



LAWS OF THE STATE OF ISRAEL

Vol. 29

5735 — 1974 / 75

FROM 23rd TISHRI, 5735 — 9.10.74 to 20th ELUL, 5735 — 27.8.75

*Authorised Translation from the Hebrew
Prepared at the Ministry of Justice*

PUBLISHED BY THE GOVERNMENT PRINTER
JERUSALEM



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EXPLANATIONS

<i>I.R. (Iton Rishmi)</i>	— The Official Gazette during the tenure of the Provisional Council of State
<i>Reshumot</i>	— The Official Gazette since the incep- tion of the Knesset

Sections of *Reshumot* referred to in this translation:

<i>Yalkut Ha-Pirsumim</i>	— Government Notices
<i>Sefer Ha-Chukkim</i>	— Principal Legislation
<i>Chukkei Taktziv</i>	— Budgetary Legislation
<i>Kovetz Ha-Takkanot</i>	— Subsidiary Legislation
<i>Hatza'ot Chok</i>	— Bills
<i>Chukkei Taktziv (Hatza'ot)</i>	— Budget Bills
<i>Dinei Yisrael</i> (from No. 2: <i>Dinei Medinat Yisrael</i>) (<i>Nusach Chadash</i>)	— The revised, up-to-date and binding Hebrew text of legislation enacted before the establishment of the State
<i>P.G. (Palestine Gazette)</i>	— The Official Gazette of the Mandatory Government
<i>Laws of Palestine</i>	— The 1934 revised edition of Palestine legislation (Drayton)
<i>LSI (Laws of the State of Israel)</i>	— The English translation of laws of which this volume forms part
<i>NV (Laws of the State of Israel [New Version])</i>	— An English edition of the revised text of pre-State legislation (see above)

L A W S

(No. 1)

LAND APPRECIATION TAX (AMENDMENT No. 5) LAW, 5735—1974*

1. In the Land Appreciation Tax Law, 5723—1963¹⁾ (hereinafter referred to as “the principal Law”), section 9 shall be replaced by the following section: Replacement
of section 9.

“Additional tax from acquirer of real estate right or real estate association right.

9. (a) The sale of a real estate right shall be chargeable with additional tax. The addition shall be a proportion of the sale value or a specific amount, according to the type of sale or land, as the Minister of Finance may prescribe with the approval of the Finance Committee of the Knesset.

(b) (1) A real estate association act shall be chargeable with the amount of additional tax leviable on the sale of a real estate right the value of which is a proportionate part—within the meaning of section 14(c)—of the aggregate value of the real estate rights owned by the association.

(2) A real estate association act shall not be chargeable with stamp duty under the Stamp Duty on Documents Law, 5721—1961²⁾.

(c) The additional tax shall be paid by the purchaser or the person on whom association rights are conferred.

(d) The Minister of Finance may, with the approval of the Finance Committee of the Knesset, prescribe rules for the grant of exemption from the whole or part of the additional tax, and he may,

* Passed by the Knesset on the 23rd Tishri, 5735 (9th October, 1974) and published in *Sefer Ha-Chukkim* No. 746 of the 2nd Cheshvan, 5735 (18th October, 1974), p. 2; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1125 of 5734, p. 207.

¹⁾ *Sefer Ha-Chukkim* of 5723, p. 156—*LSI* vol. XVII, p. 193; *Sefer Ha-Chukkim* of 5725, p. 40—*LSI* vol. XIX, p. 41; *Sefer Ha-Chukkim* of 5727, p. 105—*LSI* vol. XXI, p. 193; *Sefer Ha-Chukkim* of 5728, p. 181—*LSI* vol. XXII, p. 209; *Sefer Ha-Chukkim* of 5731, p. 80—*LSI* vol. XXV, p. 76.

²⁾ *Sefer Ha-Chukkim* of 5721, p. 64; *LSI* vol. XV, p. 57.

with approval as aforesaid, prescribe different rules in respect of different classes of persons liable or different classes of land.

(e) Additional tax shall for all purposes, except exemption under Chapter Six, the time for payment under section 91 and as regards section 114, be treated as tax.

(f) The Minister of Finance may by regulations, with the approval of the Finance Committee of the Knesset, prescribe the time for the payment of the additional tax.”.

Replacement of section 9A. 2. Section 9A of the principal Law shall be replaced by the following section:

“Transfer
to local
authorities.

9A. (a) The Treasury shall transfer 60 per cent of any tax and one third of any additional tax to the local authority in whose area the land in respect of which such tax or additional tax has been paid is situated.

(b) Where the land is situated in the areas of several local authorities, the amount to be transferred as aforesaid shall be apportioned among them in accordance with the value of the land situated in the area of each.”.

Application and transitional provisions. 3. (a) Where a person purchased a real estate right before the coming into force of the principal Law and his right has not yet been registered in the Land Register, he shall be liable to additional tax as specified hereunder; for this purpose, he may at any time make a declaration, and he shall do so before the registration of the right in the Land Register.

(1) If he makes the declaration within two years from the date of publication of this Law, the additional tax shall be paid in accordance with the value of the real estate right on the day he acquired it and at the rate obtaining on the date of the declaration.

(2) If he makes the declaration more than two years after the date of publication of this Law, the additional tax shall be paid in accordance with the value of the real estate right on the date of the declaration and at the rate obtaining on that date.

(b) Where a person purchased a real estate right between the coming into force of the principal Law and the date of publication of this Law and has not paid additional tax—whether or not he was liable to it—and his right has not yet been registered in the Land Register, or where a person purchased a real estate association right and has not paid additional tax, such person shall be liable to additional tax as specified hereunder:

(1) if he was exempt from additional tax under section 9 (f) of the principal Law as in force before being amended by the Land Appreciation Tax (Amendment No. 2) Law, 5727—1967¹⁾, the provisions of subsection (a) shall apply to him;

(2) if he made a declaration before the publication of this Law, but he has not yet been assessed to additional tax or it has been decided that he is not liable to additional tax, the additional tax shall be in accordance with the smaller of the following two:

(a) the value of the right on the date of the declaration and the amount of land transfer fee and additional fee, under the Local Authorities (Land Transfer Fee) Law, 5719—1959²⁾, leviable on the said date;

(b) the value of the right, and the amounts of the additional tax, on the date of publication of this Law;

(3) if he did not make a declaration before the publication of this Law, he shall be liable to additional tax in accordance with the smaller of the following two:

(a) the value of the right on the date of acquisition and the amount of the land transfer fee and additional fee under the Local Authorities (Land Transfer Fee) Law, 5719—1959, plus interest at the rate of 1 per cent in respect of every fifteen days from the date of acquisition to the date of payment;

(b) the value of the right, and the amounts of the additional tax, on the date of publication of this Law;

(4) a person to whom paragraph (2) or (3) applies, other than a person who made a declaration after the 6th Tevet, 5734 (31st December, 1973), shall make a declaration within six months from the date of publication of this Law: Provided that a person who made a declaration before the said date

¹⁾ *Sefer Ha-Chukkim* of 5727, p. 105; *LSI* vol. XXI, p. 193.

²⁾ *Sefer Ha-Chukkim* of 5719, p. 82; *LSI* vol. XIII, p. 84.

shall make an abridged declaration in the form prescribed by the Director;

(5) the provisions of this subsection shall not apply to a person liable to additional tax under an assessment not subject to contestation or appeal.

(c) For the purposes of subsections (a) (2) and (b), "value" means the amount which may be expected to be obtained from the sale of a real estate right by a willing seller to a willing purchaser.

(d) Where a person liable to additional tax under subsection (b) does not pay it at the prescribed time, interest shall be added to it at the rate of 1 per cent in respect of every fifteen days of delay; and if he is also bound to make a declaration under subsection (b) (4) and does not make it at the prescribed time, interest shall also be added as aforesaid in respect of the period between the time for making the declaration and the time when it is made; section 94 of the principal Law shall not apply to a delay as aforesaid.

(e) A person who has paid additional tax in accordance with an assessment made under the Land (Fees) Regulations, 5730—1970¹⁾, shall be deemed to have paid the amount of additional tax due from him even if the transaction was not registered in the Land Register in due time.

(f) The Minister of Finance may make regulations for the payment of additional tax in respect of transactions effected before the publication of this Law, and he may, with the approval of the Finance Committee of the Knesset, make regulations as to different times which are to serve as bases for determining the value of land, having regard to the date and type of the transaction, and as to the saving of exemptions, reductions and alleviations due under the Land (Fees) Regulations, 5730—1970.

YITZCHAK RABIN
Prime Minister

YEHOSHUA RABINOVITZ
Minister of Finance

EFRAYIM KATZIR
President of the State

¹⁾ Kovetz *Ha-Takkanot* of 5730, p. 1050; Kovetz *Ha-Takkanot* of 5733, p. 1547.

(No. 2)

EMERGENCY REGULATIONS (CIVIL GUARD)
(EXTENSION OF VALIDITY) LAW, 5735—1974 *

1. The validity of the Emergency Regulations (Civil Guard), 5734—1974¹⁾, is hereby extended until the 18th Adar, 5725 (1st March, 1975). Extension
of validity.
2. The Minister of Police may at any time, by order published in *Reshumot*, revoke all or part of the said Regulations or restrict powers conferred thereunder. Power to
revoke.

YITZCHAK RABIN
Prime Minister

SHLOMO HILLEL
Minister of Police

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 23rd Tishri, 5735 (9th October, 1974) and published in *Sefer Ha-Chukkim* No. 746 of the 2nd Cheshvan, 5735 (18th October, 1974), p. 4; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1138 of 5734, p. 273.

¹⁾ *Kovetz Ha-Takkanot* of 5734, p. 1566.

(No. 3)

CRIMINAL PROCEDURE (AMENDMENT No. 4) LAW,
5735—1974 *

- Amendment of section 13. 1. In section 13 of the Criminal Procedure Law, 5725—1965¹⁾ hereinafter referred to as “the principal Law”), the following subsection shall be added after subsection (b):
- “(c) Where the conditions of subsection (a) or (b) are met in respect of a suspected or arrested person, the Court may, on his application, on the application of the prosecutor or on its own motion, appoint a defence counsel for him.”.
- Amendment of section 18. 2. Section 18 of the principal Law shall be re-marked as section 18 (a) and the following subsection shall be added thereafter:
- “(b) Where the Court is satisfied that the accused lacks means, it may direct that the cost of the defence, including the expenses and fees of the witnesses for the accused, shall be borne by the State even if no defence counsel is appointed for the accused.”.
- Amendment of section 27. 3. At the end of section 27 of the principal Law, there shall be added the words “and if it is feared that the arrested person is mentally ill or of unsound mind, notification as aforesaid shall be made even if he has not so requested”.
- Addition of section 66A. 4. The following section shall be inserted after section 66 of the principal Law:
- “Discontinuance of proceedings. 66A. Where the Court is satisfied that a private complainant is not himself capable of conducting his case in court or that he is conducting it vexatiously, the court may discontinue the proceedings in the complaint until the complainant appoints an advocate for himself within a period prescribed by it. If the complainant does not do so, the Court may deem

* Passed by the Knesset on the 27th Cheshvan, 5735 (12th November, 1974) and published in *Sefer Ha-Chukkim* No. 747 of the 7th Kiselev, 5735 (21st November, 1974), p. 6; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1015 of 5732, p. 425.

