Starting a Business in Israel

I. INTRODUCTION

For the quarter century following the establishment of the State, Zionism was the primary motivation for investing in Israel. The situation in the country at the time was such that it did not allow for the development of business on the basis of purely economic considerations. In many instances, government bodies and other institutions such as the Jewish Agency subsidized strategically important businesses, that were not necessarily economically viable. During this initial period there were problems and failures encountered by many foreign Jewish investors in Israel. It was a maxim that in Israel one could not create a successful business. To assist the country people made donations rather than attempting to do business.

Today, a different situation has arisen with people investing in Israel for economic reasons. Government policy encourages investment through free enterprise and limits government intervention as much as possible. The government is endeavoring to privatize the market as fast as possible and has provided foreign investors with benefits and privileges in order to promote investment.

II. TYPES OF INVESTORS

From the general types of investments made in Israel over the last few years, it is possible to distinguish two primary categories of foreign investors.

1. Passive Investors

In many instances these investments involve real estate, especially residential real estate. Other investors prefer commercial properties including office buildings, industrial buildings and shops. Over the past few years, investments have also been made in properties undergoing improvement and re-development, including those rezoned from rural areas to urban areas. A wide range of new building projects is also being initiated.

Passive investment generally entails the appointment of a local agent or management company to oversee the investment on behalf of the foreign investor. In essence, these investments do not require close supervision and involvement on the part of the investor, and so this arrangement will generally be sufficient for the effective running and supervision of the business.

Under this category, one may also identify venture capital investments. Here too, the investor is not actively involved and usually has the status of a limited partner in the business. Other people choose to invest indirectly via the stock market: Israel has more companies traded on Nasdaq than any other country except the United States and Canada, and more recently China. Besides Nasdaq and the Tel Aviv Stock Exchange, Israeli companies are also traded on NYSE, LSE and others.
2. Active Investors

Active investors include a broad range of business people and companies involved in commercial and economic activities. Generally, these are foreign business people whose businesses suit and allow for investment in Israel. The active investor may decide to invest in a particular product or business that has little or no competition. Alternatively, he may choose a product or business that indeed has competition, yet determines that the product or business has a particular advantage and the potential benefit of entering a new market outweighs the risk. In the last few decades Israel witnessed a massive entrance of multinational corporations, mostly in the high technology arena. These companies, which typically R&D centers, also commonly manufacture here as well. Israel's largest exporter is Intel. Other well-known multinationals active here include Microsoft, Google, Apple, IBM, Motorola, HP, Applied Materials and Samsung.

3. Entering the Israeli Business World

In any type of direct investment, whether passive or active, an investor will want to know through what vehicle or legal instrument he can enter the Israeli business world. The alternatives are:

- Creating a joint venture or partnership with a local partner
- Appointing an agent, representative or distributor, as is common with many products imported into Israel
- Granting a franchise to an Israeli entrepreneur
- Opening a branch or subsidiary of the investor's company

3.1. Partnership arrangements

It is common practice to enter into partnership or joint venture arrangements in the case of products or services existing in the investor's country of origin. The investor will choose an Israeli partner who will import the products or services and can introduce them to the market. If the choice of an Israeli partner is successful, the foreign investor's entrance into business in Israel will be relatively easy. The Israeli partner will know the Israeli economy and market and how to best act in setting up the business and assisting the foreign investor in making it a success.

Anyone involved in this type of business arrangement is aware that there are both risks and benefits. The foreign investor must rely on his Israeli partner's acumen and integrity. Occasionally, the joint business deal in Israel will not succeed on account of the Israeli partner's failure in a business unrelated to the joint venture. In other cases, the involvement of the foreign investor in the management of the day-to-day business is time consuming and uneconomical as the investor is not resident in Israel and is operating the business by remote control. These problems are not limited to Israel, and businesses that engage in joint ventures or the appointment of agents, representatives or distributors, develop their own procedures and measures to overcome such problems.
3.2. Choice of Israeli agent, representative or distributor

Investors aware of the problems involved in partnership arrangements may do business by choosing a successful Israeli agent or distributor who is familiar with both the local market and the type of imported product. Such an agent can open doors for the foreign investor that would otherwise be unavailable to him. For this reason and others, working with a local agent allows the foreign investor to develop on-going contacts with the Israeli consumer. This ensures good service and answers the specific requirements of the local market which the Israeli agent understands and can implement more quickly than the foreign investor.

