

FACT SHEET – PURCHASE COSTS IN ISRAEL

As a general guide to the cost of buying property in Israel, the following expenses should be taken into account:

Cost	Amount	Date of Payment and Additional Information
Purchase price	—————	Payable on the dates agreed in the contract. If you are converting foreign currency to pay in shekels and/or sending funds from abroad, there will be additional charges for bank transfers and currency conversions and the exchange rate will fluctuate between signing the contract and making the final payment. If you are purchasing off-plan from a developer, the price is usually index linked and so the actual price will be higher than the contract price. There will also be additional costs involved if you are taking out a mortgage to finance the purchase.
Acquisition Tax	A graded tax dependent on price	For Israeli tax residents who do not own any other residential property, the tax is 0% on the first NIS 1.7 million and the balance is then taxable in bands at 3.5%, 5%, 8% and then 10%. For foreign residents and Israeli tax residents already owning residential property, the tax rates start at 8% and then increase to 10%. There are preferential rates for new immigrants and other special categories.
Agent's fees	1.5-2% + vat (17%)	Usually payable on exchange
Legal Fees	1-1.5% + vat	Payable on exchange. Fees vary according to the nature of the property (registered/unregistered land, apartment/house, already existing/being built etc.) the structure of the purchase and the purchase price so this is a general guide only.
Disbursements	NIS 1,000 (approx.)	Searches, filing fees, couriers etc. If translations of the purchase documents into English are required, there will be additional costs.
Registration Survey/Valuation		The cost varies in accordance with the size and nature of the property. This search is essential to confirm that the property has been built in accordance with the planning permission granted since, if not, you will not be able to take a mortgage on the property and it may prevent transfer of the property into your name.
Structural Survey		The cost varies in accordance with the size and nature of the property. To check the physical condition of the property (damp, structural problems, problems with electricity, plumbing etc.).
Municipal rates	Varies according to municipality	From completion.
Management Fees		Payable in all apartment blocks from completion.
Building Insurance	If required	After taking possession or prior to receiving mortgage funds

This fact sheet is presented as a general information service to our clients and does not constitute legal advice. The process of purchasing property in Israel is a complex one and you should obtain specific legal advice before taking (or deciding not to take) any action. Please contact us for further information.