¹⁾ *Sefer Ha-Chukkim* of 5725, p. 161 — *LSI* vol. XIX, p. 158; *Sefer Ha-Chukkim* of 5729, p. 194 — *LSI* vol. XXIII, p. 210; *Sefer Ha-Chukkim* of 5733, p. 224 — *LSI* vol. XXVII, p. 249; *Sefer Ha-Chukkim* of 5734, p. 86 — *LSI* vol. XXVIII, p. 85.

him to have not appeared and the provisions of section 121 shall apply.”.

5. The following sections shall be inserted after section 132 of the principal Law: Addition of sections 132A to 132C.

“Plea of disqualification.

132A. (a) After the commencement of the trial and before any other pleading, a party may request that a particular Judge disqualify himself from sitting in the case. Where a Judge has been replaced under section 204, a party may set up a plea of disqualification against the other Judge at the commencement of the first hearing after the replacement.

(b) Where a plea of disqualification is made against any Judge, that Judge shall forthwith decide thereon, before any other decision.

(c) Where a party was unable to make a plea of disqualification at the stage indicated in subsection (a), he may make it at a later stage, provided that he does so immediately after the ground for the disqualification becomes known to him.

Appeal in case of plea of disqualification.

132B. (a) A party may appeal to the Supreme Court against a decision of a Judge under section 132A. The appeal shall be heard by the President of the Supreme Court or by one Judge or three Judges of the Supreme Court designated in that behalf by the President.

(b) Where a party gives notice that he intends to appeal against the decision, the trial shall be discontinued and shall not be continued until the decision in the appeal unless the Judge, for reasons which shall be recorded, decides that it shall be continued.

(c) The appeal shall be submitted in writing, detailing the grounds, within five days from the day on which the decision of the Judge is notified to the party.

(d) The Judge or Judges hearing the appeal shall give the parties an opportunity to be heard, and he or they may request the Judge whose decision is appealed against to make his observations.

Restriction as to
plea of
disqualification.

132C. A plea of disqualification shall not be heard, or serve as a ground for appeal, save in accordance with the provisions of sections 132A and 132B.”.

Addition
of section
152A.

6. The following section shall be inserted after section 152 of the principal Law:

“Accused unfit
to stand trial.

152A. (a) Where under section 6 (a) of the Treatment of Mentally Sick Persons Law, 5715—1955 ¹⁾, the Court decides that an accused person is not fit to stand trial, it shall discontinue the proceedings against him; but if defence counsel asks that the question of the accused’s guilt be investigated, the Court shall investigate it, and it may do so on its own motion for reasons which shall be recorded.

(b) If upon termination of the investigation the Court finds it unproven that the accused committed the offence or finds that he is not guilty, otherwise than by reason of non-responsibility due to mental illness, it shall acquit the accused; if the Court sees no reason for acquitting the accused, it shall discontinue the proceedings against him, and it may do so even before termination of the investigation.

(c) A decision of the Court under subsection (b) shall be open to appeal.

(d) Where a person is brought to trial under section 17 (b) of the Treatment of Mentally Sick Persons Law, 5715—1955, the Court may receive evidence given during an investigation under this section without hearing it again. However, a party may subject a witness to cross-examination or further cross-examination, and the accused may request that his witnesses be heard again; where this is not possible, the Court shall take this fact into account in considering the evidence.”.

Addition of
section 189A.

7. The following section shall be inserted after section 189 of the principal Law:

“Plea of
disqualification
on appeal.

189A. At the commencement of the hearing of the appeal and before any other pleading, a party may request that a particular Judge disqualify himself

¹⁾ *Sefer Ha-Chukkim* of 5715, p. 121; *LSI* vol. IX, p. 132.

from sitting in the case. The provisions of sections 132A to 132C shall apply *mutatis mutandis* to a plea of disqualification under this section.”.

8. In section 204 of the principal Law, the opening passage, up to and including the words “another Judge may continue”, shall be replaced by the following: “So long as the taking of evidence has not begun, another Judge may continue the trial from the stage which his predecessor had reached. Where the taking of evidence has begun and for any reason whatsoever a Judge is unable to complete the trial, another Judge may continue”.

Amendment of section 204.

9. Section 205 of the principal Law shall be replaced by the following section:

Replacement of section 205.

“Change in composition of bench.

205. The provisions of section 204 shall also apply, *mutatis mutandis*, where the court consists of three or more Judges.”.

10. In the Treatment of Mentally Sick Persons Law, 5717—1955, at the end of section 6 (a), there shall be added the words “if it is of the opinion that his condition requires hospitalisation. If the Court decides to investigate the question of the accused’s guilt, under section 152A of the Criminal Procedure Law, 5725—1965, the hospitalisation order made for him shall be valid until completion of the investigation, and when the investigation has been completed or discontinued and the accused is not acquitted, the Court shall decide the question of hospitalisation.”.

Amendment of Treatment of Mentally Sick Persons Law.

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

EFRAYIM KATZIR
President of the State

(No. 4)

FALLEN SOLDIERS' FAMILIES (PENSIONS AND
REHABILITATION) (AMENDMENT No. 10) LAW, 5735—1974 *

Addition of
section 33A.

1. In the Fallen Soldiers' Families (Pensions and Rehabilitation) Law, 5710—1950 ¹⁾, the following section shall be inserted after section 33:

"Duty to
employ beyond
retirement age.

33A. (a) The Minister of Defence may, with the consent of the Minister of Labour and the approval of the Labour Affairs Committee of the Knesset, make regulations concerning the duty of an employer to continue employing an employee who worked for him immediately before reaching retirement age and who is fit for work according to rules prescribed by such regulations, for a period not exceeding five years from the day of his reaching retirement age and not extending beyond the day of his reaching the age of seventy years, as may be prescribed by regulations and on such conditions as may be prescribed.

(b) An employee who continues in employment by virtue of this section shall not be dismissed or required to retire from his employment during the period referred to in subsection (a) save under a decision of an employment committee, within the meaning of the Discharged Soldiers (Reinstatement in Employment) Law, 5709—1949 ²⁾, given *mutatis mutandis* for reasons which permit the dismissal of a war invalid by virtue of regulations under section 31 of the said Law.

(c) Where an employee is dismissed from his employment shortly before reaching retirement age,

* Passed by the Knesset on the 27th Cheshvan, 5735 (12th November, 1974) and published in *Sefer Ha-Chukkim* No. 748 of the 7th Kislev, 5735 (21st November, 1974), p. 10; the Bill and Explanatory Note were published in *Hatza'ot Chok* No. 1138 of 5734, p. 274.

¹⁾ *Sefer Ha-Chukkim* of 5710, p. 162 — *LSI* vol. IV, p. 115; *Sefer Ha-Chukkim* of 5733, p. 252 — *LSI* vol. XXVII, p. 289.

²⁾ *Sefer Ha-Chukkim* of 5709, p. 13 — *LSI* vol. III, p. 10; *Sefer Ha-Chukkim* of 5730, p. 121 — *LSI* vol. XXIV, p. 126.

the provisions of this section shall apply to him as if he had reached retirement age at that time unless it is proved that his dismissal was not intended to avoid compliance with such provisions.

(d) For the purposes of this section —

“employee” means a widow or parent of a fallen soldier, including a step-parent and an adoptive parent: Provided that where there are a natural parent and a step-parent or adoptive parent, both of the same sex, only the parent with whom according to the pension officer’s decision the fallen soldier had the stronger ties shall be regarded as his parent;

“retirement age” means the age at which an employee must retire from his employment by virtue of a provision in any enactment, collective agreement or contract of employment or, in the absence of such a provision applicable to him, the age of sixty-five years in the case of a man and sixty years in the case of a woman.”.

YITZCHAK RABIN
Prime Minister

SHIMON PERES
Minister of Defence

EFRAYIM KATZIR
President of the State

(No. 5)

LAW AND ADMINISTRATION ORDINANCE
(AMENDMENT No. 15) LAW, 5735—1974 *

Amendment of
section 16.

1. In the Law and Administration Ordinance, 5708—1949¹⁾, the following shall be added at the end of section 16 (f): "The Committee may integrate into one Law drafts which have been brought before it of a new version and a consolidated version, respectively, of enactments dealing with the same subject."

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 27th Cheshvan, 5735 (12th November, 1974) and published in *Sefer Ha-Chukkim* No. 748 of the 7th Kislev, 5735 (21st November, 1974), p. 11; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1119 of 5734, p. 182.

¹⁾ I.R. of 5708, Suppl. I, pp. 1, 11 and 12—*LSI* vol. I, pp. 7, 17 and 18; *Sefer Ha-Chukkim* of 5709, pp. 2 and 159—*LSI* vol. III, pp. 4 and 73; *Sefer Ha-Chukkim* of 5712, pp. 10, 134 and 279—*LSI* vol. VI, pp. 7, 39 and 90; *Sefer Ha-Chukkim* of 5714, p. 126—*LSI* vol. VIII, p. 104; *Sefer Ha-Chukkim* of 5724, p. 79—*LSI* vol. XVIII, p. 67; *Sefer Ha-Chukkim* of 5727, p. 74—*LSI* vol. XXI, p. 75; *Sefer Ha-Chukkim* of 5728, p. 232—*LSI* vol. XXII, p. 265; *Sefer Ha-Chukkim* of 5729, p. 42—*LSI* vol. XXIII, p. 48; *Sefer Ha-Chukkim* of 5731, p. 36—*LSI* vol. XXV, p. 27; *Sefer Ha-Chukkim* of 5732, p. 51—*LSI* vol. XXVI, p. 52.

(No. 6)

PENAL LAW (MODES OF PUNISHMENT)
(AMENDMENT No. 3) LAW, 5735—1974 *

1. In the Penal Law (Modes of Punishment) (Consolidated Version), 5730—1970¹⁾, section 43 shall be re-marked as section 43 (a), the words "or that there are other circumstances justifying the same" shall be inserted after the words "that there was no ground for prosecution", appearing therein, and the following subsection shall be added thereafter:

Amendment of
section 43.

