how is an individual defined as a resident of Israel?

For Israeli tax purposes, the test for being an individual Israeli resident is the center of life, which takes into account the overall connections with Israel (including family, economic, and social connections).

In addition, a presumption was determined according to which it is presumed that a person's center of life will be considered as located in Israel if that person was present in Israel at least 183 days in a tax year or was present at least 30 days in Israel in a calendar year and their total presence in Israel during the tax

year and in the 2 preceding years was 425 days or more (this presumption can be contradicted by the tax authorities or by the individual).

Foreign residents who come to work in Israel on a B-1 visa for a specified period of time are generally not treated as residents for tax purposes by the Israeli tax authorities but are still liable to tax as non-residents.

In 2023, the Ministry of Finance proposes to establish a set of definitive criteria based on the individual and their family's days of stay in Israel. These criteria would establish an individual as either an Israeli resident or a foreign resident, depending on the specific thresholds met.

**Benefits of Definitive Criteria:**

- Increased certainty compared to the current system.
- Reduced risks associated with the current system.
- Simpler and more efficient residency determination process

**Types of Definitive Criteria:**

Two types of definitive criteria are proposed:

1. **Presumptive Residency Threshold:** Meeting the first set of criteria, exceeding a specific threshold of days spent in Israel over a defined period, would create a presumption of Israeli residency for an individual or their spouse.
2. **Presumptive Non-Residency Threshold:** falling below a designated minimum number of days spent in Israel over a set period would establish a presumption of non-residency for the individual or their spouse.

**Application of Definitive Criteria:**

These definitive criteria would only apply in specific cases where the number of days spent in Israel becomes the sole decisive factor in determining residency. In such cases, the "center of life" test would not be necessary.

**Existing Law for Other Cases:**

In cases that do not fall within the scope of the definitive criteria, the existing legal framework will continue to apply. This framework includes the "center of life" test and rebuttable presumptions, as interpreted by the courts.

It is important to emphasize that the proposed changes to residency determination outlined above are currently a proposal from the Ministry of Finance. The law is not yet in effect and the current legal framework for residency determination remains in effect.

**Is there, a de minimus number of days rule when it comes to residency start and end date? For example, a taxpayer can't come back to the host country/jurisdiction for more than 10 days after their assignment is over and they repatriate.**

No.

**What if the assignee enters the country/jurisdiction before their assignment begins?**

In case of a foreign resident, if these days in Israel were working days, their income for these days will be added to their total annual income.

In case the assignee was less than 183 days in Israel, a treaty exemption can be considered in case all the conditions for the exemption are meet.

## 2.4 Termination of residence

### Are there any tax compliance requirements when leaving Israel?

According to the law an individual is considered as having broken residency in Israel if they are no longer classified as an Israeli resident (as defined earlier) and additionally, has lived outside of Israel for at least 183 days a year for 2 consecutive tax years, and the individual's center of life, according to domestic law was outside of Israel for the following 2 years. If so, the individual is considered as having broken residency from the day they originally left Israel. Please note that it is possible to break residency when moving abroad for a shorter period as well in accordance to the treaty, however, in any event the Israeli Tax authorities generally do not accept a claim unless the individual spends 36 months abroad.

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Benefits of Definitive Criteria:

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It is important to emphasize that the proposed changes to residency determination outlined above are currently a proposal from the Ministry of Finance. The law is not yet in effect and the current legal framework for residency determination remains in effect.

An important issue that should be addressed is the exit tax for Israeli residents. The exit tax is applied on the last day of the residency in Israel. However, it is possible to postpone the tax payment to the date of the actual sale of the asset, and the tax will be calculated according to the asset value on the sale day, on the linear appreciation of assets and stock options while residing in Israel.

#### **What if the assignee comes back for a trip after residency has terminated?**

There are no special consequences, after the assignee's residency has terminated, when re-entering Israel at a later date for a trip (which is assumed to be for a short period).