In the area of products that require special licensing (e.g., pharmaceuticals or imports subject to permits) there are additional hurdles to overcome, such as customs barriers, bureaucracy and standards regulations. In such cases, a local representative will ease the process and save costs.

In situations where the foreign investor elects to operate through an agent, representative, distributor or partner in Israel, the arrangement will generally be embodied in a contract. It is, therefore, recommended to engage professionals such as lawyers, accountants and other consultants. They will help the foreign investor secure a binding agreement, thus taking care of the legal aspects of the business relationship, as well as the problems of importing, licensing, taxes and foreign exchange regulations.

3.3. Franchise agreement

In the last few decades international retail chains have entered the Israeli market bringing new issues to the fore. Some of them operate their business through franchise agreements. This is a complex legal issue in Israel and special attention should be given to these aspects, as there are few precedents.

3.4. Establishing an independent business under ownership and management of the foreign investor

In certain circumstances, especially regarding production for sale in Israel or production in Israel for export, it may be preferable for the investor to establish a business in Israel under his own ownership and management.

Additionally, investors who control special business areas, for example hotel management or well-known franchises (e.g., restaurant chains) are interested in operating independently and having full control of the business enterprise.

IV. INVESTOR OPTIONS

In all of the abovementioned cases, the question remains: How is the foreign investor to operate in Israel? Should he operate under the same company or business name as in his home country? Should he establish a new legal entity in his country of origin and open an Israeli branch, or should he choose to establish an Israeli company as an extension of his existing operations?

The following options are generally available to a foreign investor:

- Opening a branch
- Incorporating a subsidiary company
- Establishing a partnership within the framework of a company
1. Tax Exposure when Doing Business in Israel

Special attention should be paid to cases where the activities of a foreign company in Israel would be considered as doing business in Israel with consequential liability for Israeli taxes.

This principle, analyzed with respect to the Value Added Tax Law by a tax expert, is examined below.

A foreign entity wishing to avoid being liable for the provisions of this law must refrain from activities that may be interpreted as “doing business” in its classical sense. This classical sense was dealt with in what was known as the “French Champagne Cases.” The court ruled that the criterion for determining the location of the business is the place of the sale, i.e., if the assets sold are located in Israel at the time of concluding the agreement and there is a repeat mechanism for the sale of these assets then there is a business in Israel. This ruling was later extended by the courts to apply to a situation where the asset is not located in Israel but the foreign entity has agents in Israel with the authority to sign a binding agreement. Consequently, if a foreign entity wishes to avoid being subject to VAT law in Israel for a product or service sold overseas to an Israeli customer it must be careful not to invest its representative in Israel with the authority and power to enter into a binding agreement on behalf of his principal and that binding agreements will not be concluded in Israel.

Similar considerations may apply to the activities of a foreign entity in Israel with respect to its income tax liability. It is therefore recommended that any foreign entity selling goods and products in Israel through a local representative seek professional advice as to its status and liabilities vis-a-vis the Israeli tax authorities.

2. Opening a Branch

If the foreign investor operates in his country of origin as a company, he may open a branch in Israel operating under the same name as that company. Such a decision can be for tax reasons. Starting a new business often involves more expenses than income and if the business in the investor's home country is successful, the investor can set-off his losses during the running-in period of the Israeli business against profits earned in his home country.