"(b) The Minister of Justice may by regulations, with the approval of the Constitution, Legislation and Juridical Committee of the Knesset, prescribe maximum amounts for the said costs and compensation."

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 27th Cheshvan, 5735 (12th November, 1974) and published in *Sefer Ha-Chukkim* No. 748 of the 7th Kislev, 5735 (21st November, 1974), p. 11; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1139 of 5734, p. 278.

¹⁾ *Sefer Ha-Chukkim* of 5730, p. 109 — *LSI* vol. XXIV, p. 112; *Sefer Ha-Chukkim* of 5731, p. 122 — *LSI* vol. XXV, p. 118; *Sefer Ha-Chukkim* of 5733, p. 44 — *LSI* vol. XXVII, p. 39.

(No. 7)

EXECUTION (AMENDMENT No. 3) LAW, 5735—1974 *

Amendment of section 20. 1. In the Execution Law, 5727—1967¹⁾ (hereinafter referred to as “the principal Law”), section 20 shall be re-marked as section 20 (a) and the following subsection shall be added thereafter:

“(b) Where in the course of any execution proceedings, an amount of money has been erroneously paid, the Chief Execution Officer may, on the application of an interested party, make any order for rectification of the error. An order as aforesaid shall be enforceable as if it were a judgment.”.

Amendment of section 22. 2. In section 22 of the principal Law —
(1) the following paragraph shall be added after subsection (a) (4):
“(5) tools, instruments, machinery, other movable property, and animals, which belong to an invalid and are necessary to him for his personal use by reason of his invalidity.”;
(2) the expression “and (5)” shall be inserted after the expression “under subsection (a) (4)” in subsection (b).

Amendment of section 70. 3. In section 70 of the principal Law, subsection (b) shall be replaced by the following subsection:

“(b) A debtor imprisoned under this chapter for non-payment of a judgment debt, except a judgment debt arising out of maintenance under section 74, who has not been heard in an investigation as to means shall within three days from the date of his imprisonment be brought before the Chief Execution Officer, and if he is imprisoned for discontinuance of the payment of instalments which have been prescribed he shall on his application be brought as aforesaid even if he has previously been heard in an investigation as to means. Where a debtor is brought as aforesaid, the Chief Execution Officer may, on such conditions as he may

* Passed by the Knesset on the 27th Cheshvan, 5735 (12th November, 1974) and published in *Sefer Ha-Chukkim* No. 748 of the 7th Kislev, 5735 (21st November, 1974), p. 12; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1002 of 5732, p. 368.

¹⁾ *Sefer Ha-Chukkim* of 5727, p. 116 — *LSI* vol. XXI, p. 112; *Sefer Ha-Chukkim* of 5729, p. 16 — *LSI* vol. XXIII, p. 19; *Sefer Ha-Chukkim* of 5731, p. 186 — *LSI* vol. XXV, p. 178.

think fit, set aside the order of imprisonment or reduce the period of imprisonment.”.

4. In section 88 (1) of the principal Law, the words “exemption from or deferment of payment thereof” shall be inserted after the words “the payment of fees”. Amendment of section 88.

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

EFRAYIM KATZIR
President of the State

(No. 8)

SALE (APARTMENTS) (ASSURANCE OF INVESTMENTS OF
PERSONS ACQUIRING APARTMENTS) LAW, 5735—1974*

Definitions.

1. In this Law —

“apartment” means a room or set of rooms for residence, business or any other purpose;

“sale” includes the grant of a lease for a period of twenty-five years or more, an undertaking to sell or to grant a lease as aforesaid or to procure a sale or the grant of a lease as aforesaid, and an association act within the meaning of the Land Appreciation Tax Law, 5723—1963¹⁾;

“seller” means a person who sells an apartment built or about to be built by himself or through another on land owned by him or another with a view to selling it and includes a person who sells an apartment bought by him with a view to its sale from the person who built or is about to build it as aforesaid, but does not include a person who sells an apartment not built by himself and for the sale of which he has received no consideration from the purchaser.

Assurance of
moneys of
purchaser.

2. A seller shall not receive from a purchaser, on account of the price of the apartment, an amount exceeding fifteen per cent of such price unless he has done one of the following:

(1) he has given the purchaser a bank guarantee as security for the return of all the moneys paid to him by the purchaser on account of the price in the event of his being unable to transfer to the purchaser the ownership of or any other right in the apartment, as agreed in the contract of sale, by reason of an attachment imposed on the apartment or on the land on which it is being built or by reason of a receiving order, winding-up order or order appointing a receiver made against the seller or against the owner of the said land;

* Passed by the Knesset on the 4th Kislev, 5735 (18th November, 1974) and published in *Sefer Ha-Chukkim* No. 749 of the 14th Kislev, 5735 (28th November, 1974), p. 14; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1074 of 5733, p. 367.

¹⁾ *Sefer Ha-Chukkim* of 5723, p. 156 — *LSI* vol. XVII, p. 193.

(2) he has taken out insurance from an insurer, within the meaning of the Insurance Business (Control) Law, 5711—1951¹⁾, approved for this purpose by the Superintendent of Insurance, as security for the return of all the moneys as provided in paragraph (1), with the purchaser named as the beneficiary under the insurance policy, and the insurance premium has been paid in advance;

(3) he has charged the apartment or a proportionate part of the land on which it is being built with a first mortgage in favour of the purchaser or in favour of a trust company approved for this purpose by the Minister of Housing, as security for the return of all the moneys as provided in paragraph (1);

(4) he has entered in respect of the apartment or a proportionate part of the land on which it is built a caution of the sale of the apartment, in accordance with section 127 of the Land Law, 5729—1969²⁾, and no charge, attachment or third-party right ranking in priority to the caution is registered in respect of the apartment or land;

(5) he has transferred to the purchaser the ownership of, or any other right in, the apartment or a proportionate part of the land on which it is being built, as agreed in the contract of sale, the apartment or land being free from any charge, attachment or third-party right.

3. Where the moneys paid or required to be paid to the seller by the purchaser of any apartment have not been secured as provided in section 2 (1) or (2), then, notwithstanding anything provided in the contract of sale, the purchaser shall not be bound to make any payments on account of the price of the apartment in excess of such amounts as are prescribed by regulations. Restriction on payments.

4. A seller who contravenes the provisions of section 2 shall be liable to imprisonment for a term of six months or to a fine of 100,000 pounds; and if he is an engineering construction contractor within the meaning of the Engineering Construction Contractors (Registration) Law, 5729—1969³⁾, the Court may disqualify him for registration in Penalties.

¹⁾ *Sefer Ha-Chukkim* of 5711, p. 221; *LSI* vol. V, p. 142.

²⁾ *Sefer Ha-Chukkim* of 5729, p. 259 — *LSI* vol. XXIII, p. 283; *Sefer Ha-Chukkim* of 5733, p. 18 — *LSI* vol. XXVII, p. 18.

³⁾ *Sefer Ha-Chukkim* of 5729, p. 218; *LSI* vol. XXIII, p. 236.

the Register, or, if he is already registered, cancel his registration, for such period as it shall prescribe.

Scope of application.

5. The provisions of this Law shall not apply to an apartment in respect of which the contract of sale was made before this Law came into force.

Implementation and regulations.

6. The Minister of Housing is charged with the implementation of this Law and may make regulations for its implementation.

Commencement.

7. This Law shall come into force on the 21st Shevat, 5735 (2nd February, 1975).

YITZCHAK RABIN
Prime Minister

ABRAHAM OFFER
Minister of Housing

EFRAYIM KATZIR
President of the State

(No. 9)

PHYLACTERIES AND MEZUZOT
(PREVENTION OF CHEATING) LAW, 5735—1974 *

1. No person shall sell or distribute any phylacteries or *mezuzot*** Prohibition, unless the Chief Rabbinate or a local rabbinate has certified their ritual fitness.
2. A person who contravenes the provisions of this Law shall be Penalties, liable to imprisonment for a term of one year or a fine of 3,000 pounds: Provided that it shall be a good defence for the accused to prove that the phylacteries or *mezuzot* were ritually fit.
3. The Minister of Religious Affairs is charged with the implemen- Implementation and regulations, tation of this Law and may make regulations for its implementation, including regulations as to the indication of rabbinical certification upon the phylacteries and *mezuzot* or attached thereto.

YITZCHAK RABIN
Prime Minister

YITZCHAK RAPHAEL
Minister of Religious Affairs

EFRAYIM KATZIR
President of the State

- * Passed by the Knesset on the 5th Kislev, 5735 (19th November, 1974) and published in *Sefer Ha-Chukkim* No. 749 of the 14th Kislev, 5735 (28th November, 1974), p. 15; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1135 of 5735, p. 262.
- ** Parchment inscribed with biblical texts, fixed to the doorposts in a wooden or metal case as a symbol of Jewishness.

(No. 10)

REGISTRARS ORDINANCE (AMENDMENT) LAW, 5735—1974 *

Amendment of
section 18.

1. In section 18 (a) of the Registrars Ordinance (New Version), 5731—1971 ¹⁾, the words “and under the Notaries (Foreign Documents) Law, 5710—1950”, shall be deleted.

Saving .

2. This Law shall not derogate from the power of the Minister of Justice to appoint a registrar for the authentication of the signatures of notaries for foreign documents under section 1B of the Notaries (Foreign Documents) Law, 5710—1950 ²⁾.

YITZCHAK RABIN
Prime Minister

Minister of Justice
HAIM J. ZADOK

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 5th Kislev, 5735 (19th November, 1974) and published in *Sefer Ha-Chukkim* No. 749 of the 14th Kislev, 5735 (28th November, 1974), p. 16; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1124 of 5734, p. 202.

¹⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 19, p. 436; *NV* vol. II, p. 216.

²⁾ *Sefer Ha-Chukkim* of 5710, p. 141 — *LSI* vol. IV, p. 103; *Sefer Ha-Chukkim* of 5716, p. 22 — *LSI* vol. X, p. 21.

(No. 11)

LEGAL ASSISTANCE TO FOREIGN STATES
(AMENDMENT No. 2) LAW, 5735—1974 *

1. In section 9 of the Legal Assistance to Foreign States Law, Amendment of 5716—1956¹⁾, the words “proof, authentication and certification” shall be inserted after the word “service” in paragraph (1). section 9.

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 5th Kislev, 5735 (19th November, 1974) and published in *Sefer Ha-Chukkim* No. 749 of the 14th Kislev, 5735 (28th November, 1974), p. 16; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1133 of 5734, p. 250.

¹⁾ *Sefer Ha-Chukkim* of 5716, p. 91 — *LSI* vol. X, p. 93; *Sefer Ha-Chukkim* of 5732, p. 146 — *LSI* vol. XXVI, p. 166.

