



Global HR & Relocation Solutions



Repatriation from the US to Israel:

Practical Perspective

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Agenda



- ✦ Immigration Status in the US
- ✦ Taxation & Social Security in the US
- ✦ Taxation in Israel
- ✦ Social Security in Israel
- ✦ Insurance in Israel
- ✦ Custom Regulations in Israel
- ✦ Leaving the US: To Do List
- ✦ Arriving to Israel: To Do List

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Immigration Status in the US: Non-Permanent Visa (L, E, H)



- ✦ Check the validity of the L-1/E-1/H-1B Visa
- ✦ Legally, you and the company needs to report to the USCIS at the end of the employment
- ✦ Check the validity of the B-1 Visa
- ✦ Make sure to use only the B-1 Visa upon your next visit to the US

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Immigration Status in the US: Permanent Visa (Green Card)




- ✦ Green Card is not valid for non-US residents
- ✦ It is possible to apply for keeping Green Card up to a period of 4 years
- ✦ Permanent Residency and tax liability in the US
- ✦ B-1 Visa is required following Green Card

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Taxation in in the US




- ✦ End of Tax Residency Period - last day of presence in the U.S. in the year of transfer from the U.S. and establishing a tax home (principal place of work or employment) in another country.
- ✦ IRS Departure Permit
- ✦ W2: Apr of the year following repatriation
- ✦ State Tax: Up to last day in state
- ✦ 401(K)
- ✦ Social Security – 40 quarters


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Taxation - Israel



- ✦ Personal Taxation System
- ✦ Residential Tests
 - ❑ "Physical Presence" Test (183/30+425 days)
 - ❑ "Center of Life" Test
- ✦ Double Tax Treaty
 - ❑ Permanent Home
 - ❑ Center of Vital Interest
 - ❑ Habitual Abode (regular place of residence)
 - ❑ Citizenship
- ✦ Toshav Hozer Definition
 - ❑ For two years 183 abroad P.A.
 - ❑ "Center of Life" outside for following 2 years




Israel: Tax Residency




- ✦ Tax Residency considerations:
 - Physical Presence/Length of Assignment
 - Keeping a residency in Israel (long-term rental)
 - Purchasing a residency abroad
 - Economic and Social ties with Israel
 - Integration with local the community
 - Registration at Israeli institutes abroad
 - Visits to Israel
 - Working status with Israeli companies
 - Active bank/saving accounts
 - Active insurance programs
 - Immigration status in the destination country
 - Family members in Israel (spouse, children)

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Israeli Taxation for Expatriates



- ✦ Israeli Company (*Celalim*):
 - ❑ Special tax rates (48% > \$53k)
 - ❑ Basic Tax Deduction (10%-50% of \$4,128)
 - ❑ Accommodation Deduction (\$2,500)
 - ❑ Education Deduction (up to \$450)
- ✦ Foreign Company (*Takanot*):
 - ❑ Regular tax rates
 - ❑ Per-diem (\$120/\$71+\$112)
 - ❑ Education Deduction (up to \$638)
- ✦ IL – US Double Tax Treaty (Tax Credit)
- ✦ Capital Gains – Section 102
- ✦ No Totalization Agreement
- ✦ National Insurance – Passive Income

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**Taxation in Israel –
Returned Resident (Toshav Hozer)**

- ✦ Definition: 3 yrs (left up to 31.12.08)
6 yrs (left after 1.1.09) outside Israel
- ✦ Return Date: Intention to stay
- ✦ Passive Income: 5 years exemption
- ✦ Capital Gains: 10 years exemption
- ✦ Approved Equities: exemption on profits from foreign equities purchased during assignment period

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**Taxation in Israel –
Toshav Hozer Vatik**

- ✦ Definition: 10 years outside Israel (5 yrs on 2007-9), 8 yrs of non-residency
- ✦ 10 yrs exemption from:
 - ☐ Passive Income
 - ☐ Capital Gains
 - ☐ Income from a Business
 - ☐ Income from Occupation / Employment

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**Taxation in Israel –
Toshav Hozer Vatik (Cont.)**


- ✦ Additional Benefits:
 - ☐ Exemption from Reporting
 - ☐ New Assets/Activities
 - ☐ Adaptation Path (1 year)
 - ☐ Entities Residency

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Insurance in Israel


- ✦ National Health - Waiting period:
 - ☐ Absence – 183 days P.A.
 - ☐ Two months per year (pre-11/08) and one month per year (post 11/08)
 - ☐ Two to six months, 25 days per month
 - ☐ Redemption payment – 9,990 Nis
- ✦ Complementary Medical Insurance
- ✦ LTD Insurance
- ✦ Life Insurance
- ✦ Pension Savings

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Custom Regulations

- ✦ Previous Realization - 6 yrs in IL
- ✦ Toshav Chozer: 2 yrs abroad
- ✦ Exemption on
 - ☐ Furniture
 - ☐ Kitchen Appliances
 - ☐ Washing Machine
- ✦ Car: 2 yrs old, 113% Tax
- ✦ After 6 yrs – all appliances (beside appliances related to permanent installation)
- ✦ Up to two shipments/9 months



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MOIA Regulations

- ✦ Toshav Chozer: 2 yrs abroad (3 years for scientists and business entrepreneurs).
- ✦ MOIA Benefits
 - ☐ Flight Tickets
 - ☐ Additional weight
 - ☐ Employment Search
 - ☐ Income Security (Havtachat Hacnesa)
 - ☐ Financing Employment (public sector)
 - ☐ Artists
 - ☐ Scientists
 - ☐ Business Entrepreneurs



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Leaving the US: To Do List

- ✦ Medical papers
- ✦ Car Insurance
- ✦ Utilities disconnection
- ✦ Bank Account
- ✦ Leased Accommodation
- ✦ School Records
- ✦ Post Office
- ✦ Authorities (parking tickets, fines)
- ✦ Cars



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Household Moving

- ✦ Attended air freight: documents, valuables, cloths, books toys and toiletries for several days.
- ✦ Un-attended Air-freight: 10 days, cloths, books, games, video, baby chair, toiletries.
- ✦ Sea-freight: at least 6 weeks.



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Arriving to Israel: To Do List

- ✦ Home Company Redeployment
- ✦ Area Orientation*
-  ✦ School/Day-Care registration*
- ✦ Accommodation Return/Lease/Buy*
- ✦ Utilities Connection*
- ✦ Army Reserve/Enlisting Office
- ✦ Municipal Registration
- ✦ Social Security

* Pre-Repatriation Trip

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