ISRAEL

1. INTRODUCTION

a. Forms of Legal Entity

The main forms of legal entities doing business in Israel are companies (which are opaque for tax purposes and, therefore, are separate from their shareholders) and partnerships (which are treated as transparent for tax purposes).

Israel has a two level corporate tax regime. Companies are taxed on their income and shareholders are taxed upon distribution of dividends by companies to them. Partnerships, on the other hand, are subject to only one level of tax, i.e. the partnership is a look-through and only the partners are subject to tax with respect to the partnership's income (as classified in the hands of the partnership) pro rata based on their holdings in the partnership.

There are other entities that may be utilised, including other forms of transparent entities for tax purposes such as family companies, trusts, and house companies (special companies suitable for investments in real estate).

b. Taxes, Tax Rates

The general corporate income tax rate is 23%, which generally applies to all types of a company's income, including capital gains. Dividends paid from one Israeli resident company to another are generally exempt from tax, to the extent dividends are distributed from income generated or accrued in Israel and subject to regular corporate income tax rates. Dividends that an Israeli resident company receives from abroad are subject to the standard 23% corporate tax rate, with the ability to generally obtain a direct and indirect foreign tax credit with respect to taxes withheld abroad. Moreover, there are preferential corporate tax rates that may be applicable subject to meeting certain conditions.

As noted above, partnerships are transparent for tax purposes and thus, no tax applies at the partnership level. Individuals (such as partners in partnerships) are subject to tax at progressive rates up to 47%, with an additional 3% surtax applicable to individuals with annual income over a certain threshold (roughly USD203,000 in 2022).

VAT is charged on transactions in Israel and on the importation of goods into Israel, currently at a rate of 17%. VAT is generally reclaimable by a registered "dealer" to the extent paid for the generation of income that is subject to VAT. Certain transactions may qualify for a zero rate VAT.

c. Common divergences between income shown on tax returns and local financial statements

Israeli tax returns are generally based on financial statements, which are reconciled in order to meet tax law requirements.

A significant difference between financial statements and tax returns is the exclusion of certain intercompany dividends from the taxable income. Dividends distributed to an Israeli resident company by another Israeli resident company out of Israeli source income is exempt from tax.

Tax returns also typically diverge from financial statements with respect to deduction of expenses, as follows:

(a) Wages, management fees, linkage differential, interest or other payments made by a company that is owned by less than five persons to controlling shareholders who hold 10% or more of any of the "means of control" of a company (which generally includes the right to vote, receive profits, nominate a director or general manager of the company, receive assets upon liquidation or instruct someone who holds any of the aforesaid rights regarding the manner in which he or she is to exercise such right(s), all regardless of the source of such right) are deductible only if paid to such controlling shareholder within the same tax year in which a deduction is claimed, or wages income was included in the tax return of the controlling shareholder and the applicable withholding tax was deducted and remitted to the Israel Tax Authority ("ITA") within three months after the end of the tax year;

(b) Any income payable to a foreign resident is deductible as an expense if it was paid in the tax year in which the deduction is claimed, or the tax withholding with respect to such income was deducted within three months after the end of the tax year and was remitted to the ITA in a timely manner;

(c) Research and development expenses are generally amortisable over a period of three years for tax purposes (unless certain approvals have been obtained allowing a deduction of the expenses in the year in which they were incurred).

In addition, deductions for depreciation of capital assets are allowed only in accordance with the rates prescribed in the applicable Israeli regulations and such rate may differ from depreciation for accounting purposes. Specifically, Israeli regulations do not allow taxpayers to claim a deduction for intangible assets, except for certain specific cases provided for in Israeli legislation (such as a deduction of patents or knowledge over a period of eight years by "Industrial Companies", subject to certain conditions and limitations included in the Law for Encouragement of Industry (Taxes) 1969 and a deduction of goodwill over a period of 10 years, subject to certain conditions and limitations included in the Income Tax Regulations (Depreciation Rate for Goodwill) 2003).

2. RECENT DEVELOPMENTS

Israel recently adopted legislation that provides preferential tax rates to technology and hi-tech companies in relation to income derived from intellectual property development activities that are conducted in Israel. Under this legislation, such companies that develop their intellectual property in Israel can benefit from preferential tax rates, subject to meeting certain conditions that aim to limit such benefits to cases where the intellectual property is indeed developed in Israel.

The ITA established a committee that has recently submitted recommendations for significant reforms to Israel's international tax regime. If enacted into law, these recommendations would have a significant impact on matters such as residency of individuals, CFCs, foreign tax credits, reporting obligations and hybrid mismatches.

Israel has recently adopted new tax treaties and amended certain others. Israel has also ratified the Multilateral Convention to Implement Tax Treaty Related ("MLI") measures to prevent Base Erosion and Profit Shifting ("BEPS"), which was signed by the Minister of Finance on 7 June 2017.

More recently, Income Tax Regulations (Accelerated Depreciation during the Coronavirus Period) (Temporary Provision), 5780-2020 were finalised. These regulations aim to induce economic activity in Israel during the coronavirus crisis, although they are not limited to businesses that suffered losses, and benefits thereunder are available to any business that satisfies the conditions in said regulations.

Israel has not adopted any specific provisions or guidelines relating to Covid-19 measures aside from a few ad hoc filing extensions and certain grants and subsidised loans to financially assist businesses.

3. SHARE ACQUISITION

a. General Comments

From a buyer's perspective, an asset sale is generally preferable because it allows the buyer to purchase the business and the assets without having to assume all of the company's historical tax liabilities (which is the case when the buyer purchases the shares of the company and essentially acquires the company as a whole). In addition, the buyer can get a step up in the purchased assets (a new cost basis) which is generally amortisable over a certain period of time. For sellers, on the other hand, asset deals are generally less advantageous because there are two levels of tax: at the company level, in respect of the sale of the assets, and then at the shareholder level upon distribution of a dividend.

From a buyer's perspective:

- Liabilities: all historical tax liabilities of the acquired company are assumed (usually subject to indemnity for pre-closing taxes and breach of and tax representations and warranties that are included in the share purchase agreement and can help mitigate).
- The acquired company's basis in its assets remains unchanged. Any future transfer of assets (e.g. sale of intellectual property of the company post-acquisition) is a taxable event at the company level and will give rise to additional taxes.

From a seller's perspective:

- If the company was established on or after 1 January 2012, the applicable capital gains tax for individual shareholders is 25%, increasing to 30% for shareholders who hold 10% or more any of the means of control of such company, plus, in each case, a 3% surtax applicable to individuals with annual income over a certain threshold (roughly USD203,000 in 2022). If the company was established prior to 1 January 2012, the tax rate will be calculated on a linear basis (subject to the date of purchase and date of sale). If the seller is a company that is subject to tax in Israel with respect to the share purchase transaction, the gain will generally be subject to a 23% corporate tax rate. Non-Israeli residents are generally exempt from tax on capital gains, subject to meeting certain conditions.

b. Tax Attributes

In general terms, tax losses and other tax attributes of a target company may be carried over indefinitely.

While net operating loss carry forwards survive a company's change of ownership, courts in Israel have held that when the sole objective of an acquisition of a company is to utilise its carried forward losses, and the purchase lacks a business and commercial purpose, there are limitations on the utilisation of losses and such losses will often not be allowed to offset taxable income of the company following the change of ownership. These court decisions rely heavily on general anti-avoidance provisions under Israeli tax law, such as the authority granted to the ITA to disregard a transaction if it is artificial.

Tax attributes cannot be transferred between entities. That said, in certain circumstances such as a post-acquisition merger, the tax attributes are effectively transferred to another entity, albeit subject to certain limitations on the ability to utilise such tax attributes.

c. Tax Grouping

Tax grouping is generally not allowed under Israeli law. An exception applies, however, in the case of an Israeli-resident "industrial" company or a company that is a holding company of industrial companies. An industrial company is a company that receives at least 90% of its revenues from an industrial facility engaged in manufacturing activities, including software and other high-tech companies' activities. An industrial company, or an industrial holding company, may file a consolidated tax return on behalf of itself and its industrial company subsidiaries, provided that all the industrial companies included in the consolidated group are part of a single assembly line or manufacturing process.

d. Tax Free Reorganisations

Israeli tax law includes two main types of tax free reorganisations that are applicable to M&A transactions. Note that some other types of reorganisations, such as a tax deferred, hive down of assets or a spin off of a subsidiary to a parent company, are also available but are less common in the context of M&A transactions.

The first reorganisation is a merger, which is defined as a statutory merger, in which there is a transfer of all assets and liability of a company ("transferor company") to another company ("surviving company"), followed by a winding-up without liquidation of the transferor company, or an acquisition of at least 80% of the share capital of a company (the transferor company in this case) in exchange for shares of the acquirer (the surviving company in this case) (a "Merger Reorganisation").

The Merger Reorganisation takes the form of a rollover relief, so it constitutes, strictly speaking, a tax deferral rather than a tax exemption. The following conditions need to be satisfied in order for the Merger Reorganisation to qualify for tax free treatment:

(a) Business and economic purpose. The principle objective of the Merger Reorganisation is to enable joint management and operation of the businesses of the companies participating in the Merger Reorganisation. Improper tax avoidance or tax reduction must not be one of the principal purposes of the Merger Reorganisation.