(No. 12)

DECORATIONS (ISRAEL POLICE — PRISON SERVICE)
(AMENDMENT) LAW, 5735—1974 *

Amendment of
section 22.

1. In section 22 of the Decorations (Israel Police — Prison Service) Law, 5732—1972¹⁾, the words “after the 25th Iyar, 5727 (4th June, 1967)” shall be replaced by the words “after the establishment of the State”.

YITZCHAK RABIN
Prime Minister

SHLOMO HILLEL
Minister of Police

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 5th Kislev, 5735 (19th November, 1974) and published in *Sefer Ha-Chukkim* No. 749 of the 14th Kislev, 5735 (28th November, 1974), p. 16; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1135 of 5734, p. 260.

¹⁾ *Sefer Ha-Chukkim* of 5732, p. 38; *LSI* vol. XXVI, p. 38.

(No. 13)

EMERGENCY REGULATIONS (PROTECTION OF
EDUCATIONAL INSTITUTIONS) (EXTENSION OF VALIDITY)
LAW, 5735—1974 *

1. The validity of the Emergency Regulations (Protection of Educational Institutions), 5734—1974 ¹⁾, in the form set out in the Schedule, is hereby extended until the 21st Tammuz, 5735 (30th June, 1975). Extension of validity.
2. The Minister of Education and Culture is charged with the implementation of the provisions of this Law. Implementation.
3. This Law shall come into force on the 14th Kislev, 5735 (28th November, 1974). Commencement.

SCHEDULE

1. In these Regulations — Definitions.
“the Minister” means the Minister of Education and Culture;
“protection” includes exercises, comb-outs, guarding and any other activity which in the opinion of the officer-in-charge is required for the protection of educational institutions;
“officer-in-charge” means a person appointed by the Minister to be responsible for the protection of educational institutions for the purposes of all or part of these Regulations;
“institution” means a kindergarten, an elementary school, a *talmud tora*, a junior high school, a post-elementary school, a supplementary educational institution, a children’s summer camp, a youth culture and sports centre, a boarding school and every other institution at which education is provided.
2. The officer in charge may impose the duty of protection service on students of an institution who have completed their sixteenth year, parents of students and the principal, teachers and other staff of an institution. Imposition of duty of protection service.

* Passed by the Knesset on the 12th Kislev, 5735 (26th November, 1974) and published in *Sefer Ha-Chukkim* No. 750 of the 21st Kislev, 5735 (5th December, 1974), p. 18; the Bill and an Explanatory Note were published in *Hatza’ot Chok* No. 1147 of 5734, p. 34.

¹⁾ *Kovetz Ha-Takkanot* of 5734, p. 1902.

Notice of
imposition of
duty.

3. Notice of the imposition of the duty of protection service shall be given to the principal of an institution in writing, specifying the categories of persons liable thereto and the modes thereof. The principal shall give every person liable under the notice of the officer-in-charge reasonable advance notice, as the Minister may prescribe by rules after consultation with the Knesset Committee on Education and Culture, of the duty imposed on him, the times for its performance and the particulars of the activities to be carried out by him, and a person who has received notice as aforesaid shall comply therewith.

Restrictions.

4. (a) A parent shall not be required to perform protection service for more than ten hours in any one month.

(b) Where protection service involves the use of arms or activity at night, only a person liable to defence service under the Defence Service Law (Consolidated Version), 5719—1959¹⁾, shall be liable therefor.

(c) A person who has been required to perform protection service at a particular time shall be exempt from performing it if at that time —

(1) he is a soldier, within the meaning of the Military Justice Law, 5715—1955²⁾, under the Defence Service Law (Consolidated Version), 5719—1959, or

(2) he is carrying out any task under the Civil Defence Law, 5711—1951³⁾, or

(3) he is doing labour service under the Emergency Labour Service Law, 5727—1967⁴⁾;

a person to whom paragraph (1), (2) or (3) applies shall inform the principal of the institution to such effect immediately upon receipt of the demand to perform protection service.

Release from
duty of
protection
service.

5. The officer-in-charge or a person empowered by him in that behalf may release a person from the whole or part of the duty of protection service or defer its fulfilment if it appears to him that the person liable is not capable of performing it for reasons of health and a medical certificate to such effect has been submitted to him, or for other reasonable cause.

¹⁾ *Sefer Ha-Chukkim* of 5719, p. 286; *LSI* vol. XIII, p. 328.

²⁾ *Sefer Ha-Chukkim* of 5715, p. 171; *LSI* vol. IX, p. 184.

³⁾ *Sefer Ha-Chukkim* of 5711, p. 78; *LSI* vol. V, p. 72.

⁴⁾ *Sefer Ha-Chukkim* of 5727, p. 86; *LSI* vol. XXI, p. 82.

6. (a) The officer-in-charge may, in special cases and in accordance with rules prescribed by the Minister with the approval of the Knesset Committee on Education and Culture, direct that an institution shall be protected by paid guards within the limits of a budget approved for this purpose. Where the officer-in-charge does so, the Treasury shall defray the wages and other compulsory payments falling on the employer.

Voluntary
and paid
protection
service.

(b) A person not liable to protection service by virtue of these Regulations may volunteer for protection service in writing, and a person liable to protection service may volunteer as aforesaid for protection service additional to that to which he is liable; if he does so, he shall be treated as a person who fulfils a duty of protection service by virtue of these Regulations.

7. Where the officer-in-charge is of the opinion that installations should be provided at an institution for the purpose of protecting it, he may with the consent of the police and, if necessary, with budgetary approval from the Ministry of Education and Culture direct the local education authority, within the meaning of the Compulsory Education Law, 5709—1949¹⁾, in whose area of jurisdiction the institution is situated or the owners of the institution to provide the same, and the recipient of a direction as aforesaid shall be bound to carry it out.

Provision of
installations.

8. The Minister may direct the officer-in-charge to act within the framework of his powers if it appears to him that he has not done so.

Officer-in-charge
to act within
the framework
of his powers.

9. (a) A person who alleges that a duty of protection service has been improperly imposed on him may lodge objection with an objection committee.

Objection.

(b) The lodging of objection shall not stay the fulfilment of the duty of protection service unless the chairman of the objection committee otherwise orders.

10. (a) A local authority shall, within the time prescribed by the Minister, appoint an objection committee for the purposes of these Regulations. Where the local authority does not appoint an objection committee within the said time, the Minister may appoint it. An objection committee may be appointed for the whole of the area of

Objection
committees.

¹⁾ *Sefer Ha-Chukkim* of 5709, p. 287; *LSI* vol. III, p. 125.

- jurisdiction of the local authority or for a particular educational institution.
- (b) Every objection committee shall consist of three members.
- (c) Sections 8 to 11 of the Commissions of Inquiry Law, 5729—1968¹⁾, shall apply to an objection committee.
- (d) The committee may confirm the imposition of the duty, subject to conditions or unconditionally, or rescind it.
- Pension for injured persons. 11. (a) Where a person fulfils a duty of protection service by virtue of these Regulations and in the course of fulfilling it sustains an enemy-inflicted injury, within the meaning of the Victims of Hostile Action (Pensions) Law, 5730—1970²⁾, the injury shall be dealt with as an enemy-inflicted injury under the said Law.
- (b) Where a person fulfils a duty of protection service by virtue of these Regulations and in the course of fulfilling it he sustains an injury other than an enemy-inflicted injury, the injury shall be deemed to be an employment injury under the National Insurance Law (Consolidated Version), 5728—1968³⁾. If it appears to the Minister and the Minister of Labour that it is necessary to adapt this regulation to the said Law, they may, by order, enact the provisions required therefor.
- Penalties. 12. (a) A person who fails to fulfil a duty imposed on him by virtue of these Regulations or a request to provide installations under regulation 7 or obstructs the fulfilment of any such duty or request shall be liable to a fine of two thousand pounds.
- (b) A person shall not be prosecuted under this regulation unless at the time of committing the offence he had completed his eighteenth year.
- Saving of laws. 13. These Regulations shall not derogate from the provisions of any other law.
- Citation. 14. These Regulations shall be cited as the Emergency Regulations (Protection of Educational Institutions), 5735—1974.

YITZCHAK RABIN

Prime Minister

AHARON YADLIN

*Minister of Education
and Culture*

EFRAYIM KATZIR

President of the State

¹⁾ *Sefer Ha-Chukkim* of 5729, p. 28; *LSI* vol. XXIII, p. 32.

²⁾ *Sefer Ha-Chukkim* of 5730, p. 126; *LSI* vol. XXIV, p. 131.

³⁾ *Sefer Ha-Chukkim* of 5728, p. 108; *LSI* vol. XXII, p. 114.

(No. 14)

EMBLEMS (PROTECTION) LAW, 5735—1974 *

1. (a) The Minister of the Interior may by order prescribe that protection shall be given to a particular emblem or flag of — Power to give protection.

- (1) an Israeli national body or service;
- (2) a municipality, local council or association of towns in Israel (each in this Law referred to as a "local authority");
- (3) a public international body.

(b) The Minister of the Interior may only make an order under subsection (a) (hereinafter referred to as a "protection order") in respect of a body or service referred to in subsection (a) (1) or (3) after consultation with the Minister to whose sphere of action the activities of that body or service belong.

(c) The Minister of the Interior may only make a protection order for an emblem of a local authority after the council thereof has designated such emblem as the emblem thereof by a two-thirds majority of its members.

2. Before making a protection order, the Minister of the Interior shall give notice of his intention to do so in *Reshumot* and two daily newspapers. The notice shall include a representation of the emblem or flag and shall indicate that opposition to the making of the order may be lodged within ninety days from the date of the last publication of the notice — Advance notice; opposition.

- (1) in the case of an emblem or flag of a local authority — by any interested person;
- (2) in every other case — by any person who alleges that the order may adversely affect his rights.

The Minister of the Interior may only make the order on the expiration of the said period or, where opposition has been lodged, after he has decided upon it.

3. Upon dismissal of opposition which had been lodged to the making of a protection order on the ground that it might adversely affect the opponent's rights, the opponent may, within thirty days from

* Passed by the Knesset on the 25th Kislev, 5735 (9th December, 1974) and published in *Sefer Ha-Chukkim* No. 751 of the 5th Tevet, 5735 (19th December, 1974), p. 22; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 982 of 5732, p. 162.

the day on which notice of the dismissal is delivered to him, appeal against it to the District Court of Jerusalem; but the filing of appeal shall not stay the making of the order.

Effect of order.

