

Israel's Tax Agency Criticized for Tepid Response to COVID-19

POSTED ON MAR. 31, 2020

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Reported opposition by the head of Israel's tax authority to delaying VAT payment due dates has led to criticism that the agency is not being sufficiently responsive to taxpayers affected

by the COVID-19 pandemic.

Israeli financial newspaper *Globes* reported March 29 that Israel Tax Authority (ITA) Director General Eran Yaacov told members of the Knesset Finance Committee there is no need to postpone VAT payments due April 23. "I think that it is not right because it is a long time from now, and keep in mind that in the end, these taxes pay for a large part of the economy and there are quite a few companies that have more taxes [due] at this time," Yaacov was quoted as saying. "Someone finding it difficult to pay every month and [wanting] to spread the payments out can make a request and it will be examined separately for each case. Tax money is what makes it possible to finance the health system's expenses and we need a very substantial mutual commitment to get through this thing."

While the ITA hasn't allowed a postponement for remitting VAT April 23, it did extend the VAT reporting and payment deadlines for January and February, said Harel Perlmutter, a tax lawyer with Barnea & Co. For companies filing VAT bimonthly, the new deadline is April 27. For taxpayers reporting VAT monthly, the deadline was extended to March 26.

The ITA has also granted an automatic one-month extension of the deadline for submitting 2018 tax returns that had previously been extended until March 31. The deadline for taxpayers to submit online returns for 2019 was postponed until July 30, while other taxpayers will not have to file their 2019 returns until June 30. The filing date for 2019 corporate returns is now July 30.

Perlmutter said the deadlines for submitting reports on deductions or making estimated or return income tax payments have not been extended. "The government should announce that it will postpone [them] for at least 60 to 90 days, similar to President Trump's tax reliefs," he said. On March 20 U.S. Treasury Secretary Steven Mnuchin said the [filing date for all taxpayers would](#)

be moved from April 15 to July 15.

Meori Ampeli, a lawyer and CPA with the Ampeli Tax Law Offices, said the Israeli government hasn't responded as quickly as it should with tax measures to mitigate the impact of the pandemic. "The government . . . declared an ILS 80 billion [around \$22.4 billion] assistance package for the Israeli market, but due to the political crisis and the . . . impact of the coronavirus, no real actions have been taken yet," he said.

The *Haaretz* newspaper reported March 30 that Prime Minister Benjamin Netanyahu proposed that ILS 17 billion be allocated to unemployment benefits, ILS 5 billion for small businesses, and ILS 6 billion for large companies. Self-employed workers would receive payouts of up to ILS 14,000 under the plan, *Haaretz* reported.

After three national elections within a year — the last on March 2 — failed to secure a majority for either Netanyahu or opposition leader Benny Gantz of the Blue and White alliance, Gantz surprised the country by agreeing March 26 to form a unity government with the caretaker prime minister.

"I hope that the public pressure, together with the huge impact of the coronavirus on the stability of the Israeli market, will make the ITA more cooperative than before," Ampeli said in response to Yaacov's statement that taxpayers can request extensions for VAT payments.

Perlmutter agreed. "They should have postponed and extended [payments] as a default and not on request," he said. "This is a recipe for misunderstandings."

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DOCUMENT ATTRIBUTES

JURISDICTIONS

ISRAEL

SUBJECT AREAS / TAX TOPICS

VALUE ADDED TAX TAX SYSTEM ADMINISTRATION

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TAX ANALYSTS DOCUMENT NUMBER

DOC 2020-12082

TAX ANALYSTS ELECTRONIC CITATION

2020 TNTI 62-7