(b) Continuity of assets. The majority of assets (by value) transferred in the Merger Reorganisation to the surviving company from the transferor company and the majority of the assets (by value) owned by the surviving company immediately prior to the merger, must not be sold during a period of two years beginning on the date of the Merger Reorganisation (the "Required Period"). During the Required Period, such assets must continue to be used in the ordinary course of the surviving company's business. In certain circumstances, a replacement of assets will not be deemed a sale of assets for these purposes. It is also possible for the merging companies to apply to the Director of the ITA to exclude certain assets or categories of assets for the purpose of this test, and the Director may grant approval subject to conditions. Assets for these purposes do not include stock or inventory and certain tradeable securities.

(c) Continuity of economic activity. The main economic activity of each of the merging companies immediately prior to the Merger Reorganisation must continue in the surviving company during the Required Period.

(d) Proportionate issuance of shares in the surviving company. In the course of the Merger Reorganisation, the surviving company must issue shares carrying equal rights to the shareholders of the transferor company in proportion to their holdings in the transferor company.

(e) Value of merging companies. There are two requirements pertaining to the relative value of each of the companies participating in the Merger Reorganisation: i) holders of rights in each merging company must hold together at least 10% of the market value of the rights in the surviving company on the date of the merger; ii) the market value of each merging company may not exceed nine times the market value of the other merging company, on the date of the merger. These requirements may be waived for certain parent-subsidiary or sister-company mergers.

(f) Consideration. Cash consideration may be utilised in a merger but will be taxable in the hands of the recipients. The cash portion of the merger consideration is generally limited to 40% of the total merger consideration, yet it is possible for one or more shareholders to receive only cash consideration in exchange for all of their shares in the transferor company (with the 40% limitation applying only to the remaining shareholders).

(g) Required documentation. Each merging company and their shareholders must submit to the ITA reports detailing, inter alia, the facts relating to the Merger Reorganisation, Merger Reorganisation agreements, any opinions, financial statements, reports on the designation of the transferred assets, and any valuations conducted for purposes of the Merger Reorganisation. These reports and documents must generally be submitted within 30 days of the Merger Reorganisation date, or within 60 days if the Merger Reorganisation was pre-approved by the ITA.

(h) Continuity of interest requirement. All of the holders of equity rights in the merging companies must hold together, immediately after the merger, all of the rights in the surviving company. In addition, during the Required Period, the equity rights held by all or part of the rights holders in the merging companies on the merger date, should not be less than 25% of each of the equity rights in the surviving company. In other words, any sale of, and/or issuance of shares in, the surviving company during the Required Period shall not be deemed to violate the tax free merger continuity of interest requirement, if the rights in the surviving company held by the original rights holders (at the time of the merger) in the merging companies do not fall below 25% of each of the rights in the surviving company. These provision will not apply with respect to an upstream parent-subsidiary merger. In addition, equity rights that are publicly traded on a securities exchange will be disregarded for the purpose of the continuity of interest requirements, unless such rights held by a controlling shareholder (generally defined as a person that holds 5% of the vote or value of a company) other than certain institutional investors.

(i) The date of the merger. Generally, a Merger Reorganisation can take place, for tax purposes, at the end of the tax year. However, subject to certain conditions, a Merger Reorganisation can also be carried out at the end of each quarter of the year (i.e. 31 March, 30 June and 30 September). To the extent a quarterly merger is carried out, additional financial statements and tax returns are required to be prepared.

(j) Pre-ruling. Certain Merger Reorganisations require an advance authorisation by the ITA in order to qualify for tax free treatment, including if i) the absorbing company is a foreign resident, or ii) one or more of the companies participating in the Merger Reorganisation does not generate or is not expected to generate income that is classified as business income. In addition, taxpayers are allowed to approach the ITA in order to obtain a pre-ruling confirming the eligibility of the Merger Reorganisation to tax-exempt treatment. The ITA is allowed to include additional conditions and limitations in the pre-ruling confirmation.

The second typical reorganisation of an M&A transaction is an exchange of shares of a company in exchange for shares of a publicly traded company (a "Share-swap Reorganisation"). In a Share-swap Reorganisation, the taxable event for the seller of shares is deferred until the earlier of i) the actual sale of the share-consideration or ii) the end of the so-called "postponement period". The postponement period is 24 months after the date of the share exchange or six months after the lapse of a statutory lock-up period, whichever is later, with respect to 50% of the share-consideration and 48 months after the date of the share-exchange or six months after the lapse of a statutory lock-up period, whichever is later, with respect to the remaining 50% of the share-consideration.

The following conditions need to be satisfied in order for the Share-swap Reorganisation to qualify for tax free treatment:

(a) Proportionate consideration. The ratio of the fair market value of the sold shares to the fair market value of the acquiring company immediately after the share-swap equals the ratio of the fair market value of the consideration shares and any additional cash consideration to the fair market value of the acquiring company immediately after the share-swap.

(b) Equal rights. All consideration shares hold equal rights.

(c) Sale of all shares. All of the shares and rights to acquire shares held by the transferor have been exchanged in the share-swap transaction, unless the ITA approved otherwise.

(d) Pre-ruling. The ITA must authorise in advance the tax free treatment of a Share-swap Reorganisation. The ITA is allowed to include additional conditions and limitations in the pre-ruling confirmation.

(e) Trustee. The share-consideration must be deposited with an Israeli resident trustee, pre-approved by the ITA, that will be responsible for the payment of any taxes related to the share-consideration as a result of the sale or deemed sale of such shares.

e. Purchase Agreement

Share purchase agreements in Israel are generally based on US-style agreements and contain the following sections relating to taxes:

- Withholding Rights: Buyer's right to generally withhold from payments to the sellers. In Israel, there is a market practice of utilising paying agents in M&A transactions. Pursuant to guidance published by the ITA, buyers can pay the consideration to the paying agent and essentially "shift" the withholding obligations from the consideration payable to the sellers to the paying agent. Sellers are required to approach the ITA and obtain a certificate of exemption from (or reduced rate of) withholding to prevent withholding at a 30% default withholding rate. Purchase agreements typically set forth the mechanics of the engagement of the paying agent and the withholding procedures.
- Tax Representations & Warranties: These are normally provided with respect to the company's tax history. There are typically general representations as well as more specific or detailed representations, depending on the due diligence and the company's tax status.
- Covenants: Covenants relating to tax matters are usually included in the share purchase agreements and cover issues such as filing of tax returns, payment of taxes, amending tax returns, controlling any tax contests with the tax authorities and any other matters, including matters specific to the deal at hand.

- Indemnification: It is common for share purchase agreements to include indemnification provisions requiring sellers to indemnify the buyer for:
  - Taxes of the company for the tax period up to the closing of a transaction;
  - Any breach of the tax representations and warranties or the tax covenants provided therein;
  - Any under-withholding from payments to the sellers (i.e. for taxes that should have been withheld but inadvertently were not; and
  - Any other specific tax items or matters that would require a specific indemnity.

  Tax representations are normally treated as so called "fundamental representations" in that they are typically not subject to general indemnity limitations, but capped at the aggregate consideration. Claims of indemnity for taxes are usually allowed until the expiration of the statute of limitations with respect to such taxes. It is also common that a certain percentage of the consideration remains in escrow, which funds can be used to satisfy any indemnification claims.
- Miscellaneous: At times, transactions may have specific matters that need to be addressed separately, such as provisions for obtaining specific tax rulings allowing deferral of the tax event in certain share-exchange transactions where the deal consideration is paid wholly or partially in kind, addressing withholding with respect to equity-based compensation and the sale of shares by employees or a tax ruling that is relevant only for public deals (i.e. when the acquired company is publicly traded).

f. Transfer taxes on share transfers (including mechanisms for disclosure and collection)

There are generally no transfer taxes on share transfers in Israel, unless the target company is classified as a real property-rich company (referred to as an "Igud Mekarke'in" in Hebrew ("IM")). In this instance, there is acquisition tax levied on the buyer (currently at a rate of 6% of the fair market value of the real property in Israel). The determination of whether or not the company qualifies as an IM depends on the nature of the assets held by the company (bearing in mind that long term leases for more than 25 years count as real property assets for this purpose). Upon the sale of shares of an IM, the sellers are subject to capital gains tax, while the buyer is subject to said acquisition tax. In addition, there are potential VAT implications upon the sale of shares in an IM.

g. Share Purchase Advantages

This type of purchase is generally advantageous for sellers because there is only one level of tax, as opposed to two levels of tax in asset deals (see below). Share purchase deals are generally more common in Israel than asset deals. For foreign non-strategic purchasers (such as private equity and venture capital funds) seeking to exit their investment after the target company appreciates in value, a share purchase is preferable because they can generally benefit from a capital gains exemption upon the sale of the shares of the target company.

h. Share Purchase Disadvantages

The acquired company's cost basis in its assets remains unchanged. Any tax liabilities of the acquired company remain with the acquired company and are essentially assumed by the buyer. As noted above, from a seller's perspective, there are two layers of tax in an asset deal, as opposed to one layer in a share purchase transaction.

4. ASSET ACQUISITION

a. General Comments

Asset acquisitions allow buyers to acquire specific assets and choose which liabilities to assume and, thus, benefit from more certainty with respect to pre-closing tax liabilities. Moreover, buyers generally benefit from a step up in the cost basis of the acquired assets, which can generally be amortised over a period of time. For sellers, on the other hand, asset deals are generally less advantageous because there are two levels of tax: at the company level, in respect of the sale of the assets, and then at the shareholder level upon distribution of a dividend.

