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Extension of the Eligibility Period for the Tax Exemption for New Immigrants and Returning Residents

Client Updates

As part of a legislative amendment enacted in late March 2026, new immigrants and returning residents who become eligible Israeli residents (i.e., "first-time Israeli residents" or "veteran returning residents") between November 5, 2025 and December 31, 2026 are entitled to a tax exemption on ordinary income generated in Israel, subject to the conditions and limitations prescribed by law. Please see our client updates on the subject: the April 2026 update, which addresses the provisions of the law, and the August 2026 update, which discusses the Israel Tax Authority's circular on the application of the law's conditions.

It was recently announced that the period for transferring one's center of life to Israel will be extended, so that the benefits will apply to eligible individuals who transfer their center of life to Israel by **February 10, 2027**. The extension follows the elections to the 26th Knesset and the legal provisions that automatically extend the validity of statutory provisions due to expire during the first three months of the incoming Knesset's term.

We note that this extension has already been implemented in the digital process for submitting applications to the Israel Tax Authority for the benefits under the temporary provision.

This update is intended to provide general and concise information only. It does not constitute a full or complete analysis of the issues discussed, does not constitute a legal opinion or legal advice, and should not be relied upon as such.

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