

## **Proposed Taxation of Trusts in Israel**

### **Report of the Trust Taxation Committee**

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#### **Preamble**

Since the 1<sup>st</sup> of January 2003, Israel residents are taxed on a personal basis. The change from the territorial system, used until 31.12.02, to the personal system was the result of recommendations of a committee (known as "The Rabinowitz Committee") appointed by the Minister of Finance to review the tax system in Israel. The Rabinowitz Committee report was published in June 2002.

Under the territorial tax system, most of the overseas passive incomes of Israeli resident's were not subject to tax. The new tax reform changed this, and from 1.1.2003 overseas passive income is also subject to tax. However, one important tax issue remained open, the taxation of Trusts. The Rabinowitz committee was reluctant to deal with this issue because of its complexity and recommended appointing a special committee to deal with it.

It should be noted that the Trusts taxation Committee, appointed as result of the Rabinowitz committee recommendation, analyzed the taxation of Trusts in the UK, USA, Canada and New Zealand with the assistance of experts from each country.

#### **The following is a synopsis of the recommendations of the Committee:**

##### **General**

On the 2<sup>nd</sup> of September 2002 the Israeli Tax Commissioner, Ms. Tal Yaron-Eldar, (Advocate), appointed a Committee to review the taxation of Trusts. Members of the committee were recruited from both the government and private sector. The committee, headed by Deputy Commissioner Ms. Frida Israeli (CPA), published its report on 24<sup>th</sup> of July 2003.

The recommendations of the Committee relate in principle to irrevocable trusts. The Committee recommended that revocable trusts should be treated in accordance with the rules fixed in sections 82-84 of The Income Tax Ordinance (hereinafter "The Ordinance").

The recommendations of the Committee relate to all possible combinations of domicile of the Settlor and the Beneficiary.

*Note: Israeli law does not distinguish between domicile and residency and in this Summary these terms are used as synonyms.*

The recommendations of the Committee also deal with situations of different domicile and also change of domicile of the Settlor and the Beneficiary. In addition to the main recommendations of the Committee, the Committee has also considered several ancillary subjects, in the absence of which, the members of the Committee were of the opinion that that the recommendations would not be complete.

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This Summary is arranged in the format of the Report of the Trust Taxation Committee, commencing with the principle situations and progressing to subsidiary situations and the ancillary provisions to complete the tax set up. At the outset it is to be noted that the domicile of the Trustee is immaterial for the purpose of tax, namely whether the Trustee is domiciled in Israel or whether the Trustee is domiciled abroad, taxation of the Trust will follow the same rules, and the difference will find its expression only with regard to enforcement as will be explained below. The rule that no preference will be granted to a foreign Trustee as against an Israel domiciled practitioner, without relevance of the status of either the Settlor or the Beneficiary, is consistent in all recommendations of the Committee. In addition to non-discrimination, the Committee, in its recommendations, devoted a chapter to the removal of impediments and to the encouragement of trust activity in Israel with a view to boosting the competitive ability of practitioners in Israel as against their foreign competitors.

### **Trusts of Israel Residents**

“Trusts of Israel Residents” – both the Settlor and the Beneficiaries are domiciled in Israel. The Committee aimed at achieving tax neutrality so that the use of trusts would not afford a tax advantage as compared with direct ownership of assets. With this in view, one of the main principles determined by the Committee was that taxation of the income of the trust should be assessed on a current basis, in the same manner as the tax on an individual.

**Transfer of assets to the Trust** – Upon establishment of the Trust and during the existence of the Trust, the Settlor transfers assets of various kinds to the Trust. Because an asset has exited possession of the Settlor, the transfer is a tax liable event, but exemption will be granted to the Settlor if the Settlor proves that transfer directly to the Beneficiary would have been exempt.

**Current Income of the Trust** – The person assessable is the Beneficiary, but since the income has not yet reached the Beneficiary, the Trustee will be liable to file a return on behalf of the Beneficiary, and the assessment will be issued to the Trustee. The rates of tax applicable to the Trust income will be the limited rates of Income Tax (10%, 15%, 25% and 35% as the case may be). For such purpose the status of the Trustee is irrelevant because the tax ensues from the status of the Beneficiaries. In those instances in which the Beneficiary would be liable to ordinary tax (in accordance with section 121 of The Income tax Ordinance) if he were to receive the income directly, tax on the income of the Trust will be levied at the ordinary rate (without tax brackets). In both instances, on taxation of the Trust, personal allowances, exemptions and deductions will not be allowed. Credits will of course be allowed for foreign taxes and set-off of losses. With regard to the provisions of section 75B (*Controlled Foreign Corporation*), the Committee recommended rules designated to avoid the use of Trusts as a means for escaping from the applicability of the section.