From a buyer's perspective:

- Asset transactions and transfers of businesses as a going concern are generally subject to VAT as well as an acquisition tax in case of a transfer of real estate. Such VAT may be reclaimed by "dealers" registered for Israeli VAT purposes.
- The book value of the acquired assets is stepped up, resulting in higher depreciation, although higher depreciation may result in lower distributable reserves.
- Acquired goodwill may generally be depreciated over a period of 10 years (certain limitations apply).
- Acquired intellectual property may generally be depreciated over a period of eight years, but only in case of an acquisition by a company that is regarded as an Industrial Company under the Israeli Encouragement of Industry (Taxes) Law, 5729-1969.
- Interest for financing the acquisition of assets, as well as other expenses incurred in the acquisition, can generally be deducted.

From a seller's perspective:

- The target is subject to capital gains tax (at the corporate income tax rate, currently 23%) on the built-in gain in each of the sold assets (capital losses and NOLs can generally be offset against capital gains).
- Historical tax liabilities generally remain with the target company.
- The distribution of the consideration received by the target company to its shareholders is likely to create an additional layer of tax to the sellers (for example, for individuals or non-Israeli companies who are subject to tax on the dividend).

b. Purchase Price Allocation

A purchase price allocation is generally needed in order to be able to determine the depreciation of the cost basis in the assets. The asset purchase agreement will generally address the issue of who prepares the purchase price allocation (e.g. buyer, with seller's consent, the two parties together, etc.).

There are no rules in Israel that govern the manner in which the purchase price allocation should be prepared for tax purposes. Generally, the purchase price allocation follows the accounting and is based on the fair market value of the various acquired assets. The tax authorities may challenge the valuation of each of the assets and/or the purchase price allocation.

c. Tax Attributes

Tax attributes are generally not transferred in an asset acquisition and such attributes remain with the target company. Buyers, however, are generally entitled to depreciate the acquired assets based on the stepped-up cost and the depreciation periods are reset (i.e. the buyer begins a new depreciation period).

d. Tax Free Reorganisations

Tax-free transfers of assets within groups are generally limited under Israeli tax law. Companies may contribute certain assets to subsidiaries on a tax free basis, subject to meeting certain conditions. In addition, it is possible to implement certain internal reorganisations (including spin offs and splits) on a tax free basis subject to meeting applicable requirements.

e. Purchase Agreement

Asset purchase agreements in Israel generally contain the following sections relating to taxes:

- Withholding Rights: Buyer's right to withhold from payments to the sellers. Sellers are required to present the buyer with a certificate of exemption from (or reduced rate of) withholding issued by the ITA to prevent withholding at a 30% default withholding rate. Corporate sellers of assets typically have on file so called "services and assets" withholding certificates (blanket withholding certificates that are issued on an annual basis to corporate taxpayers) and that generally provide for an exemption from withholding. Services and assets certificates can normally be used by sellers in an asset deal, as long as the consideration is in cash and the transfer of the funds is made to an Israeli bank account.
- Tax Representations and Warranties: These are normally provided with respect to the company's assets and business. They are normally limited in scope compared with representations and warranties contained in a share purchase agreement, but include specific representations such that the acquired assets do not constitute real estate rights that could trigger real property transfer taxes.
- Covenants: Covenants relating to tax matters are usually included in the asset purchase agreements and cover issues such as filing of tax returns, preventing liens relating to taxes on the acquired assets, issuing VAT invoices to the buyer, allocation of responsibility for any transfer taxes (particularly VAT), and any other matters that may be relevant or specific to the deal at hand (e.g. a purchase price allocation that the parties want to ensure is reported consistently to the tax authority).
- Indemnification: It is common for asset purchase agreements to include indemnification provisions requiring sellers to indemnify the buyer for:
  - Taxes relating to the business or the acquired assets for the tax period up to the closing of a transaction
  - Any breach of the tax representations and warranties or the tax covenants provided therein
  - Any under-withholding from payments to the sellers (i.e. for taxes that should have been withheld but inadvertently were not, and
  - Any other specific tax items or matters that would require a specific indemnity.

Pre-closing tax liabilities are typically defined in asset purchase agreements as part of the so called "Excluded Assets" (i.e. those that are not being transferred to or assumed by the buyer and for which the seller continues to be responsible). Tax indemnities are typically not subject to limitations, with the indemnity normally capped at the entire consideration. Claims of indemnity for taxes are usually allowed until the expiration of the statute of limitations with respect to such taxes. It is also common that a certain percentage of the consideration remains in escrow, which funds can be used to satisfy any indemnification claims.

f. Depreciation and Amortisation

The acquisition of assets generally results in a step up in the cost basis of the acquired assets. The book value of the acquired assets is stepped up resulting in depreciation over an applicable of time. Depreciation periods are set for tax purposes and are not necessarily compatible with depreciation for accounting purposes.

g. Transfer Taxes, VAT

The sale of assets is generally subject to VAT. With respect to a sale of assets to an Israeli resident, the VAT rate is 17%, which may be reduced to zero in case of a non-Israeli buyer. An Israeli buyer that is registered as a dealer for Israeli VAT purposes may be entitled to reclaim the VAT amount. The VAT liability is legally borne by the seller (but can commercially be allocated differently in the asset purchase agreement), and should generally be disclosed to the tax authorities until the 15th of the month following the month in which the transaction takes place.

Transfer taxes apply in the case of a sale of real estate assets, at the rate of 6% to the buyer and the corporate income tax rate (currently 23%) applicable to the capital gain of the corporate seller. Each party should report the transaction to the tax authorities within 30 days of signing the transaction, and pay the applicable tax within 60 days of signing the transaction.

h. Asset Purchase Advantages

Asset acquisitions allow buyers to acquire specific assets and choose which liabilities to assume and thus benefit from more certainty with respect to pre-closing tax liabilities. Moreover, buyers will generally benefit from a step up in the cost basis of the acquired assets, which can generally be amortised over a period of time.

i. Asset Purchase Disadvantages

Asset deals are generally less advantageous for sellers because there are two levels of tax: at the company level, in respect of the sale of the assets, and then at the shareholder level upon distribution of a dividend.

5. ACQUISITION VEHICLES

a. General Comments

The most common acquisition vehicles in Israel are corporate entities, either a domestic company or foreign company (or other entity that is treated as a corporation for Israeli tax purposes).

Israeli resident companies are exempt from tax on certain dividends distributed to them by other Israeli resident companies, as described below.

Foreign resident companies are generally subject to tax by way of withholding on dividends distributed to them by an Israeli resident company at a rate of 25% or 30%, depending on the ownership percentage, which rate may be reduced under an applicable tax treaty, subject to meeting any eligibility and limitation on benefit requirements. Foreign companies may be entitled to an exemption from capital gains tax on the sale of securities of Israeli resident companies, as described further below.

Partnerships are generally less commonly used as acquisition vehicles. However, private equity funds or venture capital funds with a presence in Israel, which are typically organised as a partnership for tax purposes, can approach the Israeli Tax Authority (“ITA”) to receive a pre-ruling that regulates the tax consequences of their operations in Israel.

b. Domestic Acquisition Vehicle

An Israeli limited company is the most common domestic acquisition vehicle in Israeli M&A transactions.

An Israeli resident company is generally exempt from tax on distributions received by another Israeli resident company paid out of Israeli-source income that was subject to corporate tax. Distributions in excess of the distributable surplus of the distributing company are treated as a return of capital, up to the amount of the recipient’s tax basis in the shares of the distributing company, and thereafter as a capital gain.

Interest expenses generated by an Israeli resident company in connection with the acquisition of shares are first deducted against income from dividend distributions by the subsidiary and only the excess interest expense can be capitalised to the tax basis in the shares.

Furthermore, the ITA tends to challenge Israeli holding company structures where there is no clear principal business purpose driving the acquisition structure. If the ITA concludes that the principal purpose of establishing an Israeli holding company is to receive an exemption from tax on dividend distributions (typically in order to finance interest expenses related to the acquisition of the distributing company), it is likely that the ITA will challenge the acquisition structure as being artificial.

The real capital gain from the sale of shares by an Israeli resident company is subject to tax at the corporate tax rate (currently 23%). A real gain is defined as the excess of the consideration received over the tax basis in the shares that is indexed to the Israeli Consumer Price Index.

The portion of the capital gain that is attributable to undistributed profits of the sold company, when such undistributed profits are calculated under the applicable provisions of Israeli tax law, is subject to tax at the same rates as dividend income (including the abovementioned exemption).

c. Foreign Acquisition Vehicle

A foreign limited liability company or corporation, which is treated as a company for Israeli tax purposes, is the most common foreign acquisition vehicle in Israeli M&A transactions.

Foreign companies are subject to tax by way of withholding on any dividends distributed by an Israeli resident company. The domestic withholding tax rate on distributions to a foreign resident is 25% but may be increased to 30%, if the dividend-recipient is a "substantial shareholder" (generally, a person that holds at least 10% of any of the means of control of the company, including vote or value). Dividends distributed out of "Preferred Income" or out of "Preferred Technological Income", as such terms are defined in the Law for Encouragement of Capital Investments 1959, are subject to 20% withholding tax ("WHT") or 4% WHT with respect to distributions of "Preferred Technological Income" if at least 90% of the shares of the distributing company is held by foreign residents, provided that the ITA pre-approves the reduced WHT rate (such reduced WHT rate will be available also to distributions by an Israeli holding company, provided that the profits were distributed by the holding company within one year of it receiving dividends distributed out of such preferential income by its subsidiary). In addition, WHT rates may be reduced by an applicable tax treaty, subject to the limitations in an applicable treaty, and provided that the ITA pre-approves the reduced WHT rate.