Generally, any action of this nature requires formal company registration with the Registrar of Companies in Israel. Israeli law recognizes the term “foreign company” and in accordance with British tradition, which forms the basis of Israeli company law, the foreign company can be registered in Israel and is then deemed an Israeli company, for all intents and purposes.

The Corporations Authority has instructions on its website for registering a foreign company. The instructions emphasize that a foreign company entering business activity in Israel must register with the Registrar of Companies and that the legislation under which the company may operate is the Companies Law 5759-1999, which determines that a foreign company is a corporation (not a partnership) that was incorporated outside Israel. Section 346 determines that:
“A foreign company shall not establish a place of business in Israel, including one that engage in share transfers or share registration, unless the company has registered as a foreign company according to the instructions of this section and has paid all of the registration and official notification fees that the minister has determined according to this section.”

Further, “the registration request will be submitted to the registrar within a month after the establishment of the business and the following documents will be provided with the request:

1. A copy and Hebrew translation of the company’s articles of incorporation, verified and notarized as their validity.
2. A list of the company’s directors, including their passport numbers and place of issuance of the passport.
3. The name, address and identification number (or passport number of a foreign resident) of the Israeli resident who is authorized on the company’s behalf to receive court and similar documents that must be served on the company.
4. A copy of the power of attorney for the representative in Israel authorized to act on behalf of the company.
5. Articles of incorporation of the company from the country in which the company was established, authenticated by apostille, and a document indicating that the company is active upon the day of submission of the application.
6. Receipt for payment of company registration fees.”

3. Incorporating a Subsidiary

There are times when tax and other considerations will lead towards incorporation of a subsidiary company in Israel. If a business in Israel is expected to be very profitable, it is preferable for the investor to collect the profits under a separate legal entity in Israel. Thus the profits will not be combined with the business in his home country. When the marginal tax in his home country is high, the investor will prefer to create a subsidiary in Israel. In certain cases a double taxation treaty between Israel and the investor’s home country will grant the investor tax benefits. Considerations of this nature should be discussed with experts.

There are additional practical reasons for creating a subsidiary in Israel: Where the foreign investor wishes to enter into a joint venture agreement with an Israeli partner under a corporate structure, or to separate the obligations of the Israeli business from the assets of the foreign business.

The following are some important aspects relating to the incorporation of a company in Israel.
3.1. Company name

Frequently, the investor will wish to set up an Israeli company bearing an identical or similar name to that of his company abroad. The Registrar of Companies, a section of the Ministry of Justice, usually authorizes this if there is no risk that the public will confuse the name with that of a company already operating in Israel. The registrar will, at times, request the lawyer dealing with the incorporation of a subsidiary for a foreign company to provide a letter from the foreign company verifying the legal connection between the two companies and that the foreign company agrees that the subsidiary use its name in Israel. The name of the company should be in Hebrew with the optional addition of an English name.

The registrar may require the addition of certain words to avoid misleading the public. This happens when a company of similar name already exists in Israel. In this case, one can create a new company with a similar name on condition that the name of the company includes a general description of the product or service linked to the company’s name. The registration must distinguish between the already existing company in Israel and the new company.

The registration of a company will grant the company protection of its name under Israeli company law and, if necessary, one may petition the court for an injunction against the use of the company’s name in a way that may mislead the public. It may also be advisable for an investor to register a trademark with the Registrar of Trademarks in order to further protect the name.

3.2. Registering a new company

Unlike Continental Europe, companies are not registered with a notary as Israeli Company Law is historically based on the English Companies Act, 1929.

In order to register a company, a lawyer will prepare the basic document of the company. This document, called a Takanon (‘charter’ in English), is similar to the basic company documents (‘articles of association’ or ‘by-laws’) used in the western world and primarily in England. The documents are forwarded to the Registrar of Companies with the request for registration.

The Takanon describes the objects of the company, its internal management and administrative procedures, and in principle deals with two organs of the company: the shareholders and the board of directors.

Registration fee for a new company is NIS 2,640 (about $700).