**Distribution to Beneficiaries** – Distribution to the Beneficiaries is not a tax liable event. It should be borne in mind that the Trustee will have paid the tax of the Beneficiaries on a current basis. Nonetheless if the income was distributed to the Beneficiary during the course of, and up to six months from the end of the tax year during which the income accrued, the Trustee and the Beneficiary may jointly request taxation in the personal assessment of the Beneficiary, and in such case the Beneficiary will enjoy every allowance, deduction or exemption to which he is

entitled and, in the case of income at the usual rates, he will enjoy the tax brackets. Losses may not be distributed at any stage during the existence of the Trust.

**Termination of Trust** – Distribution of capital and income that has already been taxed is not a tax liable event. Tax carry-over will be preserved in respect of the transfer of an asset to the Beneficiary. A loss may be distributed in accordance with the rules determined.

**Enforcement** – In view of the special character of Trusts, the Committee laid stress on enforcement. In the absence of tools for the enforcement of cooperation with the authorities, the Law will be toothless, and a foreign Trustee, who is out of the realm of the Income Tax Commission, will enjoy a substantial advantage. The Committee accordingly recommended two modes of enforcing compliance with the Law. In the first place, the Settlor will act as guarantor for the final tax liability of the Trust, and consequently, the Settlor will be motivated to demand compliance with the Law by the Trustee. Secondly, in addition to such guaranty, a tax debt of the Trust may be collected from a distribution to the Beneficiary but only up to a prescribed limit

### **Trust of a Foreign Beneficiary**

“Trust of a Foreign Beneficiary” – the Settlor is domiciled in Israel and the Beneficiary is domiciled abroad. In the event that the Settlor transfers his assets to a Trust of a Foreign Beneficiary, the connection of the assets with Israel (assuming that they are not situated in Israel) is in effect detached, and the income thereon is no longer liable to tax.

**Transfer of assets to the Trust** – The transfer of an asset is a tax liable event, however exemption will be granted if transfer directly to the Beneficiary would have been exempt.

**Current Income of the Trust, Distribution to Beneficiaries and Termination of Trust** – Income derived abroad is not liable, income derived in Israel – just the same as any income derived in Israel - will be liable for tax in accordance with the law applicable to the Foreign Beneficiary, distribution during the existence or upon termination of the Trust – is not a tax liable event.

**Enforcement** – An Affidavit of the Settlor and of the Trustee is required to the effect that no Beneficiary is domiciled in Israel, and the guaranty of the Settlor will be applicable to the final tax debt in respect of income produced in Israel.

The main apprehension in this situation was from the addition of an Israeli Beneficiary after several years during which the Trust, being a Trust of Foreign Beneficiary, enjoyed exemption on its profits. In order to prevent such a situation, the Committee recommended that the Trust will be regarded as though it was a “Trust of Israel Residents” from its inception, and the Trust will be required to pay tax on its income from its inception together with interest and linkage increments, and if required penalty provisions will be employed.

### **Trusts of a Foreign Settlor**

“Trusts of a Foreign Settlor” – The Settlor is an individual, (not a corporation), domiciled abroad in excess of 15 continuous years, and the Beneficiary is domiciled in Israel. With a view to encouraging the flow of capital to Israel and the transfer of the assets of the Settlor to the Beneficiary domiciled in Israel, the Committee recommended the grant of tax concessions to Trusts of this type.

**Events during the Existence of the Trust** – The following will be exempt from tax: Transfer of assets (if direct transfer to the Beneficiary would have been exempt), current income not derived in Israel and distribution of any kind to the Beneficiaries. Income derived in Israel will be liable to tax only if the Settlor would himself have been liable, had he not transferred his assets to the Trust.

**Enforcement** – In view of the nature of the concessions, the burden of proof as to the status of the Settlor is imposed upon the Beneficiary. In addition, the Beneficiary is obligated to report on the distributions that he receives.

