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Netanyahu To Release Palestinian Tax Money

Israel started withholding Palestinian tax money months ago when the Palestinians applied to join the International Criminal Court. Now, despite his often tough rhetoric, Israel's Prime Minister Benjamin Netanyahu is giving more than an olive branch to the Palestinian Authority. He has stated that he will hand over the tax amounts—piling up at over \$100 million a month—that Israel collects and impounds for the Palestinian Authority.

“Given the deteriorating situation in the Middle East, one must act responsibly and with due consideration alongside a determined struggle against extremist elements,” he said.

Tax money isn't everything, but it seems clear that this will help ease tensions. Mr. Netanyahu had stopped the huge tax hauls months ago. But now, his defense minister, the Israeli military and the country's internal security establishment have all apparently recommended the tax handover. The stated reasons are to recognize the significant humanitarian issues in play, and to help overall security. Israel has been under international pressure to release the frozen funds for some time.



Israeli Prime Minister Benjamin Netanyahu chairs the weekly cabinet meeting at his Jerusalem office on March 29, 2015. (Photo credit: DAN BALILTY/AFP/Getty Images)

Moreover, Israeli security officials had warned that continuing to hold back the revenue could spark violence. There is a small catch, in that Israel will deduct payments for services it has rendered to the Palestinian population. That should cover electricity, water and hospitalization. Even so, the tax money is so significant to the Palestinian budget that there have been huge repercussions.

The Palestinian Authority has been paying partial salaries to many thousands of employees. The trickle-down effect of turning on the spigot to the cash horde cannot hurt. It might even help to heal the rift between Israel and the Obama administration. The tax arrangement has always put Israel in a kind of landlord role. Israel collects taxes and customs on behalf of the Palestinians, and then transfers the monies over. And the tax withholding has been a bone of contention in the past when Israel has withheld funds as retaliation.

This time, over the months where withholding amounts grey to hundreds of millions of dollars, something had to give. Palestinian President Mahmoud Abbas has complained that Israel has eroded the authority of his self-rule government, leaving it with “no real power here over anything.”

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