4. Where a protection order has been made for any emblem or flag, no person shall manufacture, deal in, or use for purposes of commerce, advertising or information, anything containing such emblem or flag or a thing so similar to it as to be misleading, save under a permit from the Minister of the Interior and in accordance with the conditions and restrictions imposed thereby or, in the case of an emblem of a local authority, under a permit from such local authority and in accordance with the conditions and restrictions imposed thereby.

Prohibited use of names and emblems generally.

5. A person shall not use any name, or any emblem or flag, even if not the subject of a protection order, for purposes of commerce, advertising or information in a manner likely to lead another to believe that such person acts on behalf of the State or of any of its authorities or of a local authority or likely to conflict with public policy or to offend the feelings of the public.

Certificate of legality.

6. (a) A committee of three members appointed by the Minister of the Interior by notice in *Reshumot* may issue to a person, on his application, a certificate that a particular use by him of a name, emblem or flag is not likely to lead another to believe that the applicant acts on behalf of the State or of any of its authorities or of a local authority or likely to conflict with public policy or to offend the feelings of the public.

(b) The validity of a certificate as aforesaid may be limited or unlimited in time, as the Committee may prescribe. The certificate shall be a defence to a charge under section 5 as regards the use in respect of which it has been issued, but it shall not confer exemption from civil liability under any law.

(c) Where an information has been filed under section 5, the committee shall not issue a certificate in respect of the use which is the subject of the information so long as the Attorney-General has not ordered discontinuance of the proceedings.

Saving of prohibitions.

7. The prohibitions imposed by this Law shall add to, and not derogate from, any prohibitions concerning emblems, flags and names imposed by other laws. The grant of any permit, licence, emblem or the like under another law shall not confer exemption from a prohibition imposed by this Law.

8. A person who contravenes a provision of section 4 or 5 shall be Penalties.
liable to a fine of 15,000 pounds.

9. Where a person has been convicted of an offence under section 8, Restraining
the Court may, in addition to any penalty it may impose, order him order.
to refrain from an act prohibited by section 4 or 5, as it may specify
in the order.

10. The Local Authorities (Emblems) Law, 5718—1958¹⁾, is hereby Repeal.
repealed.

11. The Minister of the Interior is charged with the implementation Implementation.
of this Law.

12. An emblem designated for a local authority under the Local Transitional
Authorities (Emblems) Law, 5718—1958, shall be treated as an em- provision.
blem in respect of which a protection order that is no longer appeal-
able has been made under this Law.

YITZCHAK RABIN
Prime Minister

YOSEF BURG
Minister of the Interior

EFRAYIM KATZIR
President of the State

¹⁾ *Sefer Ha-Chukkim* of 5718, p. 189; *LSI* vol. XII, p. 215.

(No. 15)

INVALIDS (WAR AGAINST THE NAZIS) (AMENDMENT No. 7)
LAW, 5735—1974 *

- Amendment of section 1. 1. In section 1 of the Invalids (War against the Nazis) Law, 5714—1954¹⁾ (hereinafter referred to as “the principal Law”), in the definition of “the determining wage”, the expression “Het” shall be replaced by the expression “Yod”, the expression “75 p. ct.” shall be replaced by the expression “86 p. ct.” and the expression “68 p. ct.” shall be replaced by the expression “78 p. ct.”.
- of section 4B. Amendment 2. In section 4B of the principal Law —
(1) the expression “40 p. ct.” in subsection (c)(1) shall be replaced by the expression “50 p. ct.”;
(2) the expression “60 p. ct.” in subsection (c) (2) shall be replaced by the expression “70 p. ct.”;
(3) the expression “80 p. ct.” in subsection (c) (3) shall be replaced by the expression “90 p. ct.”.
- Amendment of section 4C. 3. In section 4C (a) of the principal Law, the words “123 p. ct. of the total amount of the salary currently payable to a State employee whose salary grade is “Yod” of the uniform grading” shall be replaced by the words “the total amount of salary currently payable to a State employee whose salary grade is “Yod Dalet” of the uniform grading”.
- Amendment of section 4D. 4. In section 4D of the principal Law —
(1) the expression “40 p. ct.” in subsection (a) (1) shall be replaced by the expression “50 p. ct.”;
(2) the expression “60 p. ct.” in subsection (a) (2) shall be replaced by the expression “70 p. ct.”;
(3) the expression “80 p. ct.” in subsection (a) (3) shall be replaced by the expression “90 p. ct.”.
- * Passed by the Knesset on the 25th Kislev, 5735 (9th December, 1974) and published in *Sefer Ha-Chukkim* No. 752 of the 5th Tevet, 5735 (19th December, 1974), p. 26; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1123 of 5734, p. 194.
- ¹⁾ *Sefer Ha-Chukkim* of 5714, p. 76 — *LSI* vol. VIII, p. 63; *Sefer Ha-Chukkim* of 5717, p. 99 — *LSI* vol. XI, p. 105; *Sefer Ha-Chukkim* of 5721, p. 162 — *LSI* vol. XV, p. 174; *Sefer Ha-Chukkim* of 5725, p. 299 — *LSI* vol. XIX, p. 328; *Sefer Ha-Chukkim* of 5729, p. 152 — *LSI* vol. XXIII, p. 166; *Sefer Ha-Chukkim* of 5732, p. 6 — *LSI* vol. XXVI, p. 5; *Sefer Ha-Chukkim* of 5733, p. 160 — *LSI* vol. XXVII, p. 172.

5. The following section shall be inserted after section 49 of the principal Law: Addition of section 5.

"Children's allowance.

5. Where a person entitled to a pension under section 4B, 4C or 4D has children, and neither he nor his spouse is entitled to receive a pension for them under Chapter Six of the National Insurance Law (Consolidated Version), 5728—1968¹⁾, he shall be paid an allowance for each of the two oldest children at the rate which would be payable under section 119 of the said Law if they were entitled to the said pension."

6. In section 13A of the principal Law —

Amendment of section 13A.

(1) the words "or needy within the meaning of section 4D(a)" shall be inserted after the words "or without a livelihood within the meaning of section 4B";

(2) the words "until the expiration of twelve months from the end of the month in which the death occurred" shall be deleted;

(3) the following shall be added at the end: "Where the recipient of a payment under this section is the spouse of the invalid, the pension shall continue to be paid until the expiration of thirty-six months from the end of the month in which the death occurred, and where the recipient is any other relative, it shall continue to be paid until the expiration of twelve months from that date."

7. (a) Sections 1, 2 and 3 shall have effect from the 28th Adar Bet, 5733 (1st April, 1973). Commencement.

(2) Section 4 shall have effect from the 29th Sivan, 5733 (29th June, 1973).

(c) Section 6 shall have effect from the 17th Nisan, 5732 (1st April, 1972).

YITZCHAK RABIN YEHOSHUA RABINOVITZ
Prime Minister Minister of Finance

EFRAYIM KATZIR
President of the State

¹⁾ Sefer Ha-Chukkim of 5728, p. 108; LSI vol. XXII, p. 114.

(No. 16)

FOREIGN JUDGMENTS ENFORCEMENT
(AMENDMENT) LAW, 5735—1974 *

Amendment of
section 3.

1. In the Foreign Judgments Enforcement Law, 5718—1958 ¹⁾ (hereinafter referred to as “the principal Law”), paragraph (3) of section 3 shall be replaced by the following paragraph:

“(3) the obligation imposed by the judgment is enforceable according to the law relating to the enforcement of judgments in Israel and the tenor of the judgment is not contrary to public policy;”.

Amendment of
section 6.

2. In section 6 of the principal Law, the words “according to the rules of private international law applicable in Israel shall be inserted after the words “competent to give it” in paragraph (3).

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 25th Kislev, 5735 (9th December, 1974) and published in *Sefer Ha-Chukkim* No. 752 of the 5th Tevet, 5735 (19th December, 1974), p. 27; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1116 of 5734, p. 172.

¹⁾ *Sefer Ha-Chukkim* of 5718, p. 68; *LSI* vol. XII, p. 82.

(No. 17)

**OLIM (ACCOMMODATION IN RENTED DWELLINGS) LAW,
5735—1974 ***

1. (a) Where the State or the Jewish Agency has rented a dwelling in order to accommodate an *oleh*** therein, and the lessee or the person accommodated does not vacate the dwelling upon the expiration of the period of lease, the lessor and, where the person accommodated has not vacated the dwelling, also the lessee may submit the lease agreement to the Execution Office for effecting the eviction of every occupier from the dwelling, and for this purpose the lease agreement shall be deemed to be a final judgment for eviction and no court order shall be required.

Vacation of
dwelling
rented for *oleh*.

(b) In this Law, "*oleh*" means a person holding an *oleh*'s visa or *oleh*'s certificate under the Law of Return, 5710—1950¹, or a person entitled to a visa or certificate as aforesaid and holding a visa or permit of temporary residence under the Entry into Israel Law, 5712—1952²), or a person belonging to a category of persons in respect of whom the Minister of Immigrant Absorption has prescribed by order published in *Reshumot* that they shall be treated as *olim* for this purpose.

2. (a) The State shall compensate the lessor of a dwelling rented as specified in section 1 for damage caused to it as a result of the accommodation of an *oleh* therein, for damage caused to him by delay in vacating it and for damage or expenses incurred by him in consequence of the dwelling or the equipment thereof being used otherwise than in accordance with the lease agreement.

Compensation
to lessor.

(b) An application for compensation shall, not later than sixty days from the day on which the dwelling is vacated by the occupier, be submitted to an authority to be appointed for this purpose by the Minister of Justice, and the compensation shall be paid to the lessor

* Passed by the Knesset on the 2nd Tevet, 5735 (16th December, 1974) and published in *Sefer Ha-Chukkim* No. 753 of the 12th Tevet, 5735 (26th December, 1974), p. 30; the Bill and an Explanatory Note were published in *Hatza'ot Chock* No. 1062 of 5733, p. 288.

** *Oleh* (plural: *olim*) means an immigrant under the Law of Return, 5710-1950; but see the definition in section 1 (b) — Tr.).

¹) *Sefer Ha-Chukkim* of 5710, p. 159; *LSI* vol. IV, p. 114.

²) *Sefer Ha-Chukkim* of 5712, p. 357; *LSI* vol. VI, p. 159.

within sixty days from the day on which he submits a certificate from the said authority of the amount of damage and expenses incurred by him in consequence of the accommodation of an *oleh*.

(c) The provisions of this section shall not prevent the lessor from taking legal proceedings against the lessee or the person accommodated, or both, for compensation or any other remedy in respect of damage or expenses incurred by him in consequence of the accommodation of an *oleh*, unless he has applied to the authority referred to in subsection (b) and has not notified it of the withdrawal of his application or of his refusal to accept the amount certified by it.