#### **Communication between immigration and taxation authorities**

#### **Do the immigration authorities in Israel provide information to the local taxation authorities regarding when a person enters or leaves Israel?**

Yes, at the request of the Tax Authorities.

#### **Filing requirements**

#### **Will an assignee have a filing requirement in the host country/jurisdiction after they leave the country/jurisdiction and repatriate?**

No. However, the filing requirements in Israel are on a yearly basis. Therefore, if the assignee repatriate to their home country/jurisdiction during the tax year, there might be an obligation, in some cases, to file a report to the Israeli tax authorities regarding income while resident in Israel.

In case assignee receives a retroactive payment after leaving Israel, which relates to the assignment period in Israel this element should be taxable in Israel according to working days in Israel during the assignment

## 2.5 Economic employer approach

**Do the taxation authorities in Israel adopt the economic employer approach to interpreting Article 15 of the Organisation for Economic Co-operation and Development (OECD) treaty? If no, are the taxation authorities in Israel considering the adoption of this interpretation of economic employer in the future?**

There is no official position of the Israeli tax authorities regarding the subject. However, in practice the economic employer approach may be applied by the Israeli tax authorities when determining application of treaty benefits.

### De minimus number of days

**Are there a de minimus number of days<sup>2</sup> before the local taxation authorities will apply the economic employer approach? If yes, what is the de minimus number of days?**

No.

## 2.6 Types of taxable compensation

### What categories are subject to income tax in general situations?

In general, all types of remuneration and benefits, whether in-cash or in-kind, arising from/attributable to employment services performed in Israel, subject to certain exemptions, are taxable. The following are examples of elements of an expatriate remuneration package, which would be included as income for tax purposes:

- cost-of-living allowances
- housing allowances
- housing provided by the employer on a non-arm's length basis
- reimbursement of taxes
- use of a company car
- reimbursement of unsubstantiated moving expenses
- cash allowances for home leave
- children education fees
- employer provided domestic assistance
- contributions to medical, dental, sickness, and disability plans
- the benefit of loans at reduced or zero-interest rates provided directly or indirectly by the employer
- contributions to life assurance plans
- contributions to profit sharing plans and certain pension plans
- employee stock purchase plans/stock option plans.

### Intra-group statutory directors

**Will a non-resident of Israel who, as part of their employment within a group company, is also appointed as a statutory director (i.e., member of the Board of Directors in a group company situated in Israel trigger a personal tax liability in Israel, even though no separate director's fee/remuneration is paid for their duties as a board member?**

If the appointment as a director does not trigger any income, then no personal tax liability applies on the nomination itself.

**a) Will the taxation be triggered irrespective of whether or not the board member is physically present at the board meetings in Israel?**

We will emphasize that an accurate answer to the question involves an interpretive analysis. Therefore, the following should be a non-conclusive answer. In cases where the question arises, it is of course recommended to have an orderly legal opinion that considers all the circumstances of the case.

In some cases it is viewed that income should be taxed according to the place of producing of the income where the director was physically present.

**b) Will the answer be different if the cost directly or indirectly is charged to/allocated to the company situated in Israel (i.e., as a general management fee where the duties rendered as a board member is included)?**

**See above In the case that a tax liability is triggered, how will the taxable income be determined?**

## **2.7 according to marginal tax brackets Tax-exempt income**

**Are there any areas of income that are exempt from taxation in Israel? If so, please provide a general definition of these areas.**

There is only limited scope to receive tax-exempt income in Israel. However, a variety of tax exemptions are provided to new immigrants and returning residents, as defined in the Israel Tax Ordinance and Regulations.

## **2.8 Expatriate concessions**

**Are there any concessions made for expatriates in Israel?**

Non-resident expatriates, subject to certain conditions, may enjoy significant benefits that are not available to Israeli residents.

**Visiting lecturer:**

A foreign resident professor or teacher who was invited to Israel from abroad and who is paid for teaching or conducting research at an institution of higher education according to the Council of Higher Education Law – 1958.

