

U.S. TAX ISSUES EVERY ISRAELI CPA NEEDS TO BE AWARE OF

PHILIP STEIN, PSA FOUNDER AND CEO



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102 OPTIONS

No deferral on the exercise of options

409A – options must be granted at FMV

Sourcing is determined by residency



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PENSIONS & קרן השתלמות

Employer contributions are taxable in U.S.

Need to track employee contributions

Deferral of earnings



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PORTFOLIO MANAGEMENT

Beware of mutual funds (קרן באמנות)

Beware of ETF's

Wash Sales



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PORTFOLIO MANAGEMENT

Who gets the first bite?

Israeli capital gains, interest, and dividends – **Israel**

U.S. capital gains, interest – **Israel**

U.S. dividends – **U.S.**



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BEFORE YOUR CLIENTS RELOCATE TO THE US

Realize gains on portfolio

Move portfolio to U.S. platform

Withdraw “קרן השתלמות”



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BEFORE YOUR CLIENTS RELOCATE TO THE US

Calculate cost of personal residence

Create system to track rental expenses

Project Israeli taxes on rental income



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BEFORE YOUR CLIENTS RELOCATE TO THE US

Get information on mortgage interest

Keep track of exchange rates

Israeli taxes not creditable for state
income tax



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BEFORE YOUR CLIENTS RELOCATE TO THE US

Explore stepping up basis for entrepreneurs

Gifting of assets that are subject to a low tax in Israel

Take an inventory of financial assets for FBAR



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ISRAELI CLIENTS WHO RETURN TO ISRAEL FROM THE US

What's their tax status?

Dual Citizen, Green Card, Visa

What to do with their 401(k), IRA

Sale of their U.S. residence



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ISRAELI CLIENTS WHO RETURN TO ISRAEL FROM THE US

10 Year Tax Holiday and tax status

U.S. Social Security – Are they eligible?

Exposure to FICA/Self-Employment Tax and
Bituach Leumi



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