

Palestinian Authority

1. Government requirements

Registration requirements

Income tax registration

In accordance with the Income Tax Law No. 8 for the year 2011 and its amendments governed by the Ministry of Finance, any entity or person with operations in Palestinian Authority should register for income tax through submission of the Income Tax File Registration Form. There is no registration fee applicable.

Ongoing compliance requirements

Payroll tax

In accordance with the Income Tax Law No. 8 for the year 2011 and its amendments for the year 2015 governed by the Ministry of Finance, any person (company or individual) with employees working in Palestinian Authority must file Payroll Tax Slip Number 517 and remit the amount on a monthly basis.

Payments must be made by the 15th of the following month. The tax rates applicable are as follows:

- 5% for taxable income up to ILS75,000
- 10% for the next ILS75,000
- 15% for any excess income

Payroll tax is applicable to Palestinian employees resident in Palestinian Authority for more than 120 days a year or foreign employees resident in Palestinian Authority for more than 183 days a year.

2. Pension requirements

There is currently no pension requirement in place in Palestinian Authority and no specific requirements for provident funds.

3. Employment obligations

Employment obligations are stipulated by the Labor Law which is governed by the Ministry of Labor.

Leave days

The minimum amount of leave days per employee is 14 days per year for employees with less than 5 years of service and 21 days per year for those who have been employed for more than 5 years.

End of service

At the end of service for employees who leave, one-third of the monthly salary for each year of employment is paid if the employee has a tenure of up to five years, two-thirds of monthly salary for each year of employment is paid if the employee has a tenure of up to 10 years. And one month's salary is paid for each year of employment if the tenure of employee exceeds 10 years.

4. Payroll requirements

Payslips

Monthly payroll slips should be provided, as stated in the employment contracts which are governed by the Ministry of Labor.

5. Banking requirements related to payroll

There are specific banking requirements, depending on the employment contract.