**Foreign expert:**

From March 2005, a foreign expert is a foreign resident who complies with all of the following:

- they have resided legally in Israel
- they were invited from abroad by an Israeli resident that is not a manpower company or temporary agency, in order to perform duties for the inviting Israeli resident in the area of expertise of the foreign resident
- during the entire period of their stay in Israel or the region they were employed or provided service in their area of expertise
- for their services, they were paid more than the amount of 14,300 (in 2023) multiplied by the number of months of their stay in Israel, and tax was withheld as required by law
- if they resided in Israel for less than 1 month the amount will be calculated linearly by dividing it into 30 and multiplying it by the number of days they stayed in Israel.

A non-resident, who qualifies as a foreign expert, will be entitled, during their first 12 months in Israel, to deduct from their taxable income documented rental expenditure and a daily living allowance (up to ILS 360 per day) from remuneration for services performed in Israel.

It should be noted that the recently the Israeli Tax Authority started in practice to request for receipts to support actual Per-Diem expense at the amount of ILS 360, otherwise they tend to agree on a lower amount without a receipt. We encountered this practice in tax negotiation upon assessments of annual tax returns and currently this practice was not published in a circular or by amending the current tax regulations for foreign experts.

A non-resident invited to work in an Israeli approved enterprise, which has specialist skills not readily available in Israel, may apply to the Israeli Government's Investment Center to be granted approved expert status. Approved expert status will limit the rate of Israeli income tax payable to a maximum of 25 percent for a period of 3 years (or up to a maximum of 5 years) on a certain maximum monthly income as prescribed from time to time by the Investment Center.

Special rules also apply for foreign journalists, foreign sportspeople, and for those claiming new immigrant status.

## **2.9 Salary earned from working abroad**

### **Is salary earned from working abroad taxed in Israel? If so, how?**

Non-resident employees who receive earnings for work carried out abroad are generally not taxable on these earnings.

Israeli residents are taxed on a personal basis. However, special tax rates apply to salary earned by an Israeli resident working abroad for an Israeli employer for a consecutive period of over 8 months. In this case, certain deductions and exemptions may be granted to the employee.

New immigrants and returning veterans receive a 10-year exemption on income produced or derived abroad.

## **2.10 Taxation of investment income and capital gains**

### **Are investment income and capital gains taxed in Israel? If so, how?**

An Israel resident is liable to tax on a capital gain derived or produced in Israel and outside Israel. A foreign resident, subject to the provisions of the relevant double taxation treaty, is liable to tax on a capital gain derived or produced in Israel but is eligible for certain exemptions including capital gains on the sale of shares traded on the Tel Aviv stock exchange and, subject to complex transitional rules and exceptions on 31 December 2008, the sale of shares in private companies.

As of 1.1.2012, an individual shall be liable to tax on a real capital gain at the rate no greater than 25 percent, and the capital gain shall be deemed the highest bracket of their chargeable income.

Real capital gain upon a sale of securities in a body of persons where the seller is an individual who was a substantive shareholder (that is - holder of at least 10 percent of the means of control in a company, whether directly or indirectly) when the shares were sold or at any time within 12 months before the sale, shall be charged tax at a rate of no more than 30 percent.

Regarding historic assets, different tax rates may apply depending on the date of acquisition.

### **Dividends, interest, and rental income**

#### **Rental income**

Rental income is charged at progressive rates, as described in the table below. Hence, income from these sources during 2024 will be taxed as follows:

Taxable income bracket		Total tax on income below bracket	Tax rate on income in bracket
From ILS	To ILS	ILS	Percent
0	269,280	83,479	31
269,280	560,280	185,329	35
560,280	721,560	346,609	47
721,560			50

Rental income on residual property has specific benefits including an exemption if the rental income is under certain amounts (5,654 NIS per month for 2024). In the case the income is higher than the threshold the exempt amount would be reduced by the amount the rental income exceeds the threshold. Alternatively, an individual can elect to pay a flat rate of 10%. In this case the taxes should be paid by the end of January of the following year.