Distributions in excess of the distributable surplus of the distributing company are treated as a return of capital, up to the amount of the recipient's tax basis in the shares of the distributing company, and thereafter as a capital gain.

Foreign residents are generally exempt from capital gains tax on the sale of shares of a publicly traded company, provided that the shares of the distributing company were acquired after it was listed for trading and the capital gain is not attributable to a permanent establishment of the seller in Israel. Foreign residents are also exempt from capital gains tax on the sale of shares of a privately held company, provided that (i) the shares of the distributing company were acquired after 1 January 2009, (ii) the capital gain is not attributable to a permanent establishment of the seller in Israel, (iii) the shares were not acquired from a related party pursuant to certain tax free transactions, (iv) the majority of the value of the assets of the company, the shares of which are sold, is not attributable, at the date of the acquisition of the shares or the two years preceding to its sale, to rights related to Israeli real estate. Both of these exemptions will not be available to foreign resident entities if Israeli residents hold 25% or more of any of the means of control of such entities.

d. Partnerships and joint ventures

Partnerships and other joint ventures are not typically used as acquisition vehicles in Israeli M&A transactions. However, private equity funds and venture capital funds with a local office in Israel are generally entitled to receive a pre-ruling from the ITA, subject to certain conditions and requirements, which regulates the tax consequences related to investments in Israeli or Israeli-related companies.

The terms of the pre-ruling may change depending on the circumstances. The pre-ruling would generally provide that non-Israeli resident LPs of an eligible fund would not be subject to capital gains tax or tax filing obligations with respect to investments in eligible Israeli or Israeli-related companies, notwithstanding the fact that income may otherwise be attributable to a permanent establishment of the fund in Israel. Foreign GPs of a fund that receive a pre-ruling will generally be subject to a reduced tax rate of 15% with respect to carried interest related to investments in eligible Israeli or Israeli-related companies (and will be exempt from tax on income related to non-Israeli investments). Additional terms and conditions are included in the pre-rulings issued to funds by the ITA.

e. Strategic vs Private Equity Buyers

This section is left intentionally blank.

6. ACQUISITION FINANCING

a. General Comments

Transactions are typically financed through equity, short term debt and long-term debt, the exact composition of which depends on the tax characteristics of the buyer, the acquisition vehicle used, and the expectations of buyer regarding a future exit transaction. Equity financing generally allows buyers to claim a tax basis in the acquired shares, which may be helpful in a future sale transaction. Deductibility of interest on debt of a holding company is subject to certain limitations and the payment of interest is subject to tax withholding. Long term debt may be issued interest free, provided certain conditions are satisfied.

b. Foreign Acquirer

There are generally no limitations on ownership of equity interests in Israeli companies by foreign residents.

c. Debt

Long term debt that bears no interest (subject to certain conditions, as detailed below) is routinely used in Israeli M&A deals as a means to repatriate funds from Israel in a tax efficient manner post-closing. There are significant limitations regarding the deductibility of interest expenses by a holding company and debt pushdowns are generally treated as taxable distributions.

i Limitations on Interest Deductions

There are currently no thin capitalisation rules or other specific limitations on deductibility of interest. Under certain circumstances, interest expenses must initially be used to offset tax exempt dividend income or be capitalised to the cost basis of the acquired shares.

ii Related Party Debt

Cross border loans extended to a related party are required to bear arm's length interest. There is no minimum statutory interest rate or other safe harbours with respect to the applicable interest rate to cross-border loans. Loans granted by a parent company to a subsidiary, which have a minimum five-year maturity date and are subordinated to any other debt of the borrower, can be interest free.

Loans granted by an Israeli resident to another Israeli-resident related party must bear interest at a minimum statutory rate, which is updated annually. Loans granted by a parent company to a subsidiary, which have a minimum five-year maturity date and are subordinated to any other debt of the borrower, can be interest-free.

iii Debt Pushdown

Debt pushdown schemes are challenged by the ITA as artificial and lacking business purpose. The position of the ITA is that if third party debt is pushed down to the target company level, the target is deemed to have distributed the debt amount immediately to its shareholders; but debt extended by a related party will be recharacterised as a dividend on each loan repayment date.

d. Hybrid Instruments

Hybrid instruments are uncommon in Israeli M&A transactions.

e. Other Instruments

This section is left intentionally blank.

f. Earn-outs

Earn-outs are a common form of consideration in Israeli M&A deals. Taxpayers are generally required to report and pay tax up front on the earn-out amount, although the ITA allows taxpayers to postpone the payment of tax on earn-outs until the date in which the earn-outs are actually paid (without incurring interest and linkage differentials for late payments).

7. DIVESTITURES

a. Tax Free

There is no full participation exemption regime under Israeli tax law, although there are certain situations where intercompany dividends between Israeli companies are exempt from tax.

Divestitures generally take the form of taxable sales of business assets or shares of subsidiaries that conduct such businesses. Non-taxable acquisitions of subsidiaries in exchange for shares of the acquiring company are possible, subject to certain conditions being met. It may also be possible to implement certain non-taxable reorganisations, as more fully described above.

b. Taxable

The sale of shares or assets by a company is generally subject to capital gains tax at the corporate income tax rate (currently 23%).

The sale of shares by non-Israeli resident shareholders may be exempt from tax under an applicable tax treaty or domestic law. It should be noted that the sale of shares in a company that derives the majority of its value from Israeli real estate (which is defined broadly for this purpose) is generally not exempt from tax.

The sale of shares or assets should be reported to the tax authorities, generally within 30 days after the sale.

The sale of assets is generally subject to VAT (at the rate of 17% in the case of an Israeli buyer and potentially 0% in the case of a non-Israeli buyer), which VAT may be reclaimable by an Israeli registered dealer.

c. Cross Border

Non-Israeli resident sellers are generally subject to the same tax rates as Israeli-resident sellers. However, certain tax exemptions may be available for non-Israeli resident sellers under an applicable tax treaty or domestic law, such as in the case of the sale of securities of an Israeli company (detailed rules apply). In case of an asset sale to a non-Israeli resident, the applicable VAT rate may be reduced to 0%.

8. FOREIGN OPERATIONS OF A DOMESTIC TARGET

a. Worldwide or Territorial Tax System

Israel has a worldwide tax system, meaning that Israeli residents are generally taxed on their worldwide income (with the ability to generally claim a foreign tax credit for non-Israeli sources), while non-Israeli residents are subject to tax in Israel only with respect to their Israeli-sourced income.

b. CFC Regime

There is a controlled foreign corporation ("CFC") regime in Israel. A CFC is a foreign resident company:

(i) The shares of which are not listed for trading on a stock exchange (or if listed, less than 30% of the shares or other rights have been issued to the public);

(ii) The majority of whose income in a tax year is passive income, or the majority of its profits are derived from passive income;

(iii) The passive income of which is subject to tax in the foreign jurisdiction at a rate of 15% or less; and

(iv) That is controlled by Israeli residents (i.e. Israeli residents hold more than 50% of the interests in the foreign company, or more than 40% of the interests in the foreign company and together with the holdings of related parties, hold more than 50%, or if an Israeli resident has veto power over major company decisions).

If a foreign company is a CFC, a "controlling shareholder" of the CFC (generally, a shareholder that holds 10% or more of one or more of the means of control of the CFC, taking into account certain attribution rules), is required to include in its annual income its allocable share of the CFC's undistributed profits.

c. Foreign Branches and Partnerships

Israel does not have a branch profits tax regime and Israeli domestic tax law does not provide for specific rules regarding the taxation of a branch or the allocation of income and expenses to a branch in Israel. The branches of non-Israeli entities are generally subject to tax in Israel with respect to the profits allocable to such branches (i.e. the profits sourced from Israeli activities) as if they were separate taxpayers, taking into account general transfer pricing rules and comparable market prices. A branch's after-tax profits may generally be distributed without additional tax leakage. The sale of a business and/or assets, however, by the non-Israeli resident owner of a branch is subject to capital gains tax in Israel.

d. Cash Repatriation

Repatriation of funds from a local Israeli branch to the non-Israeli headquarters can generally be done free of any additional tax cost. Repatriation of funds from an Israeli corporate subsidiary of a non-Israeli resident parent entity (i.e. distribution of dividends) is generally subject to withholding at source a rate of 25%, which is increased to 30% if at the time of the distribution, or at any time during the 12-month period preceding the distribution, the recipient of the dividend held 10% or more of any of the means of control of the company paying the dividend. A reduced rate may be applicable under a tax treaty.

Dividends paid out of income attributable to a so-called "Preferred Enterprise" are generally subject to tax at the rate of 20%, and subject to meeting certain conditions (including a minimum 90% holding threshold), to 4%. A reduced rate may be applicable under a tax treaty.

9. OTHER GENERAL INTERNATIONAL TAX CONSIDERATIONS

a. Special Rules for Real Property, including Shares of "Real Property-Rich" Corporations

Israel generally maintains its taxing rights with respect to income generated from real property. Under the domestic source rules, ongoing income from real estate (e.g. rental income) is sourced where the real estate is used and thus, with respect to real estate in Israel, is considered as Israeli-sourced income.

