



ACCOUNTANTS

Aboulafia Avital Shrensky & Co.
Feldman Brody & Co. and Paul Staszewski

Independent Member of
PrimeGlobal

REAL ESTATE TAXATION ON UK INVESTMENT

Yoav Aboulafia & Larry Stern

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A Local Firm Providing a Global Service



Israeli Residents Seeking to Invest In UK Real Estate | Individual



<u>Taxation Category</u>	<u>UK Taxation</u>	<u>Israeli Taxation</u>
Rental Income	Marginal tax rates of 20%, 40% and 45%, after deducting expenses and personal allowance	1. Marginal tax rates after deducting all expenses, at marginal tax rates (minimum 31% tax for those under age 60), with credit for UK taxes payable. Plus Bituach Leumi (generally 12%); or 2. A 15% flat rate after deducting depreciation (only) but no tax credit for UK taxes paid
Depreciation	No	Yes
Capital Gains	Between 10% and 28%	25%; Depreciation claimable on rental income is reduced from base cost Inflationary gain not taxable
Estate Tax	Inheritance Tax of 40% (above £325,000 threshold)	No estate tax
Other	Mortgage interest expense on residential rents is calculated as a tax credit at 20% only	Mas Yesef (3%-5%), if applicable, is additional to the rates above

Israeli Residents Seeking to Invest In UK Real Estate | Corporate



<u>Taxation Category</u>	<u>UK Taxation</u>	<u>Israeli Taxation</u>
Rental Income	Between 19% and 25%	23%; On net rental income, after expenses, with credit for UK taxes payable
Depreciation	No	Yes
Capital Gains	Between 19% and 25%	23%; Depreciation claimable on rental income is reduced from base cost; Inflationary gain not taxable
Estate Tax	Inheritance Tax of 40% (above £325,000 threshold) on the value of the corporate stock	No estate tax
Other	0% effective tax rate on dividends from the company for non-residents	Additional dividend tax (25%-30%) and Mas Yesef, if applicable, upon distribution from the company

- Aboulafia, Avital, Shrensky & Co., part of the PrimeGlobal accounting network, is a leading, experienced CPA firm in Israel with decades of experience in local and international accounting and taxation.
- Our firm includes 130 dedicated professionals, led by 18 partners – expert CPAs with extensive experience, certified in Israel, the USA, the UK and France.
- Our firm operates from three primary branches - Jerusalem, Tel Aviv and New York.
 - Aboulafia, Avital, Shrensky & Co. CPAs – Jerusalem Branch
 - Aboulafia, Chekroun & Co. CPAs – Tel Aviv Branch
 - Aboulafia, Kot & Co. CPAs – New York Branch
- Our firm is ranked 18th (2024) in the Dun's 100 list of the leading firms in Israel.

OUR TEAM



Yoav Aboulafia
CPA, Founding Partner

Yoav is the firm's Founding and Managing Partner, with over 30 years of experience. Prior to founding the firm, Yoav was a partner at Deloitte.

Yoav serves as a member of the national board of The Institute of Certified Public Accountants in Israel

Yoav provides expert services to numerous multinational companies related to structuring, tax planning, and business development in addition to accounting and audit services.



Larry Stern
CPA (USA). Partner
International Tax Department

Partner in the firm since 2015. Member of AICPA since 2005. Almost 30 years' experience as an American accountant, with a specialty in international taxation – 12 of which as a senior accountant in Big Four firms. Extensive knowledge of the Double Tax Treaties - between Israel and the USA, Israel and the UK, and other treaties signed by Israel and/or the USA. Expert in complex tax planning for individuals (non-residents, returning residents, new immigrants) and corporations. Planning tax structures for Israeli corporations opening branches or holding assets in the USA or other countries. Estate tax planning. Executive compensation optimization and planning.



Binyamin Radomsky
CPA (Isr), FCA (UK). Partner
Israeli Tax Department

Expert in Israeli and UK taxation for non-residents, new residents and returning residents. Knowledgeable in the nuances of the Double Tax Treaty between Israel and the UK / USA, the Israeli tax law in respect of overseas income and foreign trusts. Assists in ongoing dealings with the various tax authorities, including tax audits and voluntary disclosures. Accompanies and assists individuals in various stages of Aliyah to find ideal tax solutions on a case-by-case basis, based on individual circumstances (e.g. retirees, working for foreign employer, working in Israel, etc.)



www.aboulafia.co.il

03-537-0080 | 02-651-5155

info@aboulafia.co.il