### Income from dividends

Income from dividends will generally be taxed at a rate of 25 percent for an individual that is not a significant shareholder. A significant shareholder will be taxed at a rate of 30 percent.

### Income from interest

Income from interest will be taxed at a rate of 15 percent when the underlying asset in hand is not fully index linked. It will be taxed at a rate of 25 percent when the underlying asset in hand is fully index-linked. Generally, there are exceptions to these tax rates, especially when the income from interest is derived by a company which is being held by the individual or when special relations exist between that company and the individual (such as, labor relations). In such cases, the tax rate that will apply would be according to the table earlier (progressive rates).

### Gains from stock option exercises

The table below deals with stock options that were granted since 1 January 2003 and forward under Section 102 of the Israeli Tax Ordinance. KPMG in Israel would like to point out that a different rule deals with stock options issued prior to 1 January 2003 in Israel. The taxation on stock options for migrant employees will be linear. That is to say, if the employee leaves Israel prior to the vesting date, only the appreciation while the employee resided in Israel will be considered as income sourced in Israel, calculated on a linear basis.

Residency Status	Taxable at:		
	Grant	Vest	Exercise
Resident	N*	N	Y
Non-resident	N*	N	Y

\* Except when there is a grant of a traded stock option under a non-trustee track

### Foreign exchange gains and losses

According to section 9(13), linkage differences will be exempted under certain conditions.

Therefore, according to section 29, which states that losses could be offset only in case that if they were gains, they would be taxable,

These gains will not be taxable, but losses created from exchange rates cannot be offset either.

### **Principal residence gains and losses**

No.

#### **Capital losses**

In general, the Ordinance determines that losses can be offset only if they would have been liable to tax, had they been gains. Capital losses are first offset against real capital gains.

Each Shekel of the balance of the capital losses is thereafter set off against ILS 3.50 of the taxable inflationary gains. Any balance remaining is carried forward and may be offset only against capital gains and land appreciation gains. Capital losses may not be offset against ordinary income.

A capital loss from securities produced during the year can also be offset against interest and dividend income paid in the same year and from the same security (or from other securities, provided that the tax rate applicable to the interest or dividend does not exceed 25%).

In accordance with section 92 (b), a transferred capital loss will be offset against any other capital loss, i.e., more than offset against any capital gain only (it is not possible to offset the transferred loss from interest/dividend income on securities, as can be done with a current loss)

It should be noted that the tax authority's position is that the capital losses must initially be offset against capital gains, and only then against dividends and interest.

#### **Personal use items**

There is no capital gain taxation when selling an asset for personal use.

#### **Gifts**

No taxation until selling the gift to a third party when the recipient of the gift is either a relative of the grantor or a person to whom it was proved that the gift was granted in good faith. It should be noted that a grant of a gift to a non-resident will cause a tax event upon the transfer of the gift.

## **2.11 Additional capital gains tax (CGT) issues and exceptions**

### **Are there additional capital gains tax (CGT) issues in Israel? If so, please discuss?**

An important issue that should be addressed is the exit tax for Israeli tax residents. The exit tax is applied on the last day of the residency in Israel. However, it is possible to postpone the tax payment to the date of the actual sale of the asset, and the tax will be calculated according to the asset value on the sale day, on the linear appreciation of assets and stock options while residing in Israel.

### **Are there capital gains tax exceptions in Israel? If so, please discuss?**

There are various exceptions in Israel to the usual taxation of capital gains. Such instances include but are not limited the following:

- exemption from capital gain taxation to new immigrants, returning veterans, or (under a much more limited scope) returning residents derived from assets located outside of Israel for 10 years subject to certain conditions, after 10 years the exemption is reduced in a linear manner
- exemption from taxation for a foreign resident selling shares in a Tel Aviv stock exchange traded company, subject to certain exceptions
- sale of shares by a foreign resident in a private company subject to certain exemptions and complex transitional rules on 31 December 2008.

