

Registering a property in Israel has now been simplified following several regulatory changes

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The World Bank's annual *Doing Business* report examines the ease of conducting business in 190 economies around the world. The report provides comparative ranking of the processes of doing business in several different areas.

One area examined and ranked in the report is "Registering property." In the 2010 report, Israel ranked relatively low. In recent years, the Israeli authorities introduced various new processes and methods to simplify, speed up and streamline the process of registering real estate. Thanks to these efforts, Israel has moved up 21 places in the 2017 ranking.

In Israel, real estate rights are registered with the Land Registrar. To transfer property rights from the seller's name to that of the buyer, the parties must sign a deed of transfer, submit tax certificates issued by the Israel Tax Authority (ITA) and provide clearance from the municipal authorities confirming there are no outstanding debts on the property.

If any of the parties is a registered company, a copy of its Certificate of Association, certified by the Companies Registrar, and corporate resolutions authorising the transaction must be submitted.

This list of requirements, which involve various authorities and processes, previously made the registration of rights in real estate in Israel long and arduous. To facilitate a simpler and easier process, several regulatory changes have been introduced, as described below.

Tax Certificates – The Land Tax Authority

According to Israeli law, the responsibility for reporting real estate transactions and their tax results is incumbent upon the parties with the tax authorities having eight months to audit the

report. Often, the Land Tax Authority did not approve the parties' self-assessments and instead assessed a higher tax duty.

To fight such a decision, the parties had to conduct long appeal processes with the tax authorities. Only once these were completed and the full tax levied paid, could the

parties obtain the tax certificates they needed to register the transaction in the Land Registry.

Following the conclusions of a committee chaired by the Director General of the Treasury, some important amendments to the Land Tax Law were introduced in 2010, including a new mechanism for obtaining the tax certificates required for registration of rights.

To date, subject to certain circumstances that are generally satisfied in most cases, tax certificates are obtained even before the full consideration has been paid and before the transaction has been completed. This has removed a major delay for registration of many transactions.

Israel may be the "Start-up Nation" and a world-renowned center of technological innovation, however, until recently, government bureaucracy was lagging. Having understood the need to ease the performance of real estate transactions and to make the interface with the Land Tax Authority as smooth as possible, the government recently introduced an online land-tax reporting system that expedites the processing of self-assessments.

Certificate of Association from the Companies' Registrar

As mentioned above, where one or more of the parties is a company, the party must submit a certificate of association certified by the Companies Registrar as a true copy.

Until recently, to obtain a true copy, the company had to apply and retrieve the files from the central archive of the Companies Registrar. Only once the physical copy was at the office of the Companies Registrar could the company copy the certificate of association and, against further payment, obtain a "true copy" stamp from the Companies Registrar.

Now, company files can be downloaded online and printed with a Companies Registrar electronic "true copy" stamp, which saves time and money for all involved.

Clearance Certificate from the Local Authority

To receive confirmation from the local authority that there are no outstanding debts on the property, the parties must first send the local authority an application form, a copy of the sale agreement, a copy of the buyer's ID and documents certifying the date in which possession is delivered to the buyer.

In the past year, large local authorities, such as Tel Aviv, have introduced a new system enabling parties to submit all these documents by email. Hopefully, other local authorities will follow in their footsteps and allow for faster processing of real estate rights transfers.

The Land Registrar

Once the parties have obtained all the documents required to register the rights transfer, they must submit them to the Land Registrar. Until recently, many applications were rejected because of formalities that the parties then had to correct and resubmit. In the past few years, the Land Registrar has undergone a sweeping reform whose purpose is to make registration fast and more efficient.

For example, many new procedures were published over the last two years, relaxing the strict requirements previously practiced. Registration procedures are published regularly on the website of the Land Registry and Settlement of Rights Department. The Department staff reviews all transfer documents submitted and does their best to return all comments in a single reply. Concurrently, the number of people working at the Land Registration Bureaus has been increased, which has shortened processing time.

Recently, an online registration system was launched, which allows for online transfer of rights in certain properties. While this is still in pilot stage, it indicates the future aim of being an online system connecting between the Land Registration Bureau, the local authority and the Land Tax Authority – sparing the parties the need to apply for individual clearances.

The results speak for themselves. According to the Land Registrar's data, the nationwide average registration time has been reduced from 45 to 13 days. In most cases, registration takes only a few days.

To conclude, in 2010 Israel defined a clear aim: To simplify, expedite and streamline the process of registering real estate rights. Various actions that the government has implemented since, have changed the situation in this field for the better.

Israel is not resting on its laurels, and we can expect further changes that will make registration of real estate rights – and doing business – much easier.

The online link to the article can be found [here](#).