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Certified Public Accountants (Isr.)

## Defining tax residence--rulings by the tax authorities

In the light of recent pre-rulings on defining "residence- from the Tax Authority- we wish to draw attention to the following:

1. Certain common factors seem to characterize the defining a person as non-resident.
2. These include: (a) residence in a "treaty" country where the person is considered "tax-resident." (b) either owning a home in the foreign country or long-term rental (3 years or more) of home. (c) Similarly no home owned in Israel or rented (ie. sublet) for 3 years or more. (d) The "taxpayer" did not spend more than 60 days-and his family more than 75 days-in Israel during each of the tax years.(e)In one case the person did not pay Bituach Leumi while resident outside the country whilst, in another, Bituach Leumi was paid, as a foreign resident.
3. Do note that in all these cases the period outside Israel was at least 3 years and included family members as well.

These pre-rulings certainly provide some indication of the approach of the tax authorities to the issue of defining residence, which is very significant in determining taxability.

This is a brief summary of recent rulings and should not be acted upon without taking appropriate professional advice.

We shall be glad to assist.

Warm Regards,

Jeff

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