

Tax Treaties with Israel

Updated as of December 2020

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 (valid 2402A - tax form in place). In accordance with Israeli Tax Authority (ITA) instruction, Bank Leumi applies DTT rates based only on the tax residency of the beneficial owner of the account. It is the responsibility of clients submitting a COTR to verify the entitlement of the account for the DTT rates, when submitting the document.

| Country | Dividend for equities (%) | Dividend for REITS (%) (2) | Interest (%) for Bonds & ILS (1) | | Comments |
|--|------------------------------|--|--|---------------------------------------|---------------------------|
| | | | Non-Banks' Proprietary A/Cs | Banks' Proprietary A/Cs only | |
| Non-Treaty (Default) (01/01/2017) | 25 | In accordance with the rate published by the REIT fund. | Company Tax Rate: currently 23%* * Individual foreign investor rate may differ. | Company Tax Rate: currently 23% | |
| Armenia (3,4) | 15 | 15 | 10 | 10 | Effective from 01/01/2019 |
| Austria (01/01/71) | 10 | 15 | 5 | 5 | Effective from 01/01/2019 |
| Australia (3,4) | 15 | 15 | 10 | 10 | Effective from 01/01/2020 |
| Azerbaijan | 15 | | 10 | 10 | |
| Belarus (01/01/04) | 10 | | 10 | 5 | |
| Belgium | 15 | | 15 | 15 | |
| Brazil | 15 | | 15 | 15 | |
| Bulgaria (01/01/03) | 12.5 | | 10 | 5 | |
| Canada (21/09/2016) (3) | 15 | 15 | 10 | 10 | Effective from 01/01/2017 |
| China (01/01/96) | 10 | | 10 | 7 | |
| Croatia (01/01/2008) | 15 | | 10 | 5 | |
| Czech Republic (01/01/95) | 15 | | 10 | 10 | |
| Denmark (01/01/12) (3) | 10 | | 5 | 5 | |

| Country | Dividend for equities (%) | Dividend for REITS (%) (2) | Interest (%) for Bonds & ILS (1) | | Comments |
|----------------------------|------------------------------|----------------------------------|----------------------------------|---------------------------------|--|
| | | | Non-Banks' Proprietary A/Cs | Banks' Proprietary A/Cs only | |
| Estonia (01/01/10) | 5 | | 5 | 5 | |
| Ethiopia- (01/01/2008) | 15 | | 10 | 5 | |
| Finland (01/01/99) | 15 | | 10 | 10 | |
| France (01/01/97) | 15 | | 10 | 5 | |
| Georgia (01/01/2012) | 5 | | 5 | 5 | |
| Germany (21/08/2014) | 10 | 15 | 5 | 5 | Effective from 1/1/2017 |
| Greece (01/01/99) | 25 | | 10 | 10 | |
| Hungary (01/01/93) | 15 | | Nil | Nil | |
| India (01/01/94) | 10 | | 10 | 10 | |
| Ireland (01/01/96) | 10 | | 10 | 5 | |
| Italy (01/01/99) | 15 | | 10 | 10 | |
| Jamaica (03/09/85) | 22.5 | | 15 | 15 | |
| Japan (01/01/94) | 15 | | 10 | 10 | |
| Latvia (01/01/07) | 15 | | 10 | 5 | |
| Lithuania (01/01/07) | 15 | | 10 | 10 | |
| Luxembourg | 15 | | 10 | 5 | Effective retroactively since 01/01/04 |
| Malta (28/07/2011) | 15 | 15 | 5 | 5 | Effective from 1/1/2014 |
| Mexico (01/01/00) | 10 | | 10 | 10 | |
| Moldova (01/01/2008) | 10 | | 5 | 5 | |
| North Macedonia (1/1/2020) | 15 | 15 | 10 | 10 | Effective since 01/01/2020 |
| Netherlands (01/04/70) | 15 | | 15 | 10 | |
| Norway (01/04/65) | 25 | | 25 | 25 | |
| Panama (01/01/2015) | 15 | 20 | 15 | 15 | |
| Philippines (01/01/97) | 15 | | 10 | 10 | |
| Poland (01/01/92) | 10 | | 5 | 5 | |