### **Trusts of a Limited Foreign Settlor**

“Trusts of a Limited Foreign Settlor” – The Settlor is an individual domiciled abroad less than 15 continuous years, or a foreign corporation, and the Beneficiary is domiciled in Israel. In this type of Trust, the Settlor is a person who was formerly domiciled in Israel or a foreign corporation (of which the owners of the means of control are not domiciled in Israel – see definition of Settlor below).

**Transfer of assets to the Trust** – Exempt if direct transfer to the Beneficiary would have been exempt.

**Current Income of the Trust** – Exempt if not derived in Israel.

**Distributions to Beneficiaries** – Liable to 15% tax (regardless of whether capital or income); on distribution of an asset, the tax will be calculated in accordance with the market value of the asset, losses may not be distributed at any stage. This provision was determined in view of the difficulty of receiving information from the Trustee and in the absence of any possibility to bring influence to bear on the Settlor. In the absence of cooperation, there is no other practical mode of taxation.

**Additional Taxation Possibilities** – The possibility is open to both the Trustee and the Beneficiary to prove the exact amount of tax, if they wish to do so. The Trustee may choose tax liability as for “Trusts of Israeli Residents” (which obligates filing of current reports), and the Beneficiary, at the time of a distribution, may prove to the Tax Commissioner what the exact amount of tax would have been if the Beneficiary had received the same directly, and the Beneficiary may pay such amount of tax together with interest and linkage increments. Whatever the method chosen, consistency will be required.

### **Mixed Domiciles**

So far, we have reviewed the recommendations where domicile is clear and permanent. In the reality of life in Israel, mixed domiciles of members of a family, whether Settlers or Beneficiaries, and change of domicile, are not uncommon, and the Committee also gave thought to such eventuality.

### **Mixed Domiciles of Settlers**

**The Settlers include a resident of Israel** – The Trust will be treated as a “Trust of Israeli Residents”, and the rules will apply to the Settlor who is an Israeli resident as though he was the sole Settlor.

**The Settlers include a “Limited Foreign Settlor” and there is no Settlor who is a resident of Israel** – The Trust will be treated as a “Trust of a Limited Foreign Settlor”.

### **Mixed Domiciles of Beneficiaries of the Trust of an Israeli Settlor**

**The share of all of the Beneficiaries is definite** (for such purpose, even if the joint share of all the Israeli residents as against the share of the foreign residents is definite) – the share of the Israel resident Beneficiaries will be dealt with as a “Trust of Israel Residents”, and the share of the foreign Beneficiaries will be dealt with as a “Trust of a Foreign Beneficiary”.

**The share of all of the Beneficiaries is not definite**

**Transfer of an asset to the Trust** – constitutes a tax liable event as though the asset was transferred to a foreign Beneficiary.

**Current Income** – is liable to tax as though it belonged to a Beneficiary who is domiciled in Israel.

**Distribution to an Israel resident** – does not constitute a tax liable event unless actually distributed during the course of and up to six months from the end of the tax year during which the income accrued, and application was made to include the same in the personal assessment of the Beneficiary. In such event the tax will be included in the assessment of the Beneficiary.

**Distribution to a Foreign Beneficiary** – If the income was distributed prior to tax liability, namely on a current basis, the income is exempt (assuming that it was not produced in Israel) and will not be included in the assessment of the Trust. If the income is distributed subsequent to tax liability, the assessment of the Trust may be amended up to four years preceding the year of distribution, the income distributed to the foreign Beneficiary may be deducted and a tax refund may be received. The tax Commissioner will be afforded authority to extend the period for amendment of the tax assessment.

**In Trusts with Settlers who are not domiciled in Israel, mixed domiciles of the Beneficiaries are irrelevant.**

### **Change of Domicile**

**Trusts of Israel Residents** – Change of domicile of the Settlor is irrelevant. In the event of the change of domicile of a Beneficiary, an exit tax will be imposed in accordance with rules recommended by the Committee. These rules create symmetry between an exit by a person who holds his assets directly, and an exit by a person whose assets are held in Trust.

**Trust of a Foreign Beneficiary** – The Change of domicile of the Settlor is irrelevant. In the event that the Beneficiary immigrates to Israel, the rules applicable to Trusts of Israel Residents will apply to the Trust. Nonetheless the Beneficiary will enjoy concessions in pursuance of sections 14 and 97(b) of The Ordinance (*Tax concessions for New Immigrants [“Olim”] and returned residents*) even if the income has not yet been distributed to such Beneficiary. In such event, the concessions will in practice be received by the Trust.

