

Israel

Israel has met all aspects of the terms of reference (OECD, 2021^[3]) (ToR) for the calendar year 2021 (year in review), and no recommendations are made.

In the prior year's peer review report, Israel had received two recommendations regarding the identification of future rulings within the scope of the transparency framework (ToR I.A.1.2) and the mandatory fields of information required in the template contained in Annex C of the 2015 Action 5 Report (OECD, 2015^[2]). Israel has resolved these issues and therefore the recommendations are now removed.

Israel can legally issue five types of rulings within the scope of the transparency framework.

In practice, Israel issued rulings within the scope of the transparency framework as follows:

Type of ruling	Number of rulings
Past rulings	79
Future rulings in the period 1 April 2016 – 31 December 2016	5
Future rulings in the calendar year 2017	3
Future rulings in the calendar year 2018	15
Future rulings in the calendar year 2019	30
Future rulings in the calendar year 2020	15
Future rulings in the year in review	47

Peer input was received from two jurisdictions in respect of the exchanges of information on rulings received from Israel. The input was generally positive, noting that overall information was complete, in a correct format and received in a timely manner.

Information gathering process (ToR I.A)

639. Israel can legally issue the following five types of rulings within the scope of the transparency framework: (i) preferential regimes;¹ (ii) cross-border unilateral APAs and any other cross-border unilateral tax rulings (such as an advance tax ruling) covering transfer pricing or the application of transfer pricing principles; (iii) rulings providing for unilateral downward adjustments; (iv) permanent establishment rulings; and (v) related party conduit rulings.

Past rulings (ToR I.A.1.1, I.A.1.2, I.A.2.1, I.A.2.2)

640. For Israel, past rulings are any tax rulings within scope that are issued either: (i) on or after 1 January 2014 but before 1 April 2016; or (ii) on or after 1 January 2010 but before 1 January 2014, provided they were still in effect as at 1 January 2014.

641. In the prior years' peer review reports, it was determined that Israel's undertakings to identify past rulings and all potential exchange jurisdictions were sufficient to meet the minimum standard. Israel's undertakings in this regard remain unchanged, and therefore continue to meet the minimum standard.

Future rulings (ToR I.A.1.1, I.A.1.2, I.A.2.1)

642. For Israel, future rulings are any tax rulings within scope that are issued on or after 1 April 2016.

643. In the prior years' peer review reports, it was determined that Israel's undertakings to identify future rulings and all potential exchange jurisdictions have met all the ToR, identifying all future rulings within the scope of the transparency framework. The reason for this was that Israel had identified additional future rulings issued in the prior year that were not otherwise identified in the prior year. Therefore, Israel was recommended to strengthen its information gathering process identifying all future rulings within the scope of the transparency framework.

644. During the year in review, no additional rulings from prior years have been identified, and Israel confirms that the identification of rulings issued in prior years is now complete. Therefore, the recommendation is now removed.

Review and supervision (ToR I.A.3)

645. In the prior year's peer review report, Israel was recommended to strengthen its review and supervision mechanism to ensure that the information gathering process is working effectively. This was part of the efforts to strengthen the information gathering process, as a consequence of the additional identified rulings. As this issue has now been resolved, the recommendation is removed.

Conclusion on section A

646. Israel has met all of the ToR for the information gathering process and no recommendations are made.

Exchange of information (ToR II.B)

Legal basis for spontaneous exchange of information (ToR II.B.1, II.B.2)

647. Israel has the necessary domestic legal basis to exchange information spontaneously. Israel notes that there are no legal or practical impediments that prevent the spontaneous exchange of information on rulings as contemplated in the Action 5 minimum standard.

648. Israel has international agreements permitting spontaneous exchange of information, including: (i) the *Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011^[1]) (“the Convention”) and (ii) bilateral agreements in force with 55 jurisdictions.²

Completion and exchange of templates (ToR II.B.3, II.B.4, II.B.5, II.B.6, II.B.7)

649. In the prior years’ peer review reports, it was determined that Israel’s process for the completion and exchange of templates met all the ToR, except for ensuring that each of the mandatory fields of information required in the template contained in Annex C of the 2015 Action 5 Report (OECD, 2015^[2]), especially with regard to the summary section, are present in the information exchanged (ToR II.B.3). Therefore, Israel was recommended to ensure that it duly completes each of the mandatory fields of information required in the Annex C template. With respect to past rulings, no further action was required.