**Applicability to
existing lease.**

3. The provisions of this Law shall also apply to a dwelling rented by the State or the Jewish Agency before its coming into force in order to accommodate an *oleh* therein.

YITZCHAK RABIN
Prime Minister

EFRAYIM KATZIR
President of the State

(No 18)

SERVICES TAX (BANKING INSTITUTIONS AND INSURANCE COMPANIES) (AMENDMENT No. 2) LAW, 5735—1974 *

1. Section 2 of the Services Tax (Banking Institutions and Insurance Companies) Law, 5733—1973¹⁾ (hereinafter referred to as "the principal Law") shall be replaced by the following section: Replacement of section 2.

"Liability to and rate of tax. 2. (a) A banking institution and an insurer shall be liable in the tax years 1973 and 1974 (hereinafter referred to as "the tax years") to services tax on the following income:

(1) the chargeable income in each of the tax years;

(2) the work income paid in each of the tax years.

(b) The rate of services tax shall be $3\frac{1}{2}$ per cent of the said income in respect of the tax year 1973 and 5 per cent thereof in respect of the tax year 1974".

2. In section 4 of the principal Law, subsection (a) shall be replaced by the following subsection: Amendment of section 4.

"(a) (1) A person liable to services tax in respect of the tax year 1973 shall, on the 10th June, 10th September and 10th December of that year, make advance payments, each at the rate of $1\frac{1}{2}$ per cent of the amount of the income, within the meaning of section 2, for the preceding tax year.

(2) A person liable to services tax in respect of the tax year 1974 shall, on the 10th June, 10th September and 10th December of that year, make advance payments, each at the

* Passed by the Knesset on the 2nd Tevet, 5735 (16th December, 1974) and published in *Sefer Ha-Chukkim* No. 753 of the 12th Tevet (26th December, 1974), p. 31; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1149 of 5735, p. 43.

¹⁾ *Sefer Ha-Chukkim* of 5733, p. 147—*LSI* vol. XXVII, p. 162; *Sefer Ha-Chukkim* of 5734, p. 60—*LSI* vol. XXVIII, p. 58.

rate of $1\frac{1}{2}$ per cent of the amount of the income, within the meaning of section 2, for the preceding tax year, and on the 30th December, make an advance payment at the rate of 2 per cent of the said amount.”.

YITZCHAK RABIN YEHOSHUA RABINOVITZ
Prime Minister Minister of Finance

EFRAYIM KATZIR
President of the State

(No. 19)

NATIONAL PARKS AND NATURE RESERVES
(AMENDMENT No. 3) LAW, 5735—1974 *

1. In the National Parks and Nature Reserves Law, 5723—1963¹⁾ Addition of chapter.
(hereinafter referred to as “the principal Law”), Chapter Six shall be re-marked as Chapter Seven and the following chapter shall be inserted before it:

“CHAPTER SIX: NATIONAL SITES

Definitions.

42B. In this chapter —

“national site” means a structure or group of structures or a part thereof, including the immediate vicinity thereof, which are of national-historical importance with regard to the development of the Yishuv (the Jewish population of Eretz Yisrael — Tr.);

“harm” includes destruction, demolition, damage and alteration of form.

Declaration of national site.

42C. If it appears to the Minister of the Interior that a national site should be protected from harm, he may, in consultation with the Council, declare in *Reshumot* that it is a national site and, if he deems it necessary to do so, determine its boundaries. The provisions of sections 4 to 8 shall apply *mutatis mutandis* to national sites.

Regulations as to national sites.

42D. The Minister of the Interior may, after consultation with the Council, make regulations prohibiting the infliction of harm upon a national site and regulating the protection, maintenance, guarding and care thereof either generally or in respect of a particular national site.

* Passed by the Knesset on the 9th Tevet, 5735 (23rd December, 1974) and published in *Sefer Ha-Chukkim* No. 754 of the 19th Tevet (2nd January, 1975), p. 34; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1081 of 5733, p. 424.

¹⁾ *Sefer Ha-Chukkim* of 5723, p. 149 — *LSI* vol. XVII, p. 184; *Sefer Ha-Chukkim* of 5724, p. 168 — *LSI* vol. XVIII, p. 167; *Sefer Ha-Chukkim* of 5728, p. 60 — *LSI* vol. XX, p. 61.

Assignment
of tasks.

42E. (a) The Minister of the Interior may by order, with the consent of the Minister of Finance, entrust the implementation of provisions of this chapter and of regulations thereunder, in consultation with the Prime Minister, to the Parks Authority, and in consultation with the Minister of Agriculture, to the Nature Reserves Authority.

(b) Such implementation as aforesaid may proceed in cooperation with a local authority and also in a place which is not a nature reserve or national park.

Powers of
implementation.

42F. For the purpose of implementation entrusted in accordance with section 42E, the implementing body shall have the powers vested in it under this Law."

Amendment of
section 48.

2. In section 48 of the principal Law, the words "or nature reserve" shall be replaced by the words "nature reserve or national site".

YITZCHAK RABIN
Prime Minister

AHARON UZAN
*Minister of
Agriculture*

YOSEF BURG
*Minister of the
Interior*

EFRAYIM KATZIR
President of the State

(No. 20)

MUNICIPAL COURTS ORDINANCE (AMENDMENT No. 5)
LAW, 5735—1974 *

1. In the Municipal Courts Ordinance¹⁾ (hereinafter referred to as "the Ordinance"), subsection (c) is hereby repealed. Amendment of section 8B.
2. The following shall be inserted after section 8B of the Ordinance: Addition of section 8C.
Place of sitting. 8C. The Minister of Justice shall prescribe by order the place of sitting of a municipal court established under section 8A or 8B."
3. This Law shall come into force ninety days after its publication. Commencement.

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

EFRAYIM KATZIR
President of the State

- * Passed by the Knesset on the 9th Tevet, 5735 (23rd December, 1974) and published in *Sefer Ha-Chukkim* No. 754 of the 19th Tevet, 5735 (2nd January, 1975), p. 35; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1140 of 5734, p. 280.
- ¹⁾ *Laws of Palestine* vol. II, p. 1015 (English Edition); *Sefer Ha-Chukkim* of 5710, p. 263 — *LSI* vol. IV, p. 141; *Sefer Ha-Chukkim* of 5715, p. 2 — *LSI* vol. IX, p. 3; *Sefer Ha-Chukkim* of 5718, p. 42 — *LSI* vol. XII, p. 51; *Sefer Ha-Chukkim* of 5734, p. 54 — *LSI* vol. XXVIII, p. 50.

(No. 21)

SALE (HOUSING) (AMENDMENT) LAW, 5735—1974 *

Replacement of section 12. 1. In the Sale (Housing) Law, 5733—1973¹⁾, section 12 shall be replaced by the following section:

"Commencement. 12. Section 6 shall have effect from the 5th Tishri, 5734 (1st October, 1973). The other provisions of this Law shall come into force on the 18th Tevet, 5735 (1st January, 1975).".

YITZCHAK RABIN
Prime Minister

ABRAHAM OFFER
Minister of Housing

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 9th Tevet, 5735 (23rd December, 1974) and published in *Sefer Ha-Chukkim* No. 754 of the 19th Tevet, 5735 (2nd January, 1975), p. 35; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1140 of 5734, p. 282.

¹⁾ *Sefer Ha-Chukkim* of 5733, p. 196; *LSI* vol. XXVII, p. 213.

(No. 22)

EMERGENCY REGULATIONS (POSSESSION AND
PRESENTATION OF IDENTITY CERTIFICATE)
(EXTENSION OF VALIDITY) LAW, 5735—1974 *

1. The validity of the Emergency Regulations (Possession and Extension of Presentation of Identity Certificate), 5731—1971 ¹⁾, is hereby extended validity.
until the 10th Tevet, 5737 (31st December, 1976).
2. This Law shall come into force on the 17th Tevet, 5735 (31st Commencement.
December, 1974).

YITZCHAK RABIN YOSEF BURG
Prime Minister Minister of the Interior

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 9th Tevet, 5735 (23rd December, 1974) and published in *Sefer Ha-Chukkim* No. 754 of the 19th Tevet, 5735 (2nd January, 1975), p. 36; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1149 of 5735, p. 42.

¹⁾ Kovetz *Ha-Takkanot* of 5731, p. 539; *Sefer Ha-Chukkim* of 5731, p. 109 — *LSI* vol. XXV, p. 108; *Sefer Ha-Chukkim* of 5733, p. 62 — *LSI* vol. XXVII, p. 59.

(No. 23)

ENLARGEMENT OF TIMES LAW, 5735—1974 *

Emergency
service.

1. (a) The Minister of Defence may declare any service to be an emergency service for the purposes of this Law.

(b) A service declared as aforesaid shall be an emergency service from the day prescribed in the declaration of the Minister of Defence until the day prescribed in such declaration or in a notice of its revocation.

(c) A declaration under this section may be for a particular service or for service in a particular unit or place.

(d) The Minister of Defence shall present a declaration under subsection (a), as soon as possible after its making, to the Foreign Affairs and Security Committee of the Knesset. The Committee may confirm the declaration, with or without variations, or not confirm it or bring it before the Knesset. The declaration shall cease to have effect at the expiration of fourteen days after it is made, save if and as confirmed by the Committee or the Knesset before then.

Enlargement
under the Law.

2. (a) Where a contract—including a bill of exchange or a promissory note—prescribes a time for the doing of any act, and the person required or authorised to do it is serving on emergency service at or within thirty days before that time, the time shall be regarded as enlarged until the expiration of thirty days after the person is discharged from the emergency service or after the service ceases to be emergency service, whichever is earlier.

(b) Where a period is prescribed for the doing of an act which by its nature is continuing, the provisions of subsection (a) shall apply to the time of the commencement of that period.

(c) Enlargement under this section shall also apply to a time prescribed—

(1) by or under any enactment;

(2) by a judgment or any other decision of a court, a tribunal or any other body or person having judicial or quasi-judicial powers under law.

(d) Where the time for the fulfilment of an obligation prescribed

* Passed by the Knesset on the 17th Tevet (31st December, 1974) and published in *Sefer Ha-Chukkim* No. 755 of the 26th Tevet, 5735 (9th January, 1975), p. 38; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1126 of 5734, p. 214.

by a contract—including a bill of exchange or promissory note—is enlarged under this section, the enlargement shall also apply in respect of —

(1) a person who has guaranteed the obligation or given an undertaking designed to ensure the fulfilment thereof or to indemnify or compensate a person for the non-fulfilment thereof;

(2) the spouse of the obligee who is liable for the obligation together with him.