#### **Pre-CGT assets**

Not applicable.

#### **Deemed disposal and acquisition**

Deemed disposal is relevant when exit tax is implemented on the last day of the assignee in Israel, although there was no actual sale on this date and the assignee still has the asset at their possession.

## **2.12 General deductions from income**

#### **What are the general deductions from income allowed in Israel?**

In general, personal tax credits, known as credit points, are granted to Israeli resident taxpayers and they then are deducted from the income tax liability. A taxpayer's entitlement to credit points generally will depend on personal and family circumstances, and whether the spouse's earnings are assessed separately. In addition, there are certain credits and deductions regarding deposits to recognized pension plans.

A foreign resident is entitled to certain credit points (unless the foreign resident is classified as a foreign expert).

## **2.13 Tax reimbursement methods**

#### **What are the tax reimbursement methods generally used by employers in Israel?**

The employer's refunds and payments are taxed according to the year they were received.

The following are the normal methods of recognizing tax reimbursements paid by the employer: current year gross-up, current year reimbursement. Calculation of estimates/prepayments/withholding

**How are estimates/prepayments/withholding of tax handled in Israel? For example, Pay-As- You-Earn (PAYE), Pay-As-You-Go (PAYG), and so on.**

PAYE.

#### **Pay-as-you-go (PAYG) withholding**

Not relevant.

#### **PAYG installments**

Not relevant.

**When are estimates/prepayments/withholding of tax due in Israel? For example, monthly, annually, both, and so on.**

Monthly.

## 2.14 Relief for foreign taxes

**Is there any Relief for Foreign Taxes in Israel? For example, a foreign tax credit (FTC) system, double taxation treaties, and so on?**

In certain situations, the Israeli Tax Ordinance grants a credit for foreign taxes paid overseas.

Israel has double taxation treaties with a number of countries/jurisdictions, which contain specific foreign tax relief and credits. There is also a specific relief provisions applicable to Israeli residents who are assigned by an Israeli employer to work abroad for a continuous period of more than 8 months. Furthermore, an Israeli resident who has moved overseas for work purposes will be granted tax relief regardless of whether the employer is an Israeli resident or not.

## 2.15 General tax credits

**What are the general tax credits that may be claimed in Israel? Please list below.**

General credits include, but are not limited to, the following:

- contribution to a public institution
- credit for children, which vary depending on age of child
- credit for Israel resident
- credit for oleh (new immigrant)
- credit for women
- credit for a spouse (in certain cases)
- credit for discharged soldier
- credit point for juvenile
- credit for insurance premiums and benefit fund contributions
- credits for a foreign worker (subject to conditions).

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# Special considerations for short term assignments

# 3 Special considerations for short-term assignments

For the purposes of this publication, a short-term assignment is defined as an assignment that lasts for less than 1 year.

## 3.1 Residency rules

### Are there special residency considerations for short-term assignments

Special residency considerations for short-term assignments focus mainly on the assignee ensuring that they do not become an Israeli resident. Residency in Israel is determined mainly by the center of vital interests test. Therefore, it is advised that special care be taken not to cross the threshold of the center of vital interests as an Israeli resident.

## 3.2 Payroll considerations

### Are there special payroll considerations for short-term assignments?

A foreign expert working in Israel would generally be considered as a **non-Israeli** Tax resident. As a result, he will only be taxed his income generated while on the Israeli territory (even if the salary is paid by the home country). Therefore, taxable income will be based on the workdays spent in Israel. Any salary paid while abroad will not be subject to tax in Israel.

As for the tax deductions granted to a foreign expert (who meet certain conditions), he will be entitled to deduct, during your first 12 months in Israel, the following items from your taxable income:

- **Per diem (food expenses):** Up to NIS 360 (For 2024 year) - per day in Israel. However, please be advised that the Israeli Tax authority (ITA) rarely accept to deduct the full amount and might challenge us on that subject (usually accept around 50% of the total amount).
- **Accommodation expenses and utilities bills** (such as water, gas, electricity, management fee, municipality tax.). He should keep supporting documents.

