

Classification: Tax
Impact: Direct impact on clients
Action items: For your information

Dear valued clients,

Another year has gone by and we would like to remind you that the CoTR (Certificate of Tax Residency), which some clients have submitted to us for the year 2020, will expire on December 31st, 2020.

Entitlement:

1. In order for an account to be entitled to Double Tax Treaty (DTT) rates, the account should be defined as non-resident for tax purposes (with a valid 2402 tax form in place).
2. Bank Leumi applies DTT rates based on the tax residency of the beneficial owner of the account only. It is the responsibility of clients submitting a CoTR to verify the entitlement of the account for the DTT rates, when submitting the document.

Leumi provides an extension:

In order to enable clients to obtain a new CoTR for submission, and taking into consideration the current pandemic situation, Leumi will temporarily extend the expiration date of the existing CoTR until June 30th, 2021. The extension of the existing DTT rates for payments such as: dividends, coupons (bonds) or interest on credit balances in ILS currency in your cash accounts (when applicable), is contingent upon the receipt of a new CoTR for the year 2021 by no later than June 30th, 2021.

Should the new CoTR not be received until that date, the DTT rates will be changed to the default rates for foreign residents, as of July 1st, 2021. In addition, tax adjustments to default rates will take place in respect of income paid during the first half of the year.

In order to avoid any unnecessary reclaims or tax adjustments, we would appreciate all CoTRs for tax year 2021 to be provided, where applicable, as soon as possible.

In addition, please find enclosed our latest tax documents for your records:

1. WHT rates – indicates the default tax rates applied
2. List of DTT rates agreed with Israel
3. Reclaim procedure

Please do not hesitate to contact your Relationship Manager for any query.

Best regards,
Shirly

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