(e) The provisions of this section shall not apply to the time for an act under a contract made while the person required or authorised to do the act is on emergency service, except a payment secured, or undertaken to be secured, by mortgage for the purpose of acquiring rights in a dwelling for the obligee or members of his family or a payment arising out of the renting of a dwelling as aforesaid.

3. (a) Where a contract prescribes a time for giving possession of a dwelling, the court may, on the application of the obligee, enlarge the time if it considers it just to do so in view of circumstances directly or indirectly connected with the obligee's or another person's being on emergency service; and the court may prescribe conditions and issue other directions for the performance of the contract, including enlargement of time and guarantee, or of an obligation to indemnify or any other similar obligation, designed to ensure the giving of possession of the dwelling in due time or to indemnify or compensate a person for possession of the dwelling not being given in due time. Enlargement by court.

(b) A party to a proceeding under subsection (a) may apply to the court for reconsideration of the decision if the circumstances which existed at the time it was given have changed or facts have come to light which were not before the court.

(c) A decision under this section shall be appealable. The appeal shall be heard by a single judge.

(d) The provisions of this section shall be in addition to, and not in derogation of, the provisions of section 2.

4. (a) Where the time for effecting any payments is enlarged under section 2, the Minister of Finance may, in consultation with the Minister of Defence and with the approval of the Finance Committee of the Knesset, prescribe by regulations arrangements for effecting the Further enlargement by regulations.

same, including the division thereof into instalments and the payment of interest for any further period of enlargement.

(b) Regulations under this section may be in respect of payments generally or in respect of particular categories of payments or cases and may empower a court, tribunal or execution officer to grant any relief provided therein.

Interest.

5. Where the time for effecting any payment is enlarged under section 2 or 4, and it has been prescribed that such payment shall bear interest, the rate of interest for the period of enlargement shall not exceed the rate which applies to the period up to the original time of payment or, where no specific rate of interest has been prescribed, the rate prescribed by the Minister of Finance by order in consultation with the Minister of Defence and with the approval of the Finance Committee of the Knesset; an order as aforesaid may be general or for particular categories of payments.

Enlargement of period of validity of licences.

6. Where a licence has been issued under any enactment, and on the day on which it is due to expire or within thirty days preceding that day the holder of the licence serves on emergency service, the period of validity of the licence shall be enlarged until the expiration of sixty days after the holder is discharged from emergency service or after the service ceases to be emergency service, whichever is earlier.

Provisions as to prisoners of war and survivors of fallen soldiers.

7. (a) In the case of a person who falls into enemy captivity, the enlargement of time under sections 2 and 6 shall be until the expiration of ninety days after his return from captivity, even if his service ceased to be emergency service before then.

(b) Where an obligee dies in emergency service, enlargement under section 2(d)(2) shall be for ninety days from the date of death or from the day on which the death certificate is issued under the Fallen Soldiers (Registration of Deaths) Law, 5727—1967¹⁾, which every period ends last.

(c) Enlargement under this Law shall also apply to the estate of an obligee who dies on emergency service and shall also be for ninety days from the date of death or from the day on which the death certificate is issued under the Fallen Soldiers (Registration of Deaths) Law, 5727—1967, whichever period ends last.

¹⁾ *Sefer Ha-Chukkim* of 5727, p. 112; *LSI* vol. XXI, p. 110.

8. Where a person serves on reserve service within thirty days after ceasing to be on emergency service, his service shall for the purposes of this Law, except section 2(a), be deemed to be continuous reserve service. Provision as to renewed service.

9. The provisions of this Law shall also apply to a partnership and to a small company within the meaning of section 76 of the Income Tax Ordinance¹⁾ if control of the company or of at least 50 per cent of the assets of the partnership is in the hands of a person serving on emergency service. Provision as to body corporate.

10. (a) The provisions of this Law shall not apply to the time for payment of maintenance prescribed by contract or by a judgment or any other decision. Restrictions on application of Law.

(b) The Minister of Defence may, in consultation with the Minister concerned, prescribe by regulations that the provisions of this Law shall not apply to time prescribed by or under a particular enactment.

11. This Law shall be in addition to, and not in derogation of, any other law. Saving of laws.

12. The Minister of Justice is charged with the implementation of this Law and may make procedural regulations for proceedings thereunder. Implementation and procedural regulations.

13. (a) The Enlargement of Times Law, 5717—1957²⁾, is hereby repealed. Repeal and transitional provisions.

(b) Regulations, declarations and notices made or published under the said Law shall remain in force until revoked or varied under this Law and shall *mutatis mutandis* be deemed to have been made or published under this Law.

14. This Law shall have effect from the 18th Tevet, 5735 (1st January, 1975). Commencement.

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

EFRAYIM KATZIR
President of the State

¹⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 6, p. 120; *NV* vol. I, p.145.

²⁾ *Sefer Ha-Chukkim* of 5717, p. 42; *LSI* vol. XI, p. 38.

(No. 24)

EMERGENCY REGULATIONS (CONTROL OF VESSELS)
(EXTENSION OF VALIDITY) (AMENDMENT) LAW,
5735—1974 *

- Repeal.** 1. In the Emergency Regulations (Control of Vessels) (Extension of Validity) Law (Consolidated Version), 5733—1973¹⁾, (hereinafter referred to as "the principal Law"), section 2 and the Second Schedule are hereby repealed.
- Amendments.** 2. In section 1 of the principal Law and in the heading of the First Schedule thereto, the word "First" shall be deleted.
- Commencement.** 3. This Law shall have effect from the 17th Tevet, 5735 (31st December, 1974).

YITZCHAK RABIN
Prime Minister

GAD YAACOBI
Minister of Transport

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 17th Tevet, 5735 (31st December, 1974) and published in *Sefer Ha-Chukkim* No. 755 of the 26th Tevet, 5735 (9th January, 1975), p. 40; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1154 of 5735, p. 82.

¹⁾ *Sefer Ha-Chukkim* of 5733, p. 203; *LSI* vol. XXVII, p. 30.

(No. 25)

INCOME TAX ORDINANCE (AMENDMENT No. 21) LAW,
5735—1975 *

1. (a) In the Income Tax Ordinance ¹⁾ (hereinafter referred to as "the Ordinance"), section 3(b) shall be re-marked as section 3(b)(1) and the words "or where a person has treated such a debt as if it had been remitted", appearing therein, shall be deleted. Amendment of section 3.

(b) The following paragraphs shall be inserted after section 3(b)(1) of the Ordinance:

"(2) Where a person receives a loan and, had he been paid a gratuity instead, the gratuity would be income within the meaning of the Ordinance, and the lender pays him a gratuity before the loan is repaid or within one year from the day of its repayment, the gratuity shall, up to an amount equal to the amount of the loan, be regarded as part of the income of the recipient in the tax year in which it is paid; for this purpose, the remission of a loan shall be regarded as the payment of a gratuity.

(3) (a) Where a debt or part of a debt of a person is remitted or written off in a particular tax year, the debt having arisen out of sums received by him for the purpose of producing his income from any business or vocation, or where a gratuity is paid to a person for the purpose of producing his income as aforesaid, and the person is not liable to tax on the debt or gratuity under section 2 or under paragraph (1) or (2) of this subsection and the provisions of section 21(d) also do not apply thereto, the debt shall be regarded as income in the year in which it is remitted or written off or the gratuity as income in the year in which it is paid, and the person shall be liable to tax on the debt or gratuity at a rate not exceeding 50 per cent.

* Passed by the Knesset on the 9th Shevat, 5735 (21st January, 1975) and published in *Sefer Ha-Chukkim* No. 756 of the 19th Shevat, 5735 (31st January, 1975), p. 42. The Law is based on two Bills, which were published, each with an Explanatory Note, in *Hatza'ot Chok* No. 1113 of 5734, p. 142, and *Hatza'ot Chok* No. 1149 of 5735, p. 44, respectively.

¹⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 6, p. 120; *NV* vol. I, p. 145.

(b) On the application of a person who has income as referred to in subparagraph (a), such income shall, for the purposes of section 28(b), be regarded as income from a business.

(c) Tax under subparagraph (a) shall, for the purposes of section 92(a), be regarded as tax on a capital profit.

(4) The provisions of paragraphs (2) and (3) shall not apply to a gratuity, or a loan remitted or written off, which was paid or made by the State, the Keren Kayemet Le-Israel, the Keren Hayesod - United Israel Appeal, the Jewish Agency for Israel, the World Zionist Organization or the Rural and Suburban Settlement Company Ltd. (RASSCO) to a co-operative society classified by the Registrar of Cooperative Societies as an agricultural cooperative society or to a member of such a society; but if the society or member has had a loss as referred to in section 28, the amount of the loss shall be reduced by the amount of the gratuity or of the loan remitted or written off.

(5) For the purposes of this subsection, a person to whom a debt has been remitted includes a person who has treated a debt owed by him as if it had been remitted or written off."

(c) In section 3(c) of the Ordinance, paragraph (4) shall be replaced by the following paragraph:

"(4) Liability under paragraph (1) or (2) shall not arise with regard to amounts received by the person, as an addition to the amounts paid by him to the company for the shares, in consequence of a change in the official rate of exchange, provided that the following two conditions are fulfilled:

(a) the shares were issued to a non-resident for full value in foreign currency and the terms of issue provide that the redemption amount shall be linked to the official rate of exchange and that redemption shall not take place before the expiration of seven years from the date of issue of the shares;

(b) the Minister of Finance has approved the shares for this purpose."

(d) In section 3 of the Ordinance, subsections (d) and (e) shall be replaced by the following subsection:

"(d) Amounts paid to an employer by a benefit fund, within the meaning of section 47, including interest, linkage dif-

ferentials and other profits, and derived from payments by the employer to the fund shall be taken into account in determining his income. For this purpose, "amounts paid to an employer" includes amounts which the employer has treated as if they had been received from the benefit fund and been redeposited therein and the deduction of which he has claimed under section 17(5)."

2. In section 5 of the Ordinance —

Amendment of
section 5.

(1) in the second paragraph, the words "who stayed in Israel" shall be replaced by the words "from work for an employer who is likewise a non-resident if the employee stayed in Israel", and the expression "5,000 pounds" shall be replaced by the expression "12,000 pounds";

(2) the following paragraph shall be added after paragraph (3):

"(4) (a) interest, rent and royalties paid by a resident, except payments as aforesaid made by a resident's permanent establishment abroad in respect of a loan or the use of property for the purposes of such establishment and except payments as aforesaid in respect of a loan or property, made abroad otherwise than for the purpose of producing income;

(b) The Minister of Finance may, with the approval of the Finance Committee of the Knesset, exempt from the whole or part of the tax, on conditions prescribed by him, rent as aforesaid paid for the chartering of any aircraft or vessel operating on international routes and interest on loans for the acquisition thereof. The exemption may be general or for particular types of charters or loans."