**Trust of a Foreign Settlor** – If the Settlor immigrates to Israel, the Trust will be deemed a Trust of Israel Residents. The income of the Trust will enjoy the concessions pursuant to sections 14 and 97(b) of The Ordinance (even if the Beneficiary is an Israeli resident who is not entitled to any concessions). To the extent that the Settlor meets the requirements of section 14(d) and he or the Trust made entitled investments, the income of the Trust will receive the concessions pursuant to such section (again, even if the Beneficiary himself is not entitled to such concession).

If the Beneficiary ceased to be domiciled in Israel prior to the immigration of the Settlor to Israel, the change of domicile has no tax repercussions. On the other hand, if the Beneficiary ceased to be domiciled in Israel after the Settlor immigrated to Israel, (namely after the Trust became a Trust of Israel Residents), exit tax will be imposed, however the years during which the asset was in his possession will be reckoned from the end of the period of the concession entitlement of the asset (as in section 97(b) – presently 10 years).

**Trust of a Limited Foreign Settlor** – On the return of the Settlor to Israel, the Trust will be regarded as a Trust of Israel residents, however tax at the rate of 15% will be imposed upon distributions of income and capital accrued prior the return of the Settlor. The Trust will be permitted to file returns and to pay tax in respect of the activity of the Trust in previous years, and subsequent distributions will be exempt.

If the Beneficiary ceased to be domiciled in Israel and returns to Israel within five years – 15% tax will be imposed on excess distribution that he received abroad. Excess distribution is the amount in excess of the average annual amount that he received in Israel multiplied by the number of years that he was resident outside of Israel. If the Beneficiary returns after more than five years, or does not return at all, all distributions that he received when domiciled abroad are exempt.

**Trust of Foreign Beneficiaries and Settlers** – If the Settlor immigrates to Israel, the change of domicile has no tax repercussions. If the Beneficiary immigrates to Israel, the Trust will be regarded as a Trust of a Foreign Settlor or of a Limited Foreign Settlor, in accordance with the status of the Settlor. The Beneficiary may enjoy the concessions pursuant to sections 14 and 97(b) if so entitled, as though he had received the income directly. If both the Settlor and the Beneficiary immigrate to Israel, the Trust will be regarded as a Trust of Israel Residents, however the Trust will enjoy the preferable of the concessions due to the Beneficiary or to the Settlor.

#### **A Corporation as a Party to a Trust**

In accordance with general law, there is no reason why a corporation should not be a party to a Trust. The Committee took care that its recommendations would not conflict with general law, and accordingly dealt also with such a situation albeit not common. In this Summary, any mention of tax liability upon corporation refers, of course, to a corporation in the realm of applicability of The Ordinance.

#### **A Corporation as Settlor of the Trust**

**Transfer of an asset to the Trust** – is always a tax liable event for the corporation. The amount transferred, or the market value of the asset transferred, will be regarded as a dividend distributed to the shareholders of the corporation. An individual domiciled in Israel who is the owner of control of the corporation, will also be regarded as the Settlor of the Trust.

#### **A Corporation as a Beneficiary of the Trust**

**Transfer of an asset to the Trust** – is always a tax liable event for the Settlor.

**Current Income of the Trust** – the income will be liable to tax in accordance with the maximum rate of tax applicable to the Beneficiary of the Trust (namely if one Beneficiary is an individual and one Beneficiary is a corporation, at the higher rate of tax on such income).

**Distribution to a Corporation** - is not a tax liable event, but if the income is distributed during the current year and up to six months from the end of the year, upon request, assessment may be made in the assessment of the corporation.

**Distribution by a Corporation to its Owners** – such a distribution will be regarded as the distribution of a dividend.