Israel also has a concept of real property-rich companies, referred to as an "Igud Mekarke'in" in Hebrew). The determination of whether or not the company qualifies as an IM depends on the nature of the assets held by the company (bearing in mind that long-term leases for more than 25 years count as real property assets for this purpose). Upon the sale of shares of an IM, the sellers are subject to capital gains tax, while the buyer is subject to an acquisition tax (which is not applicable to the extent the buyer is purchasing shares of a regular company). In addition, there are potential VAT implications upon the sale of shares in an IM.

In addition, Israeli domestic law generally grants a tax exemption from Israeli capital gains tax to non-Israeli residents on the sale or transfer of shares of an Israeli company. This exemption does not apply if (among other things), the primary value (more than 50%) of such shares on the day of their acquisition and during the two years prior to their sale or transfer was derived, directly or indirectly, from real estate rights or rights in a real estate association, including long-term leases, rights to use real estate or any asset attached to real estate in Israel, a right to exploit natural resources in Israel, or a right to benefit from real estate situated in Israel. This is a lower threshold such that this exception may be applicable even if the shares being sold are not shares of an IM.

b. CbC and Other Reporting Regimes

The Israeli legislator is currently considering an amendment to existing tax law and applicable transfer pricing regulations regarding the implementation of the Master File and country by country reporting concepts and reporting obligations in Israel.

10. TRANSFER PRICING

Israel maintains a transfer pricing regime that generally follows OECD guidelines and requires related parties entering into cross-border transactions to conduct such transactions at arm's length prices compatible with fair market values. Applicable regulations provide detailed and specific guidelines with regard to the application, establishment and documentation of the arm's length conditions that apply, and further stipulate certain methods that should be used in order to determine fair market value such as the price comparison method, the profitability comparison method and the profit and loss allocation method. An updated transfer pricing study, along with an intercompany agreement based on such study, should be readily available and, upon request, submitted to the Israeli Tax Authority ("ITA"). The tax-assessing officer has the authority to demand a transfer pricing study at any time within 60 days. In addition, the taxpayer is required to describe the terms of any cross-border transaction with a party with which it has a special relationship (price, conditions and the price and conditions of an arm's length transaction) in a designated form attached to its annual tax return.

When buyers are looking to enter into an acquisition transaction, whereby the target company is part of a group of companies and has inter-company arrangements with its affiliates such as research and development or sales and marketing services, buyers will look at the transfer pricing arrangements among the target group and review these, as a due diligence item, in assessing any potential pre-closing tax exposures related to the acquisition.

11. POST-ACQUISITION INTEGRATION CONSIDERATIONS

a. Use of Hybrid Entities

Post-acquisition integration will rely mostly on the specific facts and circumstances of each transaction and on what the goals of the acquiring entity are. Utilising hybrid entities is not that common in Israel because the main categories of legal entities are companies or partnerships. Under Israeli law, there is a general anti-avoidance provision that provides the ITA with the authority to act if it decides the principal motivation of such a transaction is tax avoidance. In addition, case law has adopted several common-law doctrines such as substance over form, step-transaction and economic and business purpose.

One area the ITA has been focusing on in cross border transactions relates to group restructurings and implementation of changes to business models, most commonly following an acquisition of an Israeli target company. A change of a business model refers mainly to circumstances under which functions, assets or risks of an entity are transferred or terminated. This matter is commonly raised in tax audits of Israeli companies that are acquired by multinational groups and, following the closing of the acquisition, the intellectual property of the Israeli acquired company is transferred, or deemed transferred, to a non-Israeli affiliate, or the entrepreneurial aspects of the acquired company (such as sales functions) are terminated. The ITA will typically examine whether such restructurings, the impact of which may reduce taxable profits in Israel, have a business purpose and legitimate and economic substance beside the main purpose of tax avoidance based on the authority and doctrines noted above. A particular area of focus is the appropriate transfer price of intellectual property of newly acquired Israeli companies that is transferred to its non-Israeli affiliates post-acquisition.

b. Use of Hybrid Instruments

Israel does not currently have any specific laws addressing hybrid instruments. As noted above, the ITA established a committee that has recently submitted recommendations for significant reforms to Israel's international tax regime, and these include rules for hybrid mismatches.

c. Principal/Limited Risk Distribution or Similar Structures

Israel maintains a transfer pricing regime that generally follows OECD guidelines and has indicated its position in a few circulars published by the ITA on transfer pricing matters.

In a first circular, which the ITA indicates is based on the OECD transfer pricing guidelines, the ITA concluded that when analysing transfer pricing matters, it will look first to the contractual arrangements between the parties and thereafter, the parties' conduct in order to ascertain if it is consistent with such contractual arrangements.

The second circular, also based on the OECD transfer pricing guidelines, presented the ITA's position with respect to a number of transactions, by adopting safe harbours (which the ITA indicates may be revisited from time to time) for the following transactions:

- Low value-adding services, having an operating profitability of net cost plus margin of 5%;
- Marketing services, having an operating profitability of net cost plus margin between 10% and 12%; and
- Low-risk distribution services, having an operating profitability of sales as turnover of between 3% and 4%.

Related party limited risk distribution agreements have been scrutinised lately and the ITA is conducting several audits on this issue.

d. Intellectual Property

The sale or disposal of intellectual property triggers an immediate tax event and subjects the selling entity to a 23% capital gains tax applicable to the gain. If the selling entity has accumulated net operating losses or deferred research and development expenses, these may generally be used to offset the capital gain.

To the extent that intellectual property is licensed, under Israel's domestic law, the income generated is treated as Israeli-sourced income and is thus subject to corporate income tax in Israel, currently at a rate of 23%, unless otherwise reduced under an applicable tax treaty.

One area the ITA has been focusing on in cross-border transactions relates to group restructurings and implementation of changes to business models, most commonly following an acquisition of an Israeli target company. The ITA will often argue that a certain licence agreement should be reclassified as an actual sale of the intellectual property, thus triggering a capital gains event. In these cases, the ITA uses the acquisition price as a benchmark for determining the value of the intellectual property deemed transferred.

e. Special Tax Regimes

Israeli law has an intellectual property regime (the "IP Regime") in Israel applicable to technology and hi-tech companies that develop their intellectual property in Israel. Companies that qualify under the IP Regime would benefit from a reduced preferential corporate tax rate of 12% on qualifying income (which rate is reduced to 7.5% in certain specified development zones). In certain cases, the applicable tax rate can be reduced to only 6%; this is generally relevant for multinationals where the turnover of the group that the company is part of is higher than NIS10 billion (roughly USD3.125 billion).

In order to be entitled to these benefits, this law sets out certain convoluted conditions, the purpose of which is to ensure that the benefits will be provided only when the intellectual property is developed in Israel and owned by the Israeli company.

Dividends distributed out of "Preferred Income" or out of "Preferred Technological Income", as such terms are defined in the Law for Encouragement of Capital Investments 1959, are subject to 20% withholding tax ("WHT") or 4% WHT with respect to distributions of "Preferred Technological Income" if at least 90% of the shares of the distributing company are held by foreign residents, provided that the ITA pre-approves the reduced WHT rate.

Lastly, certain companies may be entitled to reduced corporate tax rates even if they do not benefit from the IP Regime, such as companies that provide research and development services to non-Israeli residents.

12. OECD BEPS CONSIDERATIONS

The ITA has noted that it intends to implement the OECD's recommendations in the BEPS reports.

For example, and consistent with the BEPS recommendations, Israel has adopted the "nexus approach" under the IP Regime, in order for it not to be considered a harmful tax regime.

In addition, Israel has ratified the MLI, which was signed by the Minister of Finance on 7 June 2017.

The MLI includes provisions that will be added to existing treaties as well as replacement provisions for some of the existing provisions. Israel has chosen to implement the MLI on most of its existing treaties. Israel has submitted some reservations to the MLI provisions, including with respect to the arbitration provision.

Israel is among 136 countries that have agreed to adopt the Two-Pillar solution to address the challenges arising from the digitalisation of the economy that the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting ("BEPS") introduced.

13. ACCOUNTING CONSIDERATIONS

Generally, Israeli tax accounting follows the applicable GAAP, unless stipulated specifically otherwise under an applicable tax law. According to Israeli accounting principles, some companies are required (and other companies are allowed) to implement IFRS, rather than Israeli GAAP.

The submission of consolidated financial statements or tax returns is available in Israel only for certain industrial companies.

In the case of business combinations, no basis step-up or goodwill will be recognised for Israeli tax purposes, even if these will be recognised for accounting purposes.

14. OTHER TAX CONSIDERATIONS

a. Distributable Reserves

Israeli companies are allowed to distribute dividends up to the amount of accumulated earnings or the earning of the last two years, and provided that the company will have sufficient funds to meet its obligations and liabilities following the distribution (as determined by the board of directors). Distributions in excess of distributable reserves require court approval.

Dividend distributions are subject to tax withholding, which may be reduced under an applicable tax treaty or domestic law, provided the ITA authorises a reduced or zero rate of withholding in advance. Distributions in excess of distributable reserves are treated first as return of capital, up to the amount of the tax basis of the applicable recipient in the shares of the distributing company, and capital gain thereafter. Capital gains are generally exempt from tax in the hands of foreign residents.

Distribution of dividends by an Israeli company to another Israeli company is not subject to tax and no withholding tax is required with respect to such dividends. However, if the dividend distributed is out of income that was not subject to corporate tax at the distributing company level (such as accounting reserves generated as a result of revaluation of appreciated real estate) or out of foreign source income, it is subject to full corporate tax.

