

Israel, a Leading Tax Haven

By [Stephen Lendman](#)

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Countless trillions of dollars are stashed in scores of tax havens worldwide - black holes of hidden wealth, much of it ill-gotten.

Largely tax-free, they're controlled by Wall Street and other powerful financial interests, part of a global tax injustice system, governments complicit with super-wealthy individuals and financial institutions managing their money.

Well-known tax havens include the Cayman Islands, Bermuda, the Bahamas, the Channel Islands, Monaco, Gibraltar, Switzerland, Singapore, many other locations - and Israel since Amendment 168 to its Income Tax Ordinance became law in 2003, expanded in 2008.

It makes new immigrants and returning ex-pats living abroad at least 10 years exempt from taxes on foreign assets for 10 years - whatever their source. Other Israeli citizens are taxed on all their income - whether earned domestically or abroad.

The law turned Israel into a tax haven also encouraging aliyah, emigration to Israel, making it worth their while financially.

The capital gains exemption is the most attractive part of the law, a major incentive to emigrate, foreign assets of super-wealthy immigrants shielded from taxes.

According to former Israeli finance minister Yair Lapid's testimony to police, Netanyahu unsuccessfully tried to extend the Amendment 168 tax exemption to 20 years - on behalf of super-wealthy friends providing him with lavish illicit gifts amounting to bribes, according to possible charges coming against him.

On Tuesday, Lapid said despite heavy pressure exerted on him, he "refused to pass the law."

According to Israeli economist Avichai Snir,

"(t)he idea (behind Amendment 168) was to encourage aliyah to Israel of wealthy people by turning Israel into a tax haven."

“The new law definitely gave a nudge and a wink to people who had dirty money and wanted to launder it.”

Israeli tax law professor Yoseph Edrey called the law “one of the most shameful amendments that the Knesset has ever legislated,” adding:

“It will not encourage young scientists to return to Israel. It will not bring productive enterprises or encourage investment here.”

“What it will do is attract wealthy individuals, both Jews and non-Jews, whose sources of income are murky. These people will come to Israel so they can evade taxes in other countries.”

Migration expert Andrew Amolis calls Israel a leading destination for super-wealthy individuals for the past few years, many from France.

They consider it safe, along with offering attractive business opportunities. Tax-sheltered foreign assets makes it a leading money-laundering destination, including fraudsters with ill-gotten gains.

In 2014, Israel’s state comptroller criticized Amendment 168, saying

“(t)he exemption from reporting and paying taxes given to immigrants and returning residents on the basis of (the law), has the ability to contribute to immigration and return to Israel.”

“At the same time, granting a broad exemption from tax reporting is problematic, because it can provide an incentive to launder money or to use money that was laundered abroad, activities which may encourage crime and damage the integrity of Israeli society and the economy.”

Even the State Department’s 2016 International Narcotics Control Strategy Report named Israel “a major money-laundering country,” adding:

“Israel’s ‘right of return’ citizenship laws mean that criminal figures find it easy to obtain an Israeli passport without meeting long residence requirements.”

“It is not uncommon for criminal figures suspected of money laundering to hold passports in a home country, a third country for business, and Israel.”

Even after 10 years, Israel’s Tax Authority would be hard-pressed to levy appropriate taxes on individuals emigrating to avoid paying them.

If tax haven benefits expire, they’ll go somewhere else. They have lots of accommodating choices worldwide.

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