**If the Share of the Corporation is definite** – the above provisions will apply to the share of the corporation.

#### **A Beneficiary that is a foreign corporation controlled by Israel residents**<sup>3</sup>

If the Beneficiary of the Trust is a foreign corporation controlled (50% or more) by residents of Israel, every individual or corporation, resident in Israel, which directly or indirectly, controls such corporation (10% or more), will be regarded as a Beneficiary. As a result, if the Settlor is Israel domiciled, the Trust will be regarded as a “Trust of Israel Residents”. The rate of tax imposed in respect of the foreign corporation will be 25% multiplied by the share of the Israel residents in the right to profits of the Trust, such tax is to be paid by the Trustee on a current basis. The provisions of section 75B of The Ordinance (*CFC*) will not apply to income of the corporation from the Trust. At the time of distributions from the corporation to its owners who are Israel domiciled, an allowance will be granted in respect of the tax paid by the Trustee. If no Israel residents together with their relatives control the corporation, the corporation will be regarded as a foreign Beneficiary.

#### **Quasi-Trust Legal Entities**

Legal entities with characteristics of a Trust (quasi-trust entities) are recognized in several countries, the better known of which are Liechtenstein, Panama and the Dutch Antilles. Such an entity is, like a company, a distinct legal entity, but which can be designed for use as a Trust. Without specific reference to such entities, the recommendations of the Committee would not apply and such entities could be utilized as a means for avoiding application of the Law. The Committee therefore recommended that such quasi-trust entities should be regarded as Trusts for all intents and purposes, and that all the provisions of the Law should apply to them including the filing of tax returns. A person who creates an entity of this kind will have the right to prove that it is a commercial corporation and not a Trust.

#### **Parties to the Trust**

In order to avoid a situation in which the tax authorities are dependant on the formal definition of a party of the Trust, the Committee recommended that in certain instances, a person should be regarded as a party even though he does not appear as such in the Trust Deed. For example, in the absence of the recommendations of the Committee in this respect, in order to enjoy the status of a Trust of a Foreign Settlor the income of which is exempt, the Settlor appearing in the Trust Deed must be a foreign resident, but, even though the Settlor named in the Trust Deed is a foreign resident, it can happen that an Israel resident is the person who in practice transfers the assets to the Trust.

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<sup>3</sup> The Committee recommended construction rules regarding control together with foreign resident relatives

**Settlor** – There will also be regarded as a Settlor a person who transfers an asset to the Trust at less than its market value, a person who grants a loan to the Trust on preferential terms, a person who purchases an asset from the Trust in excess of its market value, and the owner of control at the time of the transfer of an asset of a corporation that created a Trust.

**Beneficiary** – There will also be regarded as a Beneficiary a person who receives an asset or a service from the Trust at a price less than market value, and a person from whom the Trust purchases an asset or a service at a price in excess of market value. A Beneficiary of a Trust, which Trust is itself the Beneficiary of another Trust, will be regarded as a Beneficiary of such other Trust. A conditional Beneficiary will be regarded as a Beneficiary.

**Determination of Domicile of the Parties** – The domicile of a Beneficiary is to be determined at the time of accumulation and not in the year of distribution, minors and unborn issue have the same domicile as their parents, an unknown Beneficiary is be regarded as an Israel resident, in the case of a Beneficiary that is a foreign corporation the shareholders of which are not known, the Settlor will be regarded as the shareholder and the Trust will be regarded as revocable.

### **Encouragement of Trust Activity in Israel and removal of impediments**

As above, in its recommendations, the Committee devoted a chapter to the removal of impediments and the encouragement of Trust activity in Israel. The Committee was of the opinion that there is no reason why Israel residents should not also act as Trustees with regard to Trusts the parties to which have no connection with Israel other than purely commercial considerations. The recommendations of the Committee are intended to improve the competitive ability of the Israeli Trustee in the hope that this would enable him to export his services.

**Taxation Equality with non-resident Trustees** – No tax will be imposed on the Trust that would not have been imposed had the Trust been managed by a non-resident Trustee. Namely, use of an Israel resident trustee will not involve any additional tax.

**Encouragement of Israel resident Trustees** – In the case of Trusts, the Trustees of which are Israel residents who satisfy certain conditions to be determined, the Israeli Settlor will not be a personal guarantor for the tax debt of the Trust.

**Trust holding companies will be permitted** – income of a company incorporated in Israel that derives from assets held by the Company for the Trust (including a Trust established in accordance with foreign law), will be regarded as income of the Trust provided that all the assets and income belong to the Trust, all the shares of the Company are held by the Trustee, and a report as to the status of the Company has been submitted to the Tax Commissioner. Such a company will not be liable to submit an annual return, and no contention of “control and management” will be raised even in case the Company is managed by Israel resident Trustees (and even if the Beneficiaries are domiciled in Israel).

