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## ***Israel***

### ***Local stock exchange***

#### ***Tel-Aviv Stock Exchange Ltd.***

***<http://www.tase.co.il/TASEEng/Homepage.htm>***

### **Rules for listed filings**

#### **IFRS required or permitted for listed companies?**

Required for consolidated financial statements except for banking institutions (listed and unlisted, including credit cards companies) who must prepare their financial statements in accordance with specific instructions issued by the Israeli Banking Inspector (see also below).

Listed companies are not required to issue IAS 27's separate financial statements, but only certain financial data on a "standalone" basis in accordance with specific statutory disclosure requirements.

Israeli banking institutions in Israel apply an accounting framework issued by the Israeli Banking Inspector, which, with respect to their core banking business and other several substantial issues, is based on US GAAP applied by banking institutions in the US. IFRS based accounting is applied for several other issues.

#### **Version of IFRS**

IFRS as published by the IASB

#### **Are subsidiaries of foreign companies or foreign companies listed on local exchanges subject to different rules?**

Yes. Certain foreign companies listed on the local stock exchange can report under US GAAP or IFRS as adopted by the EU (but are then required to reconcile to IFRS as published by the IASB in a footnote). In addition, dual listed companies (those listed locally and in certain stock exchanges abroad), that report under US GAAP can report also locally under US GAAP.

### **Rules for statutory filings**

#### **Is IFRS or IFRS for SMEs required, permitted or prohibited for statutory filings?**

The Israeli Companies' Law requires from listed companies - the filing of financial statements in accordance with the Securities Law (as described above) and from unlisted companies – the filing of financial statements prepared in accordance with "generally accepted accounting principles."

Reporting under IFRS is required by the Israeli Insurance Inspector for all insurance companies and pension funds' management companies.

According to Israeli accounting standard issued in July 2006 by the Israeli Accounting Standards Board, entities that are not subjected to the Israeli Securities Law are permitted (but not required) to prepare their financial statements in accordance with IFRS.

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In July 2010, the Israeli Accounting Standards Board issued an Israeli accounting standard, according to which, small and medium entities are permitted (but not required) to prepare their financial statements in accordance with IFRS for SMEs commencing January 1, 2011.

### **Version of IFRS**

IFRS as published by the IASB

**In addition to local GAAP statutory financial statements, are there any other regulatory financial statement requirements that permit or require the use of IFRS?**

No

### **IFRS conversion plans**

#### **Plans for converging**

In accordance with a roadmap announced several years ago by the Israeli Accounting Standards Board, IFRS for SMEs is anticipated to be obligatory for small and medium entities, but a final decision is yet to be made.

#### **Other useful websites**

Israel Accounting Standards Board  
<http://www.iasb.org.il/>

### **Tax information**

#### **Type of tax regime**

Quasi-dependent: Taxable profit is principally based on the legal entity statutory accounts, with a number of adjustments provided in the tax law.

#### **Comments on tax regime**

The Israeli Tax Ordinance and other legislation provide for the tax treatment of many topics. Israeli courts have ruled that in the absence of a tax treatment determined under law, accounting principles may serve as guidance to determine the tax treatment. However, it should be noted that the accounting principles are not binding.

#### **Plans for IFRS converging as the basis of tax reporting**

As an interim measure, the Israeli parliament has legislated that during tax years 2007 – 2013 IFRS based financial statements will not be accepted for the preparation of corporate tax returns. It should be mentioned that no legislation was published regarding the extension of the temporary order with respect to tax years 2014. In addition, it is not yet clear that in 2015 an official order will be published regarding the acceptance of IFRS based financial statements (with certain guidelines and limitations) for the preparation of corporate tax returns with respect to the tax years 2015 and thereafter. Also, should the aforementioned official order not be published, it is expected that, a similar legislation regarding the extension of the temporary order will be published with respect to tax year 2014. Consequently, these returns are generally to be based on Israeli GAAP (it should be noted that Israeli GAAP has adopted certain IFRS based standards, thus, indirectly, the IFRS accounting treatment in certain areas may still influence the Israeli tax treatment).