



November 2023

A Guide for Employers - "Iron Swords" War

Dear Friends,

During these difficult times, over a month since the beginning of the war on October 7, 2023, we embrace the families who lost their loved ones, we wish for a fast recovery to the injured, we offer our support and gratitude for the security forces who are protecting us, and we pray for the immediate return of the hostages.

In this legal update, we hope to address several important matters that arose following the outbreak of the war.

Business Owners' Rights to Compensation for Damages Sustained from the War - On October 22, 2023, the Tax Authority published a notice stating that business owners in communities bordering the conflict areas in the south and north of Israel would be able to submit requests for advance compensation payments covering damages sustained as a result of the war.

The request can be submitted online on the Tax Authority website. In addition, the advance payment can be made before a claim is filed pursuant to the Property Tax and Compensation Fund Law, 5771-1961. Advance payments will be transferred within 7 days from the submission of the request and are capped at a maximum amount of NIS 500,000.

Employers' Rights to Compensation for Evacuated Employees' Salaries - On October 29, 2023, the Tax Authority published a notice on the compensation of employers who paid salaries to employees who were absent from work due to having been evacuated in accordance with government and security directives.

The notice states that an employer of an evacuated employee, as described above, will be entitled to compensation for salary payments made to the employee since they were evacuated.

The maximum compensation amount for the employer is 2.5 times the national average wage (NIS 11,809). There are no restrictions with respect to where the employer is located. The Tax Authority will open a dedicated online system for the submission of compensation claims.

Imputed Value on Company Car Usage During the War - On November 2, 2023, the Tax Authority published a special directive on calculating the imputed value of company cars during the war. The directive relates both to employees mobilized for military duty and to employees placed on unpaid leave. The Tax Authority explained that under the law in ordinary times, an employee is responsible for the entire value of the company car's usage, even if not in possession of it for the whole month. Now, however, employees who on unpaid leave or drafted to military service may be credited for the value of the use of the vehicle, in proportion to the days in the month during which the

vehicle was in their possession. In addition, the Tax Authority stated that an employee who was mobilized into the army under an immediate reservist mobilization order ("Order 8") could return the company car in one of the following ways: (a) leaving the car at one of the military outposts; (b) if the employee or someone on his behalf sends notice to the employer on the non-use of the car – also retroactively and up to 7 days after the end of the reserve military period.

Law for the Protection of Special Subsidies (Iron Swords), 5784-2023 - The law establishes that a subsidy paid to persons ordered to evacuated or who evacuated independently pursuant to Section 12 of Government Decision No. 950 from October 12, 2023¹, or paid to an individual related to someone who was kidnapped or who is missing, pursuant to Sections 2-4 of Government Decision No. 982 from October 22, 2023², shall be protected subsidies that cannot be transferred, encumbered or foreclosed on, with the exception of the payment of child support. The law applies to subsidies awarded or paid from October 12, 2023 and onward, provided that the foreclosure on the subsidies had not been exercised before such date.

Advance Payment of Reserve Duty Pay - On October 19, 2023, the National Insurance Institute published a series of concessions for employers and employees with respect to the payment of reserve duty payments. The concessions include: an exemption from filing a Form 3010 (a confirmation form on the carrying out of reserve duty service) with the claim; an exemption to include claim forms for employers who submit claims digitally. Accordingly, reserve duty pay will be paid to employers on a monthly basis.

Volunteering in the Workplace - Currently there are many welcome and worthy volunteer initiatives and activities underway which are dedicated both to the war effort and to civil society. We emphasize and recommend in this context that the employer contact its insurance agent in order to check whether it is necessary to temporarily expand insurance coverage for volunteer days.

**We hope for better days ahead.
FISCHER (FBC & Co.)**

Adv. Moran Friedman

Mfriedman@fbclawyers.com

Adv. Hilla Sachs

Hsachs@fbclawyers.com

Adv. Keren Berger

Kberger@fbclawyers.com

Adv. Hadar Kohen

Hkohen@fbclawyers.com

Phone: 03-6944162

.....
The contents of this information letter are general information only, are not legal opinions or advice and should not be relied upon. All rights reserved to FISCHER (FBC & Co.). Subscribe to this email or be removed from the mailing list: news@fbclawyers.com

¹ Residents living in communities up to 7 km from the Gaza border and who were evacuated or who evacuated independently from their homes between the dates October 7, 2023, and October 13, 2023, will be entitled to an "adjustment subsidy". NIS 1,000 shall be granted for each family member, and is capped at NIS 5,000 per family. A child above 18-years-old who does not reside with his family will be deemed to be a separate family for the purpose of the calculation. The application to receive the subsidy must be submitted to the Tax Authority.

² The rights granted under the Compensation for Victims of Hostile Actions Law, 5730-1970 to a relative of a person killed in hostile actions, will be granted to families of kidnapped or missing persons.