



## Data transference as part of the agreement to implement FATCA legislation

On 30 June 2014, the Israeli and American governments have signed an agreement to improve international tax enforcement and implement the statutes of the FATCA (Foreign Accounts Tax Compliance Act) legislation. The agreement regulates the transference of data to the IRS (the United States' tax authority) using the Israel Tax Authority, which will receive the information from Israel's financial bodies. On 4 August 2016, income tax regulations (implementation of FATCA agreement), 5776-2016, have passed in the finance committee.

According to these regulations, financial institutions must forward the requisite data using a computerized system, found in the Israel Tax Authority's site, until 20 September, 2016. The above information will include data about accounts owned by American residents or citizens as of 2014 and 2015, as recognized by the financial institutions.

A petition (numbered 8886/15) has been made to the High Court of Justice against the agreement as delineated above and the legislation codifying it. On 12 September 2016, the High Court of Justice rejected the 8886/15 petition and as part of its decision it was also stated that the interim court order issued on 31.8.2016 is canceled, subject to a clarification made by all of the responders that no information will be given to U.S. tax authorities of persons whose accounts were marked as reportable and 30 days have not yet elapsed since they were notified, or of persons who have received the aforementioned notification but have raised concerns regarding it – while these concerns have not been assuaged, that is: when a person raises a concern after being contacted by a financial institution, the institution must reply to said concern before forwarding the information to the Americans.

In light of the above, and in order to implement the decision by the High Court, the Authority announces an extension in providing reports, lasting until 30 September 2016.

The transference of information will be carried out only after registration by the reporting financial institution on the American tax authority (the IRS's website), and receiving a GIIN number, and following registration with the Tax Authority through form 940 – request for registration in the FATCA reports system.

Additional details are available on the Tax Authority's website – income tax – international taxation.

Information and online services center



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