Lawyers’ fees range from $1000 to $2000 plus VAT (currently 18%), depending on whether standard, lower-tariff documents are required, or whether a special Takanon must be drawn up setting out the relationship between the parties. In the latter event, hourly fees are charged.

The process of registration of a new company can take a few days if no special problems arise regarding the company’s name or its registration documents.

Following registration of the company, a Certificate of Registration will be forwarded to the company’s lawyer. From here on, when necessary to represent
the company before the tax authorities, a bank or any other public body, the company will generally be asked to provide an original or certified copy of the following documents:

- Certificate of Registration
- Takanon
- Any Special Resolution altering the Takanon
- Letter of confirmation from the company’s lawyer or its certified public accountant confirming the directors of the company and the company’s authorized signatories

Immediately upon receipt of confirmation of registration of the company, the lawyer will advise the Registrar of Companies of the following:

- The registered address of the company
- The names of the directors of the company

It should be noted that the names of the shareholders of the company appear on the documents of incorporation of the company, the Takanon. Accordingly, there is no need to report this. However, if any changes occur with respect to the shareholders, such as transfer of shares or the addition of new shareholders, it will be necessary to report this separately to the Registrar of Companies.

Though Hebrew and Arabic are Israel’s official languages, English law forms the basis of Israeli company law, and it is possible to register a company in Israel all of whose basic documents are in English.

3.3. Purchasing a shelf company

It is possible to acquire an existing company that has not commenced operating and all that remains is to change its name.

At times, a change will also be necessitated in the company’s Takanon to meet the particular demands of the purchaser, especially when the company has two or more shareholders. There is no fixed price for acquiring a “shelf company.” For a standard company with capital of NIS 30,000, the average price is $1,000-$2000 plus VAT, depending on the ‘vintage’ (number of years since incorporation), nature of the company’s documents and the amount of the registered capital. However, due to streamlining of procedures at the Registrar of Companies, newly-formed companies are incorporated within 2-3 days and thus shelf companies are seldom used.

3.4. Disclosure of information on companies

The Registrar of Companies keeps a public record that contains the basic information recorded by the Registrar. For a standard fee, any person may obtain an extract from the Registrar’s records regarding a company. Such an extract will contain extensive information about the company including: names of shareholders and directors, the address of the registered office, liens or charges on the company’s assets, special resolutions that may alter the Takanon or the adoption of an important decision such as voluntary liquidation of the company.
3.5. Recording the names of shareholders in the records of the Registrar of Companies

As noted, the names of the initial shareholders, usually the founders, will appear on the first incorporation documents. Often, however, the company will be founded by nominees or trust companies who will be registered as the initial shareholders and, after incorporation of the company, the shares will be transferred to the final beneficiaries or to the client who “ordered” the incorporation of the company.

This procedure requires some clarification: At the time of incorporation of the company, the lawyer dealing with the matter must verify the identity of the persons signing the incorporation documents. If these persons or entities reside overseas, the procedure for authenticating their signatures may be cumbersome and time consuming. The registration of the shares initially in the names of companies or individuals present in Israel simplifies the procedure. These companies or individuals thus act in a fiduciary capacity, i.e., holding the shares in trust for a client who will eventually acquire official ownership of the shares, after incorporation of the company.

When dealing with the acquisition of a shelf company, as discussed above, the founders of the company will be registered companies, trust companies or lawyers who will hold the shares until such time as an interested purchaser appears. On purchasing a shelf company, the shares will be transferred into the purchaser’s name or into the names of such entities as the purchaser requests. In general, the initial directors of the company will resign and be replaced by directors appointed by the purchaser.

3.6. Holding shares for or in the name of the purchaser (nominee shareholders)

There are instances when a foreign investor who purchases or sets up a company in Israel does not want to appear in the public records as a shareholder.

