



STATE OF ISRAEL
MINISTRY OF FINANCE

SPOKESPERSON OFFICE

INTERNATIONAL AFFAIRS
DEPARTMENT

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Press Release

New tax treaty concluded with Austria

Israel and Austria have initialed a new treaty for the avoidance of double taxation between the two countries. The treaty was concluded as part of the Ministry of Finance's policy of expanding and updating the network of tax treaties on which Israel is signed, especially with OECD member states.

The newly concluded treaty contributes to improving the means of financing of Israeli companies and determines that these companies will pay only 5% tax in Israel on interest paid to Austria. In addition, the treaty encourages Israeli software development companies to receive royalties from Austria and establishes a tax exemption in Austria on such royalties. Israeli residents will not be required to pay tax in Austria on capital gains accumulated in that country (with the exception of real estate), but only in Israel. The treaty also establishes a tax exemption on dividends received by a company with a significant controlling interest and sets a 10% withholding tax for other dividends. The treaty will become effective after the formal signing and ratification processes have been completed.

State Revenue Commissioner, **Frieda Yisraeli, CPA**, stated that "the new treaty improves the competitiveness of Israeli companies operating in Austria, while creating an attractive tax base that that could encourage Austrian companies to operate in Israel." The new treaty joins a long list of tax treaties recently signed by the State Revenue Administration, including treaties with Belgium, Britain, Germany, Denmark and Georgia.

The Israeli team in the negotiations was headed by Attorney Talia Dolan-Gadish, the legal adviser to the State Revenue Administration. Its other members were Rivka Lapiner, CPA, senior deputy to the State Revenue Commissioner, Attorney Sharon Aharoni, CPA, from the International Tax Division of the Israel Tax Authority, and Attorney Noam Kut, from the legal bureau of the Israel Tax Authority.