M&A transactions may result in deemed distributions in cases of debt pushdown.

b. Application of Regional Rules

Payment of consideration for shares of an Israeli resident, or payment of consideration to any person in exchange for the acquisition of shares in any Israeli resident company or foreign resident company, the majority of the value of which is attributable to assets situated in Israel, is subject to Israeli tax withholding, unless the payee presents a withholding certificate issued by the ITA that exempts the payor from such a withholding obligation.

In order to comply with withholding obligations and allow sellers to obtain the required withholding certificate, it is customary in Israeli transactions to use the services of a local paying agent. If the applicable seller wishes to obtain a withholding certificate, the local paying agent retains the consideration, typically for 180 days after closing or until such time that the relevant seller obtains a withholding certificate that allows payment of consideration without withholding.

c. Tax Rulings and Clearances

As noted above, withholding certificates need to be obtained and presented in any Israeli M&A transaction. The timeline for obtaining a certificate varies and can be between a few weeks up to several months. Certain transactions may require obtaining a tax ruling in advance. Specifically, tax rulings are required in transactions in which employees holding equity based compensation rollover to the buyer or a parent entity of the buyer (and the equity-based compensation is substituted for new equity rights in the buyer's group) or in certain transactions that involve a tax free reorganisation.

Pre-rulings may take several months to obtain, depending on the circumstances. However, the ITA routinely issues interim tax rulings that deal with the withholding tax aspects of the transaction, in order to allow closing of a transaction until the final tax ruling is obtained.

15. MAJOR NON-TAX CONSIDERATIONS

Under the Israeli Companies Law 1999 ("ICL"), any foreign entity can incorporate either a subsidiary company (which could be a limited liability company with a sole shareholder) or register a "foreign company" in Israel (i.e. a branch/office).

The ICL does not include any obligation whereby an individual (including entity) is required to incorporate a private company, but rather states that any individual has the right to incorporate a company. Accordingly, it is for the individual concerned to decide if the appropriate resolution should refer to the incorporation of a company, particularly since the decision will be influenced by essentially practical legal considerations, such as tax matters, etc.

With respect to the registration of a "foreign company" (i.e. branch/office), under Section 346 of the ICL, a foreign company shall not maintain a place of business in Israel, unless registered (i.e. a branch/office).

There is relatively limited discussion in the leading textbooks and case law with respect to the interpretation of the phrase "place of business" and there is no binding precedent of the Supreme Court in this regard. It appears (both from case law and leading textbooks) that the prohibition is not on actually carrying out business in Israel in general, but rather on maintaining a place of business or having a permanent physical association or relationship to Israel. However, it seems that in light of evolving developments in international trade, the above interpretation of "place of business" might be broadened if this matter were brought before the court today for its determination to also include online presence in certain specific circumstances (e.g. significant online presence addressing Israelis, etc.).

16. APPENDIX I - TAX TREATY RATES

General note: the table below includes the rates under the assumption that both the payor and the payee are a company that is not owned by the government or a REIT.

Jurisdiction	Dividends %	Interest %	Royalties %	Footnote Reference
Albania	5 / 15	10	5	[1]
Armenia	0 / 5 / 15	10	5 / 10	[2], [3]
Australia	0 / 5 / 15	5 / 10	5	[4], [5]
Austria	0 / 10	0 / 5	0	[6], [7]
Azerbaijan	15	10	5 / 10	[8], [9]
Belarus	10	5 / 10	5 / 10	[10], [11]
Belgium	15	15	0 / 10	[12]
Brazil	10 / 15	15	10 / 15	[13], [14]
Bulgaria	10 / 7.5-12.5	5 / 10	7.5-12.5	[15], [16], [17]
Canada	0 / 5 / 15	0 / 5 / 10	0 / 10	[18], [19], [20]
China	10	7 / 10	10	[21]
Croatia	5 / 10 / 15	5 / 10	5	[22], [23]
Czech Republic	5 / 15	10	5	[24]
Denmark	0/10	0 / 5	0	[25], [26]
Estonia	0 / 5	5	0	[27]
Ethiopia	5 / 10 / 15	5 / 10	5	[28], [29]
Finland	5 / 10 / 15	10	10	[30]
France	5 / 10 / 15	5 / 10	0 / 10	[31], [32], [33]
Georgia	0 / 5	5	0	[34]
Germany	5 / 10 / 15	0 / 5	0	[35], [36]
Greece	0	10	10	
Hungary	5 / 15	0	0	[37]
India	10	10	10	
Ireland	10	5 / 10	10	[38]
Italy	10 / 15	10	0 / 10	[39], [40]
Jamaica	15 / 22.5	15	10	[41]

ISRAEL

RETURN TO CONTENTS PAGE

Jurisdiction	Dividends %	Interest %	Royalties %	Footnote Reference
Japan	5 / 15	10	10	[42]
Korea, Republic of	5/ 10 / 15	7.5 / 10	2 / 5	[43], [44], [45]
Latvia	5 / 10 / 15	5 / 10	5	[46], [47]
Lithuania	5 / 10 / 15	10	5 / 10	[48], [49]
Luxembourg	5 / 10 / 15	0 / 5 / 10	5	[50], [51]
Macedonia	5 / 15	10	5	[52]
Malta	0 / 15	0 / 5	0	[53], [54]
Mexico	5 / 10	10	10	[55]
Moldova	5 / 10	5	5	[56]
Netherlands	5 / 10 / 15	10 / 15	5 / 10	[57], [58], [59]
Norway	25	25	10	[60]
Panama	5 / 15 / 20	0 / 15	15	[61], [62]
Philippines	10 / 15	10	15	[63]
Poland	5 / 10	5	5 / 10	[64], [65]
Portugal	5 / 10 / 15	10	10	[66]
Romania	15	10	10	
Russia	10	10	10	
Serbia	5 / 15	10	5 / 10	[67], [68]
Singapore	5 / 10	7	5	[69]
Slovakia	5 / 10	5 / 10	5	[70], [71]
Slovenia	5 / 10 / 15	5	5	[72]
South Africa	25	23	0/15	[73]
Spain	10	5 / 10	5 / 7	[74], [75]
Sweden	0	25	0	[76]
Switzerland	5 / 10 / 15	5 / 10	5	[77], [78]
Taiwan	10	7 / 10	10	[79]
Thailand	10 / 15	10 / 15	5 / 15	[80], [81], [82]
Turkey	10	10	10	
Ukraine	5 / 10 / 15	5 / 10	10	[83], [84]

ISRAEL

RETURN TO CONTENTS PAGE

Jurisdiction	Dividends %	Interest %	Royalties %	Footnote Reference
United Arab Emirates	0 / 5 / 15	0 / 5 / 10	12	[85], [86]
United Kingdom	0 / 5 / 15	0 / 5 / 10	0	[87], [88]
United States	12.5 / 15 / 25	10 / 17.5	10 / 15	[89], [90], [91]
Uzbekistan	10	10	5 / 10	[92]
Vietnam	10	10	5 / 7.5 / 15	[93]

Footnotes	
1	Dividends - 5% rate paid to a company that directly holds at least 25% of the capital of the distributing company for a period of 365 days prior to the distribution date. 15% rate applies In case of a distribution from a real estate investment fund, the withholding tax if the recipient directly owns less than 10% of the capital of the fund (specific calculation rules apply).
2	Dividends - 0% rate paid to a pension plan that does not hold directly or indirectly more than 25% of the capital or voting power of the payer company; 5% rate applies to dividends paid to a company that holds directly at least 25% of the capital of the payer company; otherwise - 15%.
3	Royalties - 5% rate payable for the use of, or right to use, any patent, trademark, design or model, plan or secret formula or process, or industrial, commercial, or scientific information or equipment; 10% rate applies to royalties payable for the use of, or right to use, any copyright of literary, artistic, or scientific work, including cinematograph films and films or tapes for television or radio broadcasting.
4	Dividends - 0% rate paid by an Israeli company to an Australian pension fund (or a resident) that holds directly less than 10% of the voting power of the payer company. 5% rate applies to dividends paid to an Australian company that holds directly at least 10% of the voting power of the payer company throughout a 365-day period. Otherwise - 15%. The 15% rate also applies to distributions made by an Israeli real estate investment fund to a recipient that holds directly less than 10% of the capital of the fund; otherwise - domestic rate applies.
5	Interest - 5% rate paid by an Israeli company to the following recipients, as long as the beneficial owner of the interest is not in a position to control or influence the key decision-making of the payer: i) an independent financial institution; ii) a recognised Australian pension fund (or a resident of Australia) deriving such interest from the carrying on of complying superannuation activities. Otherwise - 10%.
6	Dividends - 0% rate including distributions by private foundations, paid to a company (besides a partnership) that holds directly at least 10% of the capital of the payer company; otherwise - 10%.
7	Interest - 0% rate applies to a pension fund or similar arrangement or on corporate bonds traded on a stock exchange in the state in which the issuing company is resident; otherwise - 5%.
8	Dividends - 15% rate applies to dividends, other than distributions made by real estate investment trusts.
9	Royalties - 5% rate paid for a patent, model or design, plan, secret formula or process; or for the use of, or the right to use, commercial, industrial or scientific equipment; or for information concerning industrial, commercial or scientific experience; otherwise - 10%.
10	Interest - 5% rate applies to interest paid in connection with the sale on credit of industrial, commercial or scientific equipment or on a bank loan; otherwise - 10%.
11	Royalties - 5% rate applies to royalties paid in respect of copyrights on literary, artistic or scientific works or for industrial, commercial or scientific equipment or road transport vehicles; otherwise - 10%.