### **Trusts in Real Property Taxation Law**

#### **Transfer of an asset from the Settlor to the Trustee**

Land Betterment Tax – Such transfer constitutes a sale that must be reported to the Land Betterment Tax Director within 30 days, and the transfer is liable to Land Betterment Tax. Exemption in respect of the transfer will be granted if direct transfer



to the Beneficiary would have been exempt, if all Beneficiaries are definite and the share of each of them is definite, or if all Beneficiaries are definite and although the share of each of them is not definite, all of them are relatives of the Settlor.

Acquisition Tax – the liability will be determined in accordance with the identity of the Beneficiary as though he received the asset directly from the Settlor. If the Beneficiaries are not definite or their share is not definite (and they are not relatives of the Settlor), the maximum rate of Acquisition Tax that could be imposed will apply. In both cases, it is the Trustee who will pay the tax.

#### **Transfer from the Trustee to the Beneficiary**

Transfer of an asset to a known Beneficiary whose share is definite, or to a known Beneficiary who is a relative of the Settlor, which was exempt at the stage of transfer to the Trustee, will be exempt from both Land Betterment Tax and Acquisition Tax. Transfer of an asset to a Beneficiary who, at the time of the transfer to the Trust, was not known, or whose share was not definite will be a tax liable event.

**Additional Events** – Rules were determined in respect of other issues connected with Land Taxation.

#### **Charitable Trusts**

The Committee recommended provisions to ensure that Trusts for public purposes would enjoy the concessions granted to public institutions in accordance with section 9(2) of The Ordinance. Provisions were recommended for Trusts, the Beneficiaries of which include public institutions, and the allowance entitlement of donations in respect of the transfer of assets to this type of trust was also dealt with.

#### **Reporting Provisions**

In addition to the existing provisions of The Ordinance, the Settlor, the Trustee and the Beneficiary will be obligated to report on the following matters: -

**A Settlor domiciled in Israel** – Transfer of an asset to the Trust, in a “Trust of a Foreign Beneficiary” a declaration that none of the Beneficiaries are domiciled in Israel and that no such Beneficiary may be added to the Trust and a once-only report as to Trusts established by the Settlor prior to the recommendations of the Committee.

**The Trustee** – The Trustee of a “Trust of Israel Residents” will be obligated to file an annual return on behalf of the Beneficiaries, and the Trustee of a “Trust of a Foreign Beneficiary” will be obligated to file an annual declaration to the effect that no resident of Israel is included in the Trust and that no such Beneficiary may be added, the Trustee of a “Trust of a Limited/Foreign Settlor” is not obliged to file reports. All Trustees of all types of Trusts are obligated to file returns of income derived in Israel (namely, in this respect there will be no change in existing law).

**Beneficiary** – The receipt of every distribution from the Trust must be reported even if it is not a tax liable event or if the Beneficiary is exempt from tax on such income.

**Reporting by a Quasi-Trust Legal Entity**– Such an entity will be regarded as a Trust for the purpose of reporting and all rules applicable to a Trust will apply. The Settlor, the Trustee and Beneficiary of a quasi-trust entity will have the same obligations as in a Trust proper, thus the establishment of a quasi-trust entity prior to the recommendations of the Committee must be reported.

### **Taxation of a Revocable Trust**

The Committee recommended, for the sake of clarification, amendment of section 84(b) of The Ordinance (*tests for revocability of trusts*) to the effect that a Trust is to be regarded as revocable in cases in which the Settlor retains a material influence on the Trust or if a corporation controlled by the Settlor is a Beneficiary of the Trust.

To the extent that it is possible to distinguish which part of the Trust is revocable (for example, when the Settlor is entitled to the income from a particular asset out of several assets that the Settlor transferred to the Trust), the various parts of the Trust will be dealt with separately and the provisions of sections 82-84 (*revocable trusts*) will apply only to such part.

### **Transitional Provisions**

The rules for trust taxation will apply from the beginning of the year in which the Law adopting the recommendations of the Committee comes into force. Nonetheless the personal guaranty of an Israeli Settlor for tax debts of the Trust will apply only to income from assets transferred to the Trust subsequent to publication of the recommendations of the Committee.

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