

Client Alert: The Closing of the Window for Returning Residents

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On December 31st, 2009 the window of opportunity will close for returning residents who stayed abroad for only five years, then plan on moving to Israel and receive new immigrant tax benefits.

In the past we distributed a notice that reviewed several tax benefits given to new immigrants and to returning residents which include: an exemption from taxes for 10 years on income from properties located abroad, an exemption from the reporting of tax free income and many more diverse tax benefits.

A returning resident is defined as someone who lives at least 10 years outside of Israel.

Under the temporary order, which is only valid from January 1st, 2007 to December 31st, 2009, the year requirement period has been shortened to only 5 years.

According to this order the window for immigrants who have lived abroad for only 5 years and intend to return to Israel will soon be closed in as far as the tax benefits are concerned.

If you plan on returning to Israel after January 1st, 2010, be aware that you are required to live abroad for at least 10 years in order to receive the full tax benefits.

It is highly recommended for all those that consider returning to Israel in the near future to make arrangements immediately and seek legal tax counseling to enjoy the benefits of the Israeli tax incentives.

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