In such situations, it is possible to preserve the anonymity of an investor by registering the shares in the names of trustees who will hold the shares in trust for the true owners of the company. Private trust law exists in Israel and the rights of the true owners will be preserved, despite the shares not being formally registered in their names.

However, under Israeli company law, the Registrar of Companies recognizes only the official shareholder and the so-called “beneficiary,” who is the real owner of the shares, will not be recorded in the books of the Registrar. This arrangement may prove advantageous to investors wishing to keep their business confidential and their names out of the public domain.

There should be at least one shareholder in a private company.

Finally, it is worth mentioning that bearer shares may not be issued by a private company. All shares must be registered in the name of a person or legal entity.
3.7.1. Appointing directors or officers of a company

Under Israeli company law, the company is managed by a board of directors that comprises one or more directors, as decided by the incorporating investor. In most cases, the Takanon will contain a clause determining the number of directors who may comprise the board of directors. A legal entity, such as a company, may serve on the board as a director.

There is no mandatory provision in the law for the board of directors to have an Israeli director. A foreign person may serve as a director, even if not resident in the country. A corporate director is permissible.

The director or directors appointed will act under the title “board of directors” or, in short, the board. (In some instances, the board is also referred to in Israel as the directorion).

The board has the power to appoint a number of officers who will run the day-to-day business of the company. These officers may have various titles such as manager, managing director, chairman of the board, etc. In practice, it is not the title that is important, but the nature of the work and the authority granted to the officer by the resolutions of the board.

Private companies need not have a company secretary (as is the case in the England). However, some companies do appoint an officer with such title.

The documents of incorporation of the company allow for great flexibility as to how the directors run the company. When dealing with this aspect, it is advisable to consult with the lawyer handling the registration.

3.7.2. Appointing an auditor (CPA)

By law, a company must appoint an auditor who will review the company’s books. The auditor (a certified public accountant) is appointed at a shareholder’s meeting and is responsible for the preparation of the yearly audited balance sheet of the company, which must be filed with the tax authorities. There is no obligation on private companies to file their balance sheet with the Registrar of Companies.

3.7.3. Appointing a lawyer

In contrast to the law regarding auditors, there is no requirement for the appointment of a lawyer. In order to prepare legal documents, however, it will often be necessary for the investor to use the services of a lawyer for the setting up of the company, the adaptation of the documents of incorporation to the needs of the investor and the supervision of the activities of the company’s day-to-day business.

4. Partnership within the Framework of a Company

An investor may wish to share the company with partners, forming what may be termed a partnership within the company. In such circumstances, it is usual to draw up a shareholders’ agreement. This will contain such important provisions of the agreement including financial arrangements and provisions protecting the rights of the investors. This form of cooperation agreement is called a partnership within the framework of a company as, in essence, the agreement is between the partners, using the company as the legal entity for their business.
V. COMMENCING BUSINESS

Whether an investor chooses to operate as a foreign company with a branch in Israel, or to incorporate as a subsidiary in Israel, there are a number of legal and commercial requirements that the investor must fulfill in order to commence the company’s business. There are generally six main requirements:

(a) Registering the company with the income tax authorities
(b) Registering the company with the VAT authorities
(c) Opening an employer file
(d) Opening a bank account
(e) Renting or purchasing an office or place of business
(f) Various technical activities

1. Registering the Company with the Income Tax Authorities

Registration as a company should be made at the income tax authorities’ offices no later than the date of commencement of operations. Registration is made using Form 4436, which includes basic details of the company: date of commencement of operations, projected income for the current year, address of the company, the auditor, the withholding tax file number and details of shareholders, directors and related companies. The filing number is usually the same as the one issued by the Registrar of Companies.

After registration, the income tax authorities will mail the company a computerized book of advance tax payment forms. The advance payments are generally fixed as a percentage of turnover, but sometimes are in a fixed amount. If the amount of advance payments demanded is higher than the annual tax estimated by the company, a reduction or even cancellation of the advances can be requested (on Form 2216/a).

