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IMMIGRATING TO ISRAEL: ECONOMIC CONSIDERATIONS

Wealth Management Forum Geneva
December 2016

Israel: Introduction

- ❖ Israel is a country of immigration.
- ❖ Israel's population is approximately 8.5 million, and it consists of 85% Jews, and 25% Arabs and others.
- ❖ Israel is a welfare state, which provides for medical insurance and employment benefits to all Israeli citizens under law.

Israel: A Country of Immigration

- ❖ As a general policy, Israel encourages immigration of Jewish people. This manifests in its Law of Return, which provides that every Jew has the right to immigrate to Israel, and become an Israeli citizen.
- ❖ Furthermore, Israel provides any New Immigrant (“Oleh Hadash”) with a “basket of benefits” and assistance, to enable him or her to have a “soft landing” in Israel, and settle conveniently together with their family.

Acquisition of Israeli citizenship

- ❖ First, a Jewish origin must be established. Afterwards, the person can apply for an Israeli ID, a New Immigrant Certificate and other documents which are required in order to immigrate to Israel.
- ❖ At this stage, the “New immigrant” – “Oleh Hadash” will travel to Israel and establish there his residence and “Centre of Life”.

Acquisition of Israeli citizenship (Cont.)

- ❖ During this period, the New Immigrant is granted with a laissez-passer only, with which he or she must enter and exit Israel.
- ❖ Only after residing in Israel for a certain amount of time, when it can be determined that the person's "Centre of Life" has become Israel, an Israeli citizenship and passport can be granted.
- ❖ The tax benefits granted to the new immigrant may be applicable to trusts settled by the new immigrant for members of his family who have the same status.

Economic benefits for New Immigrants

- ❖ Tax exemption on all foreign-sourced income for a period of 10 years. Israeli-sourced income is not exempted.
- ❖ New Immigrants are also exempted from reporting obligations on all foreign-sourced income for the period of 10 years.
- ❖ “Management and Control” of foreign business or foreign corporation is not enforced for 10 years.

Economic benefits for New Immigrants

- ❖ A New Immigrant may choose one year as an acclimatization period.
 - If the person remains an Israeli resident after the one-year adaptation period, the year will be considered to be part of the ten year exemption period;
 - If the person does not remain an Israeli resident, that one-year period will not be considered as a period of residency in Israel.
- ❖ In their status as new immigrants, they are eligible to government programs for medical services, and a “basket of benefits” aimed at assisting the new immigrant to settle in and acclimatize in Israel.

Other Tax Benefits

- ❖ No taxation on *bona fide* gifts among relatives, including cross-border gifts.
- ❖ No Estate Tax.

Inheritance

- ❖ Under Israeli Inheritance Law, there are no restrictions on the contents of a will, and the testator/testatrix may bequeath as they wishes (no “forced heirship”).
- ❖ It is recommended to establish a trust for resolving issues of cross border inheritance.



Thank you.

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