MINISTRY OF FINANCE

SPOKEPERSON OFFICE INTERNATIONAL AFFAIRS DEPARTMENT

21 June 2009

Press Release

A new Avoidance of Double Taxation Agreement between Germany and Israel has been initialed

The Agreement includes significant tax relief for investments and business activities between the two countries

A new Agreement for the Avoidance of double taxation was initialed between Israel and Germany, within the framework of the Ministry of Finance policy for promoting new tax agreements with key countries that are members of the OECD.

The new Agreement is part of the implementation of a comprehensive program initiated by the State Revenues Administration at the Ministry of Finance, the purpose of which is to create a modern tax infrastructure that provides incentives for mutual investments and to remove obstacles for companies and individuals carrying out business in Israel and in other countries.

The Agreement is based on the OECD model treaty which emphasizes taxation in the country of residence and reduces taxation in the country in which the economic activity is carried out or from which passive income such as dividends, interest or royalties is paid.

After the formal signing of the Agreement and the conclusion of the ratification processes in Israel and in Germany, it will replace the previous Agreement between the countries, which was signed in 1962.

The Israeli team at the negotiations was headed by Attorney Talya Dolan-Gadish, the legal adviser to the State Revenues Administration. The other participants were Attorney Ofir Levy, CPA, Director of the International Taxation Department of the State Revenues Administration (who coordinated the work of the Israeli team) and Oz Halabi, CPA, acting director of the International Taxation Division, as well as Yoad Frankel and Noam Kut from the Israel Tax Authority.

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