

Voluntary disclosure program in Israel extended to June 30, 2016

On September 6, the Israeli tax authorities have announced an extension of the current special Temporary Voluntary Disclosure Procedure. The expiration date, which was originally scheduled to be September 7, 2015, has been extended and is now scheduled to be **June 30, 2016**. As a result of this extension, the taxpayer, who have not yet disclosed foreign income and assets, can still submit applications for a voluntary disclosure under the anonymous route as well as the fast track route introduced on September 7, 2014.

Under **the anonymous route** the application for the voluntary disclosure can be submitted anonymously, without disclosing the details of the taxpayer to the tax authorities. Only after conclusion of the negotiations regarding the tax liability, the name and the details of the taxpayer are revealed. (See # 5 Newsletter / December 2014 – AHK Israel (English Version)).

Under **the fast track route** voluntary disclosure is possible by submitting amended tax returns for the relevant tax years. This route is only available, if the capital included in the voluntary disclosure does not exceed the sum of NIS 2,000,000 and the taxable income derives from such income does not exceed NIS 500,000 in any relevant tax years. (See # 5 Newsletter / December 2014 – AHK Israel (English Version)).

In addition the Israeli Tax authorities have announced that the voluntary disclosure procedure is also open to taxpayers who have declared an insignificant amount of income. The formal voluntary disclosure program published September 7, 2014, announced that an application which resulted in an insignificant amount of taxes will not qualify for the procedure with the result that taxpayers did not receive immunity from criminal proceedings, if the application for example showed that the amount of taxes due is lower than NIS 50,000.

Now, according to the new decision, taxpayers can submit an application for voluntary disclosure and request immunity from criminal proceeding, even if the procedure results in a low tax amount.

Voluntary Disclosure remains an attractive option, especially in view of the upcoming global automatic exchange of information in tax matters (See # 2 Newsletter / May - AHK Israel (English Version)).