## 3.3 Taxable income

### What income will be taxed during short-term assignments?

If there is a double taxation treaty between the two countries/jurisdictions, it is possible that there will be no taxation at the host country/jurisdiction. Common requirements for being taxed only at the home country/jurisdiction of the employee include, among other things, the employee is present in the other state for a period or periods not exceeding in the aggregate 183 days in the fiscal year concerned, the remuneration is paid by or on behalf of an employer who is not a resident of the other state, and the remuneration is not deducted from the profits of a permanent establishment.

### 3.4 Additional considerations

**Are there any additional considerations that should be considered before initiating a short- term assignment in Israel?**

No.

#### **Levy on employers of foreign workers**

Not relevant since the law was cancel stating from January 1, 2022.

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## Other taxes and levies

# 4 Other taxes and levies

## 4.1 Social security tax

**Are there social security/social insurance taxes in Israel? If so, what are the rates for employers and employees?**

The rates following apply to Israeli resident employee as of 1 January 2024:

### Employer and employee (income up to ILS )

Type of insurance	Paid by employer	Paid by employee	Total
National insurance	3.55%	0.40%	3.95%
Health levy	0.00%	3.10%	3.10%
Total	3.55%	3.50%	7.05%

### Employer and employee (income up to ILS 49,030)

Type of insurance	Paid by employer	Paid by employee	Total
National insurance	7.60%	7.00%	14.60%
Health levy	0.00%	5.00%	5.00%
Total	7.60%	12.00%	19.60%

Employers are responsible for withholding employees' National Insurance contributions from wages and salaries, and remitting these, together with the employers' own contributions, to the National Insurance Institute. These obligations generally apply irrespective of the residency status of the employer and employees. A reduced rate is applied to employed non-residents (who are not from a country/jurisdiction having a valid social security treaty with Israel) at the following rates:

#### 4.1.1 Employer and employee (income up to ILS

#### 4.1.2 7,522

)

Type of insurance	Paid by employer	Paid by employee	Total
National insurance	0.59%	0.04%	0.63%

### Employer and employee (income up to ILS 49,030)

Type of insurance	Paid by employer	Paid by employee	Total
National insurance	2.65%	0.87%	3.52%

An Israeli resident who stays abroad and works for a foreign employer, pays insurance payments according to the following rates:

### **Income up to ILS**

There is an exemption.

### **Income up to ILS 7,522**

National insurance	4.61%
Health levy	5%
Total	9.61%

### **Income up to ILS 49030**

National insurance	7%
Health levy	5%
Total	12%

Detailed provisions are laid down in the National Insurance Law for persons who derive income from more than one taxable source and for self-employed and non-employed persons.

Exemption from paying National Insurance contributions is given in various circumstances including where bi-national agreements are in force.

## **4.2 Gift, wealth, estate, and/or inheritance tax**

### **Are there any gift, wealth, estate, and/or inheritance taxes in Israel?**

#### **Gift and wealth taxes**

These do not apply in Israel.

#### **Inheritance tax**

None.

## **4.3 Real estate tax**

### **Are there real estate taxes in Israel?**

Yes. Israel has both land appreciation taxation and purchase taxation upon buying real estate.

#### **4.4 Sales/VAT tax**

##### **Are there sales and/or value-added taxes in Israel?**

Yes, value-added tax is currently imposed in Israel at a rate of 17 percent.

#### **4.5 Unemployment tax**

##### **Are there unemployment taxes in Israel?**

No.

#### **4.6 Other taxes**

##### **Are there additional taxes in Israel that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, and so on?**

###### **Customs tax Foreign Financial Assets**

##### **Is there a requirement to declare/report offshore assets (e.g., foreign financial accounts, securities) to the country/jurisdiction's fiscal or banking authorities?**

No requirement Unless the ITA specifically requires an employee to submit capital statements.

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