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### **The Israel Tax Authority is Seeking Unreported UK Income/ Mirit Hoffman, Adv.**

As part of the increasing efforts of the Israeli Tax Authority (ITA) to expose unreported worldwide income of Israeli tax residents, Mr. Moshe Asher, the ITA's Director General, met with the top UK Banks in London last week, in order to persuade them to put the pressure on their Israeli customers to disclose their unreported UK accounts and assets, to the ITA.

In addition, Mr. Asher requested that the banks contact their Israeli clients and explain to them the risk incurred in concealing UK income, and that the banks provide for their clients orderly reports that include financial information and transactions that had accrued over a 10 year period so that they can submit those to the ITA. While the ITA cannot apply sanctions against the UK banks in order to force them in helping expose the unreported income and capital in their possession, the request was made in the spirit of mutual cooperation between the countries to combat tax evasion.

This scheduled visit in the UK is part of the avalanche of exchange of information between countries worldwide and the international campaign against unreported income. Israel has signed over 50 conventions for the prevention of double taxation, in which some of the countries have undertaken to transfer information about income and money of Israelis within their borders. Information has made its way to Israel about its residents over the years under these agreements.

A similar meeting and request was made in 2014, regarding the financial institutions in Switzerland which had resulted in a signed declaration of intent for mutual cooperation in 2016, between Israel and Switzerland. This increased the cooperation between the two countries for automatic exchange of financial information, which assisted in the enforcement of payment of Israeli tax and the combat against money laundering.

During the beginning of 2017, The ITA received from the United States, information regarding accounts owned by Israeli residents that were held in financial institutions in the United States during 2014, and 2015. The transfer of information was part of the implementation of the FATCA agreement that was signed back in 2014 between Israel and the United States.

The ITA is also scheduled to receive information from many other countries in the framework of the Common Reporting Standard (CRS) agreement initiated by the OECD. Israel signed on the Multilateral Competent Authority Agreement on November 25, 2015, as part of Israel's commitment to meet international standards regarding tax enforcement. According to this agreement, Israel is anticipated to begin to transfer 2017 end-year financial information with various countries by September 2018.

During December 2017, the ITA published a new Israeli voluntary disclosure procedure as a final window of opportunity for Israeli residents to come forward and disclose any unreported worldwide income, before an investigation is initiated against them. As mentioned in a previous article, the new procedure will be in effect until the end of 2019. Similar to the previous procedure, it also includes a shortened track and an anonymous track. The anonymous track will be available only until December 31, 2018.

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The world is diminishing the hiding places for which one can accumulate unreported income and assets. Consequently, Israeli residents that still have unreported worldwide income should seriously consider coming forward and disclosing it to the ITA. After all, receiving a query from the ITA, being subjected to their questioning, and being criminally prosecuted by them, is no cup of tea....

*The content of this article is intended to provide a general guide to the subject matter and is not a substitute for legal consultation. Specific legal advice should be sought in accordance with the particular circumstances.*

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