Before making such a request, it should be noted that if the annual tax is higher than the reduced amount, the difference is liable to lead to fines in the form of interest (currently 4% per annum) and linkage differences based on the change in the consumer price index from the middle of the reported year.

The company must operate its bookkeeping according to law and present the tax authorities with audited balance sheets at the end of each tax year.

2. Registering with the VAT Authorities

VAT (value added tax) is imposed on business entities at every stage of the commercial cycle. Input VAT on expenditures may be set off against output VAT on revenue transactions.

Companies are required to register as dealers for VAT purposes no later than the date of commencement of operations. In order to register as a dealer, the following procedures are required:

(a) The registration should be made at the local VAT office nearest the company’s office.
(b) The following documents are required in order to register:

• Certificate of Incorporation signed by the Registrar of Companies
• A copy of the Takanon
• The company directors’ details
• Proof of opening a bank account in the name of the company.

(c) If the business is in the development stage and has not yet commenced operations, it may be required to submit additional documents that provide information on the future activities of the business, such as commitments to supply products, contracts to carry out activities, purchases of property for construction, building permits, and licenses to conduct business from local or national authorities.

(d) It is possible to register for VAT purposes through a representative who is a lawyer, certified public accountant or certified tax consultant.

The representative must hold a power of attorney to carry out the registration on behalf of the company. However, the registration form must be signed by an authorized signatory and not the representative. The registration must be carried out in person and not by mail.

(e) Registration is made using VAT authorities’ Form 821, which should be signed by an authorized signatory and which includes details regarding value of assets, amount of investment, sources of finance, projected sales volume in the first year, and bank account number.

(f) Upon registration, the company will receive a temporary certificate of registration for VAT purposes, with a permanent one to follow by mail. The registration number is usually the same as that issued by the Registrar. Also, a form upon which to submit the report for the next reporting period will be received. A booklet of forms for the balance of the fiscal year will be sent by mail.

(g) A foreign resident person or entity that starts to conduct any part of its business in Israel must also appoint a local VAT representative with responsibility for handling all Israeli VAT matters. VAT Form 22 should be completed and signed by all parties.

2.1. Points for Attention

• VAT reports are submitted monthly (or bimonthly when turnover is below a certain annual minimum amount: e.g., NIS 1,500,000 as at June 2014).
• When VAT payment is due, no payment is due or a rebate of up to a certain fixed amount is due (NIS 18,787 as at June 2014), the report may be submitted at the postal bank or any branch of a commercial bank.

When a refund in an amount exceeding the abovementioned fixed amount is due, or when the refund is due in the first three month of operation of a new company, the report must be submitted to the regional VAT office.

• If the report is filed at a regional office, a schedule providing details of the tax invoices and import documents (if any) relating to the inputs included in that report must accompany it (Form 874). Another schedule providing further details of the import documents (Form 875) is also required. Any invoices on which the
tax is over NIS 5,000 must also be brought to the tax office. It is best to bring photocopies as well as originals as the authorities may require that copies be left with them for examination. The report can also be submitted on digital media or can be submitted by the representative through direct connection to the VAT computerized system. In small amounts it is possible to submit through the VAT Authorities’ internet site.

- When a report indicating a refund is submitted to the regional office, the refund is usually paid within 30 days of the date of submission of the report. A quicker VAT refund is available for exporters who meet certain criteria.
- When a rebate in an amount less than the fixed amount is due, the report should be submitted at a bank, as above. The amount is not credited to the company’s bank account, but should be set off against the tax due in the following month’s report.
- Special financing is available to make it easier for importers who are also exporters to pay the VAT on imports.

3. Opening an Employer File

3.1. Employer file with tax authorities

A company with one or more employees will be regarded as an employer and must report monthly the salaries paid to employees and the amount of tax deducted. This tax must be paid to the income tax authorities. Reporting is on a monthly basis and payment of taxes deducted from salaries is an obligation.

