

## Israel acts in response to COVID-19

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### Stimulus package and government-backed and guaranteed loans

In response to the rapid spread and impact of COVID-19, the Israeli Prime Minister announced, on 11 March 2020, an NIS10 billion stimulus package.<sup>1</sup>

From this amount, it is expected that NIS8 billion will be extended as government-backed and guaranteed loans to small-medium businesses. This program is designated for Israeli businesses with a maximum NIS100 million annual turnover, that will present a causal link between the business flow difficulties and working capital needs and the outbreak of the virus. The loan amount that can be extended will be the highest of NIS500K or 8% of the latest annual turnover, with favorable terms (e.g., five-year loan, six-month grace period on the principal, low interest rates, reduced 10% security deposit, etc.). It was announced that requests under this program should be handled promptly.

### COVID-19 dedicated grants program and other IIA grants

The Israeli Innovation Authority (IIA), together with the Ministry of Health and the Digital Israel Headquarters at the Office of Social Equality announced a designated NIS50 million grants program for research and development (R&D) programs and demonstration of systems, products or technological solutions to meet the challenges of the Coronavirus.

The IIA, together with the Ministry of Economy and Industry in collaboration with the Manufacturers Association of Israel, also offers grants for manufacturing plants for R&D programs and technological innovation for industrial product development, designed to prevent, treat and deal with the Coronavirus.

The IIA also announced that it continues to operate and that companies can continue to file requests for grants. In addition, the IIA will allow certain temporary leniencies with respect to companies' reports, e.g., recognition of work performed by employees from home (rather than the company's site); leniencies regarding signatures on attendance reports and other official documents; changes and extensions to development periods, among others.

The Israeli Government will also extend special grants to self-employed individuals if their taxable income did not exceed NIS150,000 in 2018. The amount of the grant will be half the average monthly income for that year, or NIS6,000, whichever is lower. It is estimated that the grants program will be open to the public in the coming weeks.

### **Income tax, value-added tax (VAT) and social security deadlines and extensions**

The Israeli Tax Authority (ITA) published several letters regarding extensions of filing deadlines and certificates, as follows:

- ▶ The 2018 tax return deadline that was extended until 31 March 2020 is now extended to 30 April 2020.
- ▶ Withholding tax certificates that were expected to expire on 31 March 2020 are extended until 30 April 2020.
- ▶ VAT filings and payments - for VAT dealers that report on a monthly basis, the deadline for February is extended until 26 March 2020. For VAT dealers that report on a bi-monthly basis the deadline for February is extended until 27 April 2020.

- ▶ The 2019 tax return filing deadlines are extended as follows:
  - E-filing tax returns for individuals are extended until 30 July 2020.
  - Tax returns for companies and non-profit organizations are extended until 20 July 2020.
  - Tax returns for individuals that are not required to e-file their returns are extended until 30 June 2020.
- ▶ Tax adjustment approvals that expired at the end of 2019 are extended until the payment date of the May 2020 salary but no later than 13 June 2020.
- ▶ Registration certificates for computerized accounting system software that expired in the period starting from 1 March 2020 and ends on 30 June 2020, will be extended for a period of four months from the date of expiry.

The ITA also opened the online system for early e-filing of the 2019 tax returns for companies and individuals by representatives and announced that the refund process for taxpayers and VAT dealers will be expedited.

The Israeli National Insurance Institute also published certain measurements including deferral of Social Security and Health Insurance payments for April 2020; the deployment of April deferred payment; and the suspension of any enforcement actions including the avoidance of new foreclosures imposition and the deferral treatment of existing foreclosures.

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## **Endnote**

1. [https://www.gov.il/en/departments/news/press\\_16032020\\_b](https://www.gov.il/en/departments/news/press_16032020_b).

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