Footnotes	
12	Royalties - 0% rate applies to copyright royalties and other payments for the use of, or the right to use, literary, dramatic, musical or artistic works; otherwise - 10%.
13	Dividends - 10% rate applies to dividends paid to a company that holds directly or indirectly at least 25% of the capital of the payer company; otherwise - 15%.
14	Royalties - 10% rate applies to all royalties, excluding trademarks, that are subjected to a 15% rate
15	Dividends - 10% rate applies to dividends paid out of profits that are exempt from tax or subject to a lower tax rate due to measures to encourage investment; otherwise - minimum of 7.5% and maximum 12.5%.
16	Interest - 5% rate applies to interest on a loan from a bank or other financial institution; otherwise - 10%.
17	Royalties - Minimum rate of 7.5% and a maximum rate of 12.5%.
18	Dividends - 0% rate applies to dividends paid to an organisation that was constituted and is operated exclusively to administer or provide benefits primarily to Canadian-resident individuals and does not hold more than 10% of the capital or voting power of the payer company; 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; otherwise - 15%.
19	Interest - 0% rate applies to interest paid to an organisation that was constituted and is operated exclusively to administer or provide benefits primarily to individuals under a pension plan, that holds the shares as an investment and is either generally exempt from, or not subject to, tax and that does not hold more than 10% of the capital or voting power of the payer company; 5% rate applies to interest paid on arm's length terms to a financial institution; otherwise - 10%.
20	Royalties - 0% rate applies to i) copyright royalties in respect of the production or reproduction of any literary, dramatic, musical or other artistic work (excluding royalties of motion picture films, videotape or other means of reproduction for use in connection with television broadcasting); ii) royalties for the use of, or the right to use, computer software or any patent or for information concerning industrial, commercial or scientific experience; otherwise - 10%.
21	Interest - 7% rate applies to interest received by a bank or financial institution; otherwise - 10%.
22	Dividends - 5% rate applies to dividends paid to a company that holds directly at least 25% of the capital of the payer company; 10% rate applies to dividends that are paid to a company (that is a resident of Israel) that holds directly at least 10% of the capital of the payer company and the dividends are paid out of profits that are subject to tax in Israel at a rate lower than the normal rate of Israeli company tax; otherwise - 15%.
23	Interest - 5% rate applies to interest paid on bank loans; otherwise - 10%.
24	Dividends - maximum 5% rate paid to a company that holds directly at least 15% of the payer company; otherwise - 15%.
25	Dividends - 0% rate applies to dividends paid to a company that holds directly at least 10% of the capital of the payer company for an uninterrupted period at least one year, with the dividends declared within that period; otherwise - 10%.
26	Interest - 5% rate, with exemptions provided for pensions and qualifying corporate bonds.
27	Dividends - 0% rate applies to dividends paid to a company that holds directly at least 10% of the capital of the payer company; otherwise - 5%.
28	Dividends - 5% rate applies to dividends paid to a company that holds directly at least 10% of the capital of the payer company; 10% rate applies to dividends paid to a company that holds directly at least 10% of the capital of the payer company (that is a resident of Israel, and the dividends are paid out of profits that are subject to tax in Israel at a rate lower than the normal rate of Israeli company tax); otherwise - 15%.

Footnotes	
29	Interest - 5% rate applies to interest paid on bank loans; otherwise - 10%.
30	Dividends - 5% rate applies to dividends paid to a company that controls directly at least 10% of the voting power of the payer company; 10% rate applies if the payer is a resident of Israel and the dividends are paid out of profits that are subject to tax in Israel at a lower rate than the normal Israeli company tax rate; otherwise - 15%.
31	Dividends - 5% rate applies to dividends paid to a company that holds directly or indirectly at least 10% of the capital of the payer company; the 10% rate applies if that company is a resident of Israel and the dividends are paid out of profits that are subject to tax in Israel at a rate lower than the normal Israeli company tax rate; otherwise - 15%.
32	Interest - maximum 5% rate applies to interest paid with the sale on credit of industrial, commercial or scientific equipment or on a bank loan; otherwise - 10%.
33	Royalties - 0% rate applies for royalties that are paid for the use of, or the right to use copyrights (excluding cinematograph films); otherwise - 10%.
34	Dividends - 0% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company; otherwise - 5%.
35	Dividends - 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company; otherwise - 10%. If the payer company is a real estate investment company, the rate is 15% where distributions are paid to a recipient that holds directly less than 10% of the capital of the payer company.
36	Interest - 0% rate applies where interest is paid on corporate bonds traded on a stock exchange in the source state, or to a pension fund; otherwise, the rate is 5%.
37	Dividends - 5% rate applies to dividends paid to a recipient that owns at least 10% of the company paying the dividends; otherwise - 15%.
38	Interest - 5% rate applies to interest paid in connection with the sale on credit or on a bank loan; otherwise - 10%.
39	Dividends - 10% rate applies to dividends to a recipient that owns at least 25% of the company paying the dividends; otherwise - 15%.
40	Royalties - 0% rate applies to royalties paid for copyrights. Otherwise - 10%.
41	Dividends - 15% rate applies to dividends paid to a company that owns at least 10% of the company paying the dividend; otherwise - 22.5%.
42	Dividends - 5% rate applies to dividends paid to a company that holds at least 25% of the voting shares of the payer company during the a six-month period immediately before the end of the accounting period for which the distribution of profits takes place; otherwise - 15%.
43	Dividends - 5% rate applies to dividends paid to a company that owns at least 10% of the company paying the dividends; the 10% rate applies to dividends paid to a company that holds directly at least 10% of the company, where that company is a resident of Israel and the dividends are paid out of profits that are subject to tax in Israel at a rate lower than the normal Israeli company tax rate; otherwise - 15%.
44	Interest - 7.5% rate applies to interest received by a bank or financial institution; otherwise - 10%.
45	Royalties - 2% rate applies to royalties paid for industrial, commercial or scientific equipment; otherwise - 5%.
46	Dividends - 5% rate applies to dividends paid to a company that holds at least 10% of the capital of the payer company; 10% rate applies to dividends paid to a company that holds directly at least 10% of the capital of the payer company, where that payer company is a resident of Israel and the dividends are paid out of profits that are subject to tax in Israel at a rate lower than the normal Israeli company tax rate; otherwise - 15%.

Footnotes	
47	Interest - 5% rate applies to interest on bank loans; otherwise - 10%.
48	Dividends - 5% rate applies to dividends paid to a company that controls directly at least 10% of the voting power of the payer company; 10% rate applies to dividends paid to a company that holds directly at least 10% of the capital of the payer company, where that payer company is a resident of Israel and the dividends are paid out of profits which by virtue of provisions in the Israeli Law of Encouragement of Investments in Israel are exempt from tax or subject to tax at a rate that is lower than the normal rate of Israeli company tax; otherwise -15%.
49	Royalties - 5% rate applies to royalties paid for use of, or for a right to use, industrial, commercial or scientific equipment; otherwise - 10%.
50	Dividends - 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 10% of the capital of the payer company; 10% rate applies to dividends paid to a company that holds directly at least 10% of the capital of the payer company, where that payer company is a resident of Israel and the dividends are paid out of profits which by virtue of provisions in the Israeli Law of Encouragement of Investments in Israel are exempt from tax or subject to tax at a rate that is lower than the normal rate of Israeli company tax; otherwise - 15%.
51	Interest - 0% rate applies to interest paid to the seller of any industrial, commercial, or scientific equipment, or of any merchandise sold on credit; 5% rate applies to interest paid on bank loans; otherwise - 10%.
52	Dividends - 5% of the gross amount of the dividends if the beneficial owner of the dividends is a company that directly holds at least 25% of the capital of the company paying the dividends; 15% of the gross amount of the dividends in all other cases.
53	Dividends - 0% rate applies to dividends paid by a company that is a resident of Israel to a Malta company that holds directly at least 10% of the capital of the payer company; otherwise - 15% on dividends paid by an Israel company to a Malta resident.
54	Interest - 5% rate, with an exemption for corporate bonds traded on a stock exchange in the source state that are issued by a company that is a resident of the source state.
55	Dividends - 5% rate applies to dividends paid to a company that holds at least 10% of the capital of the payer company; otherwise - 10%.
56	Dividends - 5% rate applies to dividends paid to a company that holds directly at least 25% of the capital of the payer company; otherwise - 10%.
57	Dividends - 5% rate applies to dividends paid to a company whose capital is wholly or partially divided into shares and that holds directly at least 25% of the capital of the payer company; 10% rate applies to dividends paid to a company that, in addition to holding directly at least 25% of the capital of the payer company, the payer company is a resident of Israel, and the dividends are paid out of profits that are subject to tax in Israel at a rate lower than the normal Israeli company tax rate due to measures to encourage investment; otherwise - 15%.
58	Interest - 10% rate applies to interest paid to a bank or financial institution; otherwise - 15%.
59	Royalties - 10% rate applies to royalties regarding cinematograph films and films or videotapes for radio or television broadcasting; otherwise - 5%.
60	Dividends - 25% withholding tax rate where dividends are paid by an Israeli company to a resident of Norway.
61	Dividends - 5% rate applies to dividends paid to a pension fund; 20% rate applies to dividends distributed by an REIT where the recipient holds directly less than 10% of the capital of the REIT payer; otherwise - 15%.
62	Interest - 0% rate applies to pension fund; otherwise - 15%.
63	Dividends - 10% rate applies to dividends paid to a company that holds directly at least 10% of the capital of the payer company; otherwise - 15%.
64	Dividends - 5% rate applies to dividends paid to a recipient that holds directly at least 15% of the capital of the payer company; otherwise - 10%.