| Country | Dividend for equities (%) | Dividend for REITS (%) (2) | Interest (%) for Bonds & ILS (1) | | Comments |
|------------------------------|------------------------------|----------------------------------|----------------------------------|---------------------------------|--|
| | | | Non-Banks' Proprietary A/Cs | Banks' Proprietary A/Cs only | |
| Portugal (24/3/2008) | 15 | | 10 | 10 | |
| Romania (01/01/99) | 15 | | 10 | 5 | |
| Russia (01/01/01) | 10 | | 10 | 10 | |
| Serbia (01/01/2020) | 15 | 15 | 10 | 10 | Effective from 01/01/2020 |
| Singapore (01/01/06) (4) | 10 | | 7 | 7 | |
| Slovakia (01/01/01) | 10 | | 10 | 5 | |
| Slovenia (01/01/08) | 15 | | 5 | 5 | |
| South Africa (27/5/80) | 25 | | 25 | 25 | |
| South Korea (01/01/98) | 15 | | 10 | 7.5 | |
| Spain (01/01/01) | 10 | | 10 | 5 | |
| Sweden (01/01/14) | 25 | | 25 | 25 | As of 1/1/2014 tax on dividends changed from 0% to 25%. |
| Switzerland | 15 | | 10 | 5 | |
| Taiwan (01/01/10) | 10 | | 10 | 7 | |
| Thailand (01/01/97) | 15 | | 15 | 10 | |
| Turkey (01/01/99) | 10 | | 10 | 10 | |
| Ukraine (01/01/07) | 15 | | 10 | 5 | |
| United Kingdom (13/2/61) (3) | 15 | 15 | 10 | 10 | As of 1/1/2020 tax on interest changed from 15% to 10%. |
| United States | 25 | | 17.5 | 10 | |
| Uzbekistan (01/01/00) | 10 | | 10 | 10 | |
| Vietnam (1/1/10) | 10 | | 10 | 10 | |

- (1) In accordance with the ITA instruction, beginning 01/07/2015, WHT treaty rates will not be applied for Makams and Short-term Government Bonds (that were issued for a period of up to 13 months). In order to receive tax relief on short term government bonds and Makams, foreign investors must contact the ITA directly.
- (2) Investors are entitled to this relief at source on the condition they hold less than 10% of the REIT. If no rate is indicated in the table, the default rate will be applied.
- (3) In accordance with the Tax Treaties with these countries, pension funds are exempt from tax withholding at source, with the exception of CGT. This exemption is subject to submission of relevant documentation. Please see point II below.
- (4) In special cases, for example Gov institutions, 0% will be applied. This exemption is subject to submission of relevant documentation.

I. Tax exemption for pension funds on REITS dividends

Foreign pension funds can be exempt from tax on Israeli REIT bearing dividends upon receipt of supporting documents. Following are the conditions necessary to apply for an exemption, as well as refunds for previous years:

1. Segregated accounts only.
2. The country of residence of the end client (the pension fund) has a DTT with Israel.
3. Receipt and review of the necessary supporting documents from the foreign pension fund's local tax authority, including confirmation that the end client is a pension fund, the date of establishment as a pension fund, and that it is exempt from tax in its country of residence.
4. Should there be a change in the status of the end client – it is the responsibility of the client to immediately communicate such a change to Bank Leumi.

II. Tax exemption for pension funds based on specific Tax Treaties

Please find below table detailing the requirements per country:

| Country | Extent of tax benefit | Segregated accounts only | 2402 tax form / A confirmation by the pension fund that it does not hold a permanent establishment in Israel | A confirmation by the client (GC) that the pension fund does not hold directly or indirectly a certain % (indicated below) or more of the capital or voting power of the paying (Israeli) company | A confirmation of the GC, should there be any changes to the holding status | A COTR which indicates that the entity is a pension fund. In absence of such indication, the client must provide a confirmation issued by a regulatory body that the entity is a pension fund. | Should there be a change in the status of the end client – it is the responsibility of the GC to immediately communicate such a change to Bank Leumi |
|----------------|--|--------------------------|--|--|---|--|--|
| Canada | Full exemption on Dividend (including REIT) and Interest | Yes | Yes | Yes Over 10% | Yes | Yes | Yes |
| United Kingdom | Full exemption on Dividend (including REIT) and Interest | Yes | Yes | No | No | Yes | Yes |
| Australia | Full exemption on Dividend (including REIT); WHT of 5% applied on Interest | Yes | Yes | Yes Directly holding in voting power only 10% | Yes | Yes | Yes |
| Armenia | Full exemption on Dividend only (including REIT) | Yes | Yes | Yes Over 25% | Yes | Yes | Yes |

| Country | Extent of tax benefit | Segregated accounts only | 2402 tax form / A confirmation by the pension fund that it does not hold a permanent establishment in Israel | A confirmation by the client (GC) that the pension fund does not hold directly or indirectly a certain % (indicated below) or more of the capital or voting power of the paying (Israeli) company | A confirmation of the GC, should there be any changes to the holding status | A COTR which indicates that the entity is a pension fund. In absence of such indication, the client must provide a confirmation issued by a regulatory body that the entity is a pension fund. | Should there be a change in the status of the end client – it is the responsibility of the GC to immediately communicate such a change to Bank Leumi |
|---------|---|--------------------------|--|--|---|--|--|
| Denmark | Full exemption on Interest; 0% on Dividend for pension funds or similar institution which provides pension plans where individuals can participate and benefit from retirement benefits. | Yes | Yes | No | No | Yes | Yes |

Disclaimer: The information appearing above is for informational purposes only. While we have received the information from sources that we consider reliable, we do not make any guarantees regarding the accuracy of the information. All investors are requested to consult with tax advisors who are competent regarding the tax laws in Israel before investing in our market.