650. During the prior year, regarding the exchanges of information on rulings received from Israel, peer input indicated that the summary section of the template was not always sufficiently informative and detailed. Israel took note of these remarks and indicates that the EOI department manager instructs the departments issuing the rulings about the necessity to complete the summary section of the Annex C template in line with the internal FHTP suggested guidance. In addition, data is presented to the EOI department manager during weekly department meetings. Israel confirms that this process was fully in place during the year in review. As this issue has been resolved, the recommendation is now removed.

651. For the year in review, the timeliness of exchanges is as follows:

Future rulings within the scope of the transparency framework	Number of exchanges transmitted within three months of the information becoming available to the competent authority or immediately after legal impediments have been lifted	Delayed exchanges		
		Number of exchanges transmitted later than three months of the information on rulings becoming available to the competent authority	Reasons for the delays	Any other comments
	180	0	N/A	N/A

Follow-up requests received for exchange of the ruling	Number	Average time to provide response	Number of requests not answered
	0	N/A	N/A

Conclusion on section B

652. Israel has the necessary legal basis for spontaneous exchange of information, a process for completing the templates in a timely way and has completed all exchanges. Israel has met all of the ToR for the exchange of information process and no recommendations are made.

Statistics (ToR IV.D)

653. The statistics for the year in review are as follows:

Category of ruling	Number of exchanges	Jurisdictions exchanged with
Ruling related to a preferential regime	180	Australia, Austria, Belarus, Belgium, Brazil, Bulgaria, Canada, China (People’s Republic of), Cyprus, Denmark, France, Germany, Gibraltar, Hong Kong (China), India, Italy,

		Ireland, Japan, Korea, Lithuania, Luxembourg, Mexico, Netherlands, New Zealand, Romania, Russia, Singapore, South Africa, Spain, Switzerland, Türkiye, United Kingdom, United States
Cross-border unilateral APAs and any other cross-border unilateral tax rulings (such as an advance tax ruling) covering transfer pricing or the application of transfer pricing principles	0	N/A
Cross-border rulings providing for a unilateral downward adjustment to the taxpayer's taxable profits that is not directly reflected in the taxpayer's financial / commercial accounts	0	N/A
Permanent establishment rulings	0	N/A
Related party conduit rulings	0	N/A
IP regimes: total exchanges on taxpayers benefitting from the third category of IP assets, new entrants benefitting from grandfathered IP regimes; and taxpayers making use of the option to treat the nexus ratio as a rebuttable presumption	0	N/A
Total	180	

Matters related to intellectual property regimes (ToR I.A.1.3)

654. In the prior years' peer review reports, it was determined that Israel's information gathering and exchange of information processes for matters related to intellectual property regimes³ were sufficient to meet the minimum standard. Israel's implementation in this regard remains unchanged and therefore continues to meet the minimum standard.

Summary of recommendations on implementation of the transparency framework

Aspect of implementation of the transparency framework that should be improved	Recommendation for improvement
	No recommendations are made.

References

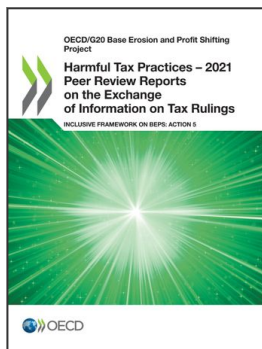
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- OECD/Council of Europe (2011), *The Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264115606-en>. [1]

Notes

¹: Preferred company regime and Preferred technological enterprise regime.

² Participating jurisdictions to the Convention are available here: www.oecd.org/tax/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm. Israel also has bilateral agreements with Australia, Austria, Belarus, Belgium, Brazil, Bulgaria, Canada, China (People's Republic of), Croatia, Czech Republic, Denmark, Estonia, Ethiopia, Finland, France, Georgia, Germany, Greece, Hungary, India, Ireland, Italy, Jamaica, Japan, Korea, Latvia, Lithuania, Luxembourg, Malta, Mexico, Moldova, Netherlands, Norway, Panama, Philippines, Poland, Portugal, Romania, Russia, Serbia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Chinese Taipei, Thailand, Türkiye, Ukraine, United Kingdom, United States, Uzbekistan and Viet Nam.

³ The Preferred company regime, which is the grandfathered regime, and the Preferred technological enterprise regime, which is the amended regime.



From:

Harmful Tax Practices – 2021 Peer Review Reports on the Exchange of Information on Tax Rulings Inclusive Framework on BEPS: Action 5

Access the complete publication at:

<https://doi.org/10.1787/4034ce42-en>

Please cite this chapter as:

OECD (2023), “Israel”, in *Harmful Tax Practices – 2021 Peer Review Reports on the Exchange of Information on Tax Rulings: Inclusive Framework on BEPS: Action 5*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/d8b425bb-en>

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