Footnotes	
65	Royalties - 5% rate applies to royalties paid for use of, or for a right to use, industrial, commercial or scientific equipment; otherwise - 10%.
66	Dividends - 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; 10% rate applies to dividends paid to a company that in addition to holding directly at least 25% of the capital of the payer company, the payer company is a resident of Israel, and the dividends are paid out of profits that are subject to tax in Israel at a rate lower than the normal Israeli company tax rate due to measures to encourage investment; otherwise - 15%.
67	Dividends - 5% rate applies to dividends paid to a company that holds directly at least 25% of the capital of the payer company throughout a 365-day period that includes the date of payment of the dividends; otherwise - 15%.
68	Royalties - 5% rate applies to royalties paid for the use of, or the right to use, copyright of literary, artistic, or scientific work, including cinematograph films and films or tapes used for radio or television broadcasting; 10% rate applies to royalties paid for the use of, or right to use, any patent, trademark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial, or scientific equipment, or for information (know-how) concerning industrial, commercial, or scientific experience.
69	Dividends - 5% rate applies to dividends paid to a company that holds directly at least 10% of the capital of the payer company; otherwise - 10%.
70	Dividends - 5% rate applies to dividends paid to a company that holds directly or indirectly at least 10% of the capital of the payer company; 10% rate if the dividends are paid out of profits that have been taxed at a rate not exceeding 15% in accordance with tax incentive laws; otherwise - 10%.
71	Interest - 5% rate applies to interest paid to a financial institution; otherwise - 10%.
72	Dividends - 5% rate applies to dividends paid to a company (other than a partnership) that holds at least 10% of the capital of the payer company; 10% rate applies to dividends paid out of profits taxed at a rate that is lower than the normal corporate tax rate to a company that holds at least 10% of the capital of the payer company; otherwise - 15%.
73	Royalties - 0% rate applies to royalties, except royalties regarding cinematograph or television films, if they are subject to tax in the residence state; otherwise - 15%.
74	Interest - 5% rate applies to interest in connection with the sale on credit of industrial, commercial or scientific equipment, or on a bank loan; otherwise - 10%.
75	Royalties - 5% rate applies to royalties paid for use of, or the right to use, copyrights of literary, dramatic, musical, artistic works and for the use of or right to use industrial, commercial or scientific equipment; otherwise - 7%.
76	Dividends - 0% rate applies where dividends are paid to a resident of Sweden out of income that has been subject to Israeli income tax; if not, the dividends may be taxed at a rate not exceeding the rate of income tax normally imposed on the income of an Israeli company.
77	Dividends - 5% rate applies to dividends paid to a company that holds directly or indirectly at least 10% of the capital of the payer company; 10% rate applies to dividends paid to a company that holds directly or indirectly at least 10% of the capital of the payer company and that company is a resident of Israel and the dividends are paid out of profits that are subject to a tax rate in Israel that is lower than the normal rate of Israeli company tax; otherwise - 15%.
78	Interest - 5% rate applies to interest on bank loans; otherwise - 10%.
79	Interest - 7% rate applies to interest on bank loans; otherwise - 10%.
80	Dividends - 10% rate applies where the recipient holds at least 25% of the capital of the payer company; otherwise - 15%.

Footnotes	
81	Interest - 10% rate applies to interest received by a financial institution (including an insurance company); otherwise - 15%.
82	Royalties - 5% rate applies to royalties paid for use of, or the right to use, copyrights of literary, dramatic, musical, artistic or scientific works (excluding cinematograph films or films or tapes used for radio or television broadcasting); otherwise - 15%.
83	Dividends - 5% rate applies to dividends paid to a company (other than a partnership) that holds directly at least 25% of the capital of the payer company; the 10% rate applies to dividends paid to a company that holds directly at least 10% of the capital of the payer company and the dividends are paid out of profits that are subject to tax in Israel at a rate lower than the normal rate of Israeli company tax; otherwise - 15%.
84	Interest - 5% rate applies to interest paid on bank loans; otherwise - 10%.
85	Dividends - 0% rate applies to dividends paid to a pension plan; 5% rate applies to dividends paid to a company that holds directly at least 10% of the capital of the payer company throughout a 365-day period that includes the date of payment of the dividends; otherwise - 15%.
86	Interest - 0% rate applies to interest paid to a pension plan unless the pension plan holds 50% or more of the capital of the payer company, in which case the rate is 5%; otherwise - 10%.
87	Dividends - 0% rate applies to dividends paid to a pension scheme; 5% rate applies to dividends paid to a company (other than a partnership or a real estate investment trust) that holds directly at least 10% of the capital of the payer company throughout a 365-day period that includes the date of payment of the dividend (for the purpose of computing that period, changes in ownership that directly result from a corporate reorganisation of the company that holds the shares or the payer company are not taken into account); otherwise - 15%.
88	Interest - 0% rate applies to interest paid to a pension scheme and on corporate bonds traded on a stock exchange (subject to certain conditions); 5% rate applies to interest on bank loans; otherwise - 10%.
89	Dividends - 12.5% rate applies to dividends paid out of income derived during any period for which the payer company is not entitled to a reduced tax rate under Israel's Encouragement of Capital Law and certain other requirements are met, including a holding percentage of at least 10% during the part of the paying corporation's taxable year which precedes the date of payment of the dividend and during the whole of its prior taxable year (if any), subject to additional requirements. 15% rate applies to dividends paid out of income derived during any period for which the payer company is entitled to a reduced tax rate under Israel's Encouragement of Capital Law and certain other requirements are met; otherwise - 25%.
90	Interest - 10% rate applies to interest on a loan from a bank, savings institution or insurance company; otherwise - 17.5%.
91	Royalties - 10% rate applies to royalties paid for copyrights or film; the15% rate applies to industrial royalties.
92	Royalties - 5% of the gross amount of the royalties that consist of payments of any kind received as a consideration for the use, or the right to use, any copyright of literary, artistic, or scientific work (excluding cinematograph films).
93	Royalties - 5% rate applies to royalties paid for a patent, design or model, plan, secret formula or for the use of, or the right to use, industrial, commercial or scientific equipment or for information concerning industrial, commercial or scientific experience; 7.5% rate applies to payments for technical fees; otherwise - 15%

17. APPENDIX II - GENERAL CORPORATE ENTITY TAX DUE DILIGENCE REQUESTS

In the scope of a due diligence process, purchasers would generally ask for information regarding open tax years in accordance with the applicable statute of limitation period. Generally, the statute of limitation periods are as follows:

- Income tax: Four years as of the end of the tax year in which the applicable tax return was submitted (e.g. if the tax return for tax year 2020 was submitted in October 2021, the statute of limitation lapses on 31 December 2025, assuming the taxpayer is subject to a calendar year tax year).
- Withholding tax: Four years as of the end of the tax year in which the applicable withholding tax return was submitted, or the lapse of the statute of limitation period for income tax purposes of the relevant tax year, whichever is later.
- VAT: Five years after the submission of the monthly VAT return.

Nº.	Sub-Category	Description of Request	
1	Tax Due Diligence	Income tax and other	Please provide copies of the financial statements and tax returns of the company for all open tax years.
2	Tax Due Diligence	Income tax	Please provide extracts from the Income Tax Authority's computerised database.
3	Tax Due Diligence	Income tax and other	Please provide details regarding the periods for which the company has final assessments and details regarding assessments issued to the company and audits that it underwent.
4	Tax Due Diligence	Income tax and other	Please provide any tax rulings or opinions obtained by the company.
5	Tax Due Diligence	Income tax and other	Please provide details regarding the company's tax planning.
6	Tax Due Diligence	Income tax and tax incentives	Please provide information regarding any grant, incentives or beneficiary tax regime that the company benefits from.
7	Tax Due Diligence	Withholding tax	Please provide information regarding the company's withholding tax policies.
8	Tax Due Diligence	Income tax	Does any group company have a PE in Israel?
9	Tax Due Diligence	Income tax	Please provide copies of all transfer pricing studies obtained by the group and intercompany agreements between group entities.
10	Tax Due Diligence	Income tax	Please provide details regarding each non-Israeli group company, including the number of employees it employs in Israel and outside Israel, its activity, the identity of its managers and the place in which its board of directors meets.
11	Tax Due Diligence	Transfer taxes	Please confirm that none of the group companies owns any Israeli real estate.
12	Tax Due Diligence	VAT	Please elaborate on the company's VAT positions and policies and extracts from the VAT Authority's computerised system.
13	Tax Due Diligence	Equity based compensation	Please provide copies of all option/share/award agreements/notices between the company and the grantees.

FOR MORE INFORMATION CONTACT:

Meir Linzen, Adv. (TEP)
+972 3 6922035
Linzen@herzoglaw.co.il

Guy Katz, Adv. (CPA), (TEP)
+972 74 7057725
katzg@herzoglaw.co.il

Dr. Yuval Navot, Adv.
+972 3 692 5530
navoty@herzoglaw.co.il

Dr. Ehab Farah, Adv.
+972 3 692 5530
farahe@herzoglaw.co.il