



## **Israeli Government Key Steps Taken to Provide Support to the Private Client Sector During the Coronavirus Crisis**

In reaction to the coronavirus pandemic affecting the global economic market, the Israeli government has presented several measures to help the local economy navigate the impact of the coronavirus crisis. As part of this program, the Israel Tax Authority and other government offices, such as the National Insurance Institute and the Bank of Israel, have launched several alleviations for taxpayers, as part of the preparations for fighting the virus and assisting taxpayers in dealing with the economic consequences of the pandemic.

In the almost virtual reality we live in, overflowing with information, we decided to summarize for you the measures which are relevant in the Israeli-related tax and private client world. All matters listed below are relevant to Israeli resident clients but also to trustees and other financial service providers that may have a tax liability or reporting duties in Israel.

### **1. Estate Planning Documents: Wills, and Signature of Lasting Power of Attorney Documents using Video Conference**

- **Lasting Power of Attorney (LPoA)**

LPoA is a legal document, an alternative to the appointment of a legal guardian, which enables any adult legally capable individual to determine how and by whom his or her affairs will be taken care of in the future in case his or her medical condition deteriorates and he or she is no longer able to take care of his or her affairs, including acting in their stead on their financial assets and bank accounts. The LPoA enables the individual to appoint another person (a PoA holder) and authorize such person to act on the individual's behalf and manage all (or some) of the individual's medical, financial and personal affairs. LPoA can be prepared and drafted only by Israeli lawyers who have been granted a special authorization to do so.

As part of the coronavirus management, the Administrator General now enables the handling and signing of an LPoA with all relevant documentation without physical interaction, via video conference.

Applications to activate and enable existing LPoAs are also now possible online.

- **Wills / testaments**

Under Israeli law, one enjoys a complete testamentary freedom, and one is free to draft and change his will at any time. The Israeli Inheritance Law does not require that a will is signed before a notary or a lawyer, or deposited in court, although these options are of course possible. At present, there is also no inheritance tax in Israel.

Unlike in the case of LPOA, there are no special instructions as to the way a will can be signed or amended in the current situation and therefore the provisions of the Inheritance Law remain unchanged. Two main possibilities for executing a valid will these days is either to sign it before two witnesses that have no interest in the will (while taking all necessary health precaution measures), or to copy the drafted document in handwriting and sign (holographic will), in which case the will is valid and no witnesses are required.

## **2. Accountant General has Instructed Banks to Allow 4-month Deferral of Mortgage Payments**

The Accountant General of the Treasury, together with the Ministry of Construction and Housing, ordered relief on mortgage loan payments for eligible borrowers for up to 4 months. As part of the alleviation, each borrower can apply for postponement of mortgage payments, without having to physically visit the bank branches. The borrower will receive a response within one week of applying, and there will be no application fee.

## **3. Annual Income Tax Returns Postponement**

The Israeli Tax Authority has announced a 2-month postponement for all annual income tax return filings. Postponing the deadline is part of the measures announced by the Israel Tax Authority in order to help the public cope with the consequences of the coronavirus crisis.

## **4. Postponed Deadlines for Submitting 2019 Tax Returns for Individuals**

- The deadline for submitting 2019 tax returns for those individuals that are not required to submit an online return has been postponed until **June 30, 2020; this deadline applies also to trusts and foundations in which there are Israeli resident settlors or beneficiaries, or that have Israeli assets or income.**
- The deadline for submitting 2019 tax returns for those individuals that are required to submit an online return has been postponed until July 30, 2020.

## **5. Extending 2018 Tax Return Filing Deadline**

The deadline for submitting 2018 tax returns, for which representatives were granted an extension until March 31, 2020 (as per the Arrangement to Grant Representatives Extensions), shall be automatically extended to April 30, 2020.

## **6. Extending the Validity of Withholding Tax Certificates**

Withholding tax certificates that are set to expire on March 31, 2020, have been extended until **April 30, 2020.**

Taxpayers who do not have withholding tax certificates may apply to the Israeli Tax Authority using the public inquiries system.

Note that under certain conditions, payment to foreign residents up to the amount of USD 250,000 may be exempted from withholding taxes.

## **7. Grant for Self-employed Taxpayers During the Coronavirus Crisis**

Self-employed taxpayers whose business is affected can also apply to the Israeli Tax Authority for a special grant of up to a monthly amount of NIS 6,000 through their tax file, subject to some preliminary conditions that must be fulfilled.

There is a current proposal to increase the monthly support to NIS 10,500 as of the month of April, and also to alleviate the preliminary conditions, which will make more self-employed taxpayers eligible for the benefits. The increase of support and the final requirements will become valid only after passing the relevant legislation, probably immediately after the Passover holiday.

## **8. National Insurance Advance Payments**

- The National Insurance Institute has taken several steps to entitle unemployment benefits for employees. However, neither self-employed workers nor freelancers are eligible for unemployment benefits.
- Postponement of March advanced payment for the self-employed: the date of advanced social security and national health insurance payments for the month of March regarding self-employed workers has been postponed to May 15, 2020 (instead of April 20, 2020).
- Self-employed workers who have experienced a decrease in their income in the wake of the coronavirus situation may apply for a reduction in their advance payments to the National Insurance Institute.
- Self-employed workers who stopped working altogether due to the coronavirus crisis, can submit a request to close their self-employed file (closing their file at the National Insurance does not require any tax or VAT file closure).

## **9. Tax Authority Offices Provide Limited Service**

The Income Tax, Real Estate Tax, and VAT Offices will not be open for public visits. However, the Israel Tax Authority will continue to provide services over the phone and via other digital means. Declarations for real estate transactions requiring an attorney's signature verification shall be accepted at the Real Estate Tax Office even if the verifications were not done in person, but through video conference.

## **10. Possibility to sign Affidavits Online**

The Israeli Ministry of Justice together with the Governmental Teleprocessing Ministry now enable the digital certifying of the signature of affidavits via an online governmental system. The system enables individuals to sign affidavits before an Israeli attorney via video conference, instead of being physically present before such attorney. Such service is provided only to individuals currently present in Israel (this will be checked with the Israeli Border Control Registry) and entails a quick and easy registration and submission process.

**We anticipate various additional developments in the next weeks, and we will continue to update on relevant regulatory or legislative changes.**

**For additional information or assistance please contact:**

- **Adv. Inbal Faibish Wassmer, partner and Head of the Zürich Branch (Tax Department) [Inbal.Faibish@goldfarb.com](mailto:Inbal.Faibish@goldfarb.com), tel. +41 44 818 0802 (in Switzerland) or +972 3 608 9161 (in Israel); or**
- **Adv. Tal Atsmon, Head of the Tax Department, [tal.atsmon@goldfarb.com](mailto:tal.atsmon@goldfarb.com), tel. +972 3 608 9858; or**
- **Adv. Yaron Sever, Deputy Head of the Tax Department, [aron.sever@goldfarb.com](mailto:aron.sever@goldfarb.com), tel. +972 3 608 9161**

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