Non-compliance may lead to criminal sanctions being imposed on the company’s directors.

3.2. National Insurance (social security) contributions

The National Insurance Institute provides Israeli residents with a comprehensive system of social security benefits financed by national insurance contributions (payments) from both employers and employees.

Employers are responsible for withholding employees’ contributions from salaries and remitting these, together with the employers’ own contributions, to the National Insurance Institute.

Separate registration at the National Insurance Institute is not required. A copy of Form 0355 submitted to the withholding tax office is transferred to the National Insurance Institute and the same filing number is used for both authorities. The National Insurance Institute will mail a book of monthly payment forms.

The forms should be filled out and the payments remitted by the 15th of each month.

4. Opening a Company Bank Account

Opening a company bank account is one of the first steps taken by an investor. The account must be opened immediately after registering the company in order to allow for the depositing of share capital received for shares allotted to the shareholders, as well as to permit regular business activities.

There are various considerations in choosing a bank. A foreign investor may
decide on a particular bank because of an existing personal relationship with an official or employee of the bank. His choice may also be dictated by instructions from management of the foreign parent company, or he may even choose a bank because of its geographic convenience.

Opening a bank account will involve several issues of compliance. The bank will perform a KYC (Know Your Client) examination, including source of funds, client residency and citizenship, its taxation status, and other anti-money-laundering issues.

5. Renting or Purchasing an Office or Place of Business

Usually, new businesses prefer to rent property. This enables the foreign investor to learn about the Israeli market and economy before acquiring property. Even after renting for a short period, a more informed decision can be made regarding the purchase of offices or other facilities for permanent use.

Purchasing or renting property in Israel is neither a legally nor commercially difficult task.

Finally, a foreign investor, prior to purchasing a building or property, should seek advice on a variety of issues from lawyers, accountants, appraisers and engineers.

6. Technical Activities

After registering the company, it is necessary to take certain technical steps.

6.1. Company stamp

Unlike the U.S., but as in several European countries, Israeli law requires that the company signature comprise the signatures of the company’s authorized representatives together with the company stamp. This is not a seal in the English or American sense, but a simple rubber stamp, bearing the full name of the company. The absence of a stamp may not commit the company, although the individual who signed may be held personally liable. Accordingly, a rubber stamp is essential. Some companies include in their Takanon a provision that the company’s name may appear in print, rather than on a rubber stamp (e.g., on company checks). In these cases, such a signature is sufficient.

6.2. Corporate letterhead

There is no requirement that a company provide certain information on the company letterhead, as some countries require. The law does require that the company’s correct name appear on the stationery and it is usual to provide an address for the company or a POB, although this is not essential. Finally, it is not customary in Israel to stipulate the company’s bankers on the letterhead.
6.3. Company sign

The law requires a sign in front of the registered office of the company. When the registered office of the company is at the office of a lawyer or accountant, the company's sign is often added to the already existing signs at the door of the professional's office.

The tax authorities also require the company to place a clear sign bearing the company's name on the mailbox at the company's place of business.

6.4. Statements of account

The law does not require that the company have a form for statements of account, with the exception that the VAT authorities require every business to print special serially-numbered tax-invoice (heshbonit mai) and receipt (kabala) books. When the company's accounting is computerized, tax-invoices and receipts can be issued in accordance with procedures prescribed by the VAT authorities. In addition to these, some companies also issue pro-forma invoices (heshbonit iska), though they have no legal standing. By so doing, the company indicates to its customer that a sum is owing, but can defer paying VAT and income tax until the tax-invoice and receipt are issued.

VII. Conclusion

After 66 years of statehood, during which the population increased from 1 million to 8 million people, Israel is today a modern and dynamic industrial and commercial country with vast potential. The foreign individual who, prior to investing, avails himself of the many opportunities and uses the appropriate local resources, including professionals such as lawyers, accountants, economists, land appraisers and engineers, can make a very successful entry into the Israeli business world.