



BROIDE & CO.
Certified Public Accountants (Isr.)



8th January 2018

REPORTING ON 2017 RENTAL INCOME

For Immediate Attention

For those of you who prefer, or have elected, to pay taxes on residential income according to the 10% "route" (see 2 below), you will require special tax payment vouchers - based on your rental income for 2017 - and these must be paid by January 30th in order to avoid paying interest and linkage on late payments.

Study the different routes hereunder, and contact our office without delay if you need payment vouchers. We will be glad to clarify.

Income from Real Estate

1. Rental income from residential property in Israel (individual tenants only) enjoys a tax exemption for individuals (only) up to NIS 5,010 monthly (2017). This is reduced by income which exceeds this ceiling.
2. Alternatively, you may elect to be taxed at 10% of gross rental, without any upper ceiling. If relevant, call our office now, or email us (no Bituach Leumi payable on this "route").
3. Where there are high maintenance or other costs (including depreciation), neither of the two alternatives may be appropriate, but rather the regular tax "route". Where the apartment or house is used for business (not for residential) purposes, then these tax provisions do not apply. However, this route may be subject to Bituach Leumi (National Insurance).

Rental income from property owned outside Israel - residential or commercial- may be taxed at 15%, but excludes claiming expenses and deductions (other than depreciation) and any foreign taxes paid thereon. High costs and/or foreign taxes paid render this unattractive. The alternative is the regular tax "route". (See 3 above.)

Kindly let us have the full details of your rental income received during January – December 2017, and do not hesitate to contact us with any questions. For information\inquiries please email Dvora:

dvora@broide.com

THE BROIDE TEAM

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