3. In section 9 of the Ordinance —

Amendment of
section 9.

(1) in the second paragraph, the words "benefit fund" shall be replaced by the words "the Mif'al Hapayis (a welfare lottery — Tr.) or any benefit fund", the words "the income of any local authority derived" shall be replaced by the words "the income of any local authority or of the Mif'al Hapayis derived" and the words "approved by the Commissioner for the purposes of this paragraph" shall be deleted;

(2) subparagraph (b) of paragraph (7A) shall be re-marked as subparagraph (f) and subparagraph (a) shall be replaced by the following subparagraphs:

"Gratuity in consequence of retirement or death.

- (a) (1) a capital gratuity received in consequence of retirement, up to an amount equal to one month's salary for each year of employment, according to the last salary; where the amount of the gratuity exceeds the aforesaid amount, the Commissioner may exempt the whole or part of the excess, having regard to the period of service, the amount of the wage, the terms of employment and the circumstances of the retirement;
- (2) the amount exempt under this subparagraph shall in no case exceed 4,000 pounds in respect of each year of employment and a proportionate part of 4,000 pounds in respect of a fraction of a year's employment;
- (3) for the purposes of this subparagraph, "retirement" includes change of the status of an employee of a cooperative society from hired worker to member;
- (b) (1) a capital gratuity received in consequence of death, up to an amount equal to the salary of two months' employment for each year of employment, according to the last salary; where the amount of the gratuity exceeds the aforesaid amount, the Commissioner may exempt the whole or part of the excess, having regard to the period of service, the amount of the wage, the terms of employment and the circumstances of the death;
- (2) the amount exempt under this paragraph shall in no case exceed 8,000 pounds in respect of each year of employment and a proportionate part of 8,000 pounds in respect of a fraction of a year's employment;
- (c) where the Commissioner is of the opinion that shortly before the date of retirement the salary was unreasonably increased in order to increase the amount of the exempt gratuity, he may prescribe such amount without having regard to the increase;
- (d) where the last salary was for part-time employment, then, in respect of the years in which the

employee was in full-time employment, the last salary which was paid for full-time employment shall be taken into account;

(e) a decision of the Commissioner under subparagraphs (a) to (c) shall be appealable in accordance with sections 153 to 158.”.

4. In section 9A of the Ordinance, the expression “2,100” shall, wherever occurring, be replaced by the expression “2,800” and the expression “21 pounds” in subsection (b) shall be replaced by the expression “28 pounds”. Amendment of section 9A.

5. In section 12 of the Ordinance, the words “which he had and which did not exceed” shall be replaced by the words “or on work income from employment with one of his employers if such other additional income or such work income did not exceed”. Amendment of section 12.

6. In section 18 of the Ordinance —

(1) in the second subsection, the words “within the meaning of section 76(b), to any of its controlling members who holds not less than 10 per cent of its shares” shall be replaced by the words “within the meaning of section 76 to any of its controlling members, within the meaning of section 32 (9)” and the words “or the tax thereon was deducted in the said period” shall be added at the end;

Amendment of section 18.

(2) the following subsection shall be added after subsection (c):
“(d) Income of a non-resident from which tax is required to be deducted under section 164 or 170 shall not be deductible under section 17 in the tax year to which it relates unless it was paid in that tax year or within three months after the expiration thereof or the tax thereon was deducted in the said period”.

7. (a) Section 21 of the Ordinance shall be re-marked as section 21(a) and the words “for the purpose of a business or vocation” appearing therein shall be replaced by the words “for the purpose of producing his income”. Amendment of section 21.

(b) The following subsection shall be added after section 21(a) of the Ordinance:

“(b) Where a gratuity has been received for the acquisition of any property in respect of which a deduction for depre-

ciation is allowed under subsection (a) or where a debt originating in a loan for the acquisition of property as aforesaid is remitted or written off within five years from the year of its receipt, the original cost of the property shall be its cost as aforesaid less the amount of the gratuity or the loan, as the case may be. This provision shall not apply to an amount charged with tax under section 3(b)(2).".

Amendment of
section 24.

8. In section 24(c) of the Ordinance, the words "is chargeable" shall be replaced by the words "has been charged" and the words "or where the capital profit has been set off against a loss" shall be added at the end.

Amendment of
section 32.

9. (a) In section 32(9) of the Ordinance —

(1) the words "who by himself has, directly or indirectly, at least 5 per cent of its share capital" in subparagraph (a) shall be replaced by the words "who has, by himself, or together with his spouse, directly or indirectly, at least 5 per cent of the issued share capital or of the voting power or of the right to hold or acquire either of these or of the right to receive profits";

(2) the expression "2,250 pounds" in subparagraph (b) shall be replaced by the expression "4,000 pounds".

(b) The following paragraph shall be added after section 32(9) of the Ordinance:

"(10)(a) premiums paid by a company in favour of itself for insuring the life of a controlling member, within the meaning of paragraph (9);

(b) premiums paid by a partnership in favour of itself for insuring the life of a partner, or paid by a partner in favour of himself for insuring the life of another partner, the insuree possessing at least 10 per cent of the capital of the partnership or of the right to its profits."

Amendment of
section 47.

10. In section 47 of the Ordinance, the expression "30,000 pounds" shall be replaced by the expression "42,000 pounds".

Amendment of
section 47A.

11. The following section shall be inserted after section 47 of the Ordinance:

"Deductions in respect of payments to National Insurance and to Equalisation Fund. 47A. A person who in any tax year paid contributions under the National Insurance Law (Consolidated Version), 5728—1968¹⁾, or to the Compensation Fund under the Reserve Service (Compensation) Law (Consolidated Version), 5719—1959²⁾, in respect of income other than work income shall be allowed a deduction equal to 50 per cent of the amounts paid by him."

12. The following shall be added at the end of section 57 of the Ordinance: "Provided that, for the purpose of allowing deductions under section 47, income of a member accruing outside the *kibbutz* in respect of which he is entitled to a pension or gratuity shall not be taken into account". Amendment of section 57.

13. In section 66 of the Ordinance — Amendment of section 66.
 (1) in the first subsection —
 (a) the expression "section 34" in paragraph (1) shall be replaced by the expression "sections 20 and 34";
 (b) the following paragraph shall be added after paragraph (6):
 "(7) the exemptions under sections 9 (16), 10 and 11 shall be granted to both the husband and the wife.";
 (2) in the second subsection, the words "five years" shall be inserted after the words "before her marriage or" in the closing passages of paragraphs (2) and (3).

14. In section 88 of the Ordinance, the words "for the purposes of a business or vocation" in the definition of "depreciable property" shall be replaced by the words "for the purpose of producing income". Amendment of section 88.

15. In section 89 of the Ordinance, the following subsection shall be added after subsection (c): Amendment of section 89.
 "(d) An amount received under a life insurance policy the premiums for which were in consequence of section 32(10) not allowed as an expense shall, after deduction of an amount equal to the amount of those premiums, be regarded as chargeable with tax under this part only."

¹⁾ *Sefer Ha-Chukkim* of 5728, p. 108; *LSI* vol. XXII, p. 114.

²⁾ *Sefer Ha-Chukkim* of 5719, p. 306; *LSI* vol. XIII, p. 350.

- Amendment of section 90. 16. In section 90 of the Ordinance, the words "plus the amount of those deductions" shall be replaced by the words "before any deduction under those sections".
- Amendment of section 91. 17. In section 91 of the Ordinance —
 (1) the figure "40" in subsection (a) shall be replaced by the figure "50";
 (2) the expression "by 3½ p.ct." in subsection (b) shall be replaced by the expression "by 3 p.ct.".
- Amendment of section 97. 18. In section 97 (b) of the Ordinance, the words "within the meaning of section 9 (16)" shall be inserted after the words "An immigrant" and the words "four years" shall be replaced by the words "seven years".
- Amendment of section 100. 19. In section 100 (2) of the Ordinance, the words "and the value of the trading stock shall be regarded as the price at which the property was acquired by the assessee" shall be replaced by the words "and the balance of the original cost shall be regarded as the price at which the property was acquired by the assessee".
- Addition of section 101. 20. The following section shall be inserted after section 100 of the Ordinance:
 "Conversion of private shares into shares negotiable on stock exchange. 101. (a) The registration of shares at the stock exchange shall be regarded as the sale thereof on the date of registration unless the holder thereof, on submitting a return under section 131 for the first time after registration, requests that it shall not be so regarded. If he so requests, the exemption from capital profits tax under section 97 (c) shall not apply at the time of the first sale of the shares after registration. However, the holder of the shares may withdraw the request at the time of the sale as aforesaid and pay the tax which would have been due in respect of the registration, plus interest at the rate of 15 p.ct. *per annum* from the time at which he would have had to pay the tax but for the request.
 (b) For the purposes of subsection (a) —
 (1) "shares" does not include shares acquired after being offered to the public for sale under a prospectus indicating that the

stock exchange has agreed to register them for trading thereat;

(2) where the shares are made over as a gift and section 97(a)(5) applies to the gift, the transaction shall not be regarded as a sale; the sale of the shares by the recipient of the gift shall be regarded as the first sale thereof.”.

21. In section 125A of the Ordinance, the words “For this purpose, work income includes any such part of a gratuity received in consequence of death as is not exempt under section 9(7A)” shall be added at the end. Amendment of section 125A.

22. In section 133 of the Ordinance, paragraph (2) is hereby repealed and the mark “(1)” shall be deleted. Amendment of section 133.

23. Section 134 of the Ordinance shall be replaced by the following section: Replacement of section 134.

“Exemption from submission of return. 134. The Minister of Finance may, with the approval of the Finance Committee of the Knesset, prescribe by order that a person to whom regulations under section 12 apply shall be exempt from submitting a return under this chapter. Exemption as aforesaid may be subject to the fulfilment of additional conditions which have been prescribed.”.

24. In section 135 of the Ordinance, the words “and to furnish him with all the particulars required by him for the ascertainment of such person’s income” shall be inserted after the words “personally or by representative” in paragraph (1). Amendment of section 135.

25. In section 140 of the Ordinance, in the definition of “public body”, the words “a local authority, a company in the management of which the Government has a share” shall be replaced by the words “any body subject to the inspection of the State Comptroller”. Amendment of section 140.

26. The following section shall be inserted after section 159 of the Ordinance: Addition of section 159A.

“Refund of excess payment following return. 159A. Where in respect of any tax year a person has, by way of deduction or otherwise, paid tax in excess of the amount with which he is chargeable

according to the return submitted by him under section 131, and the conditions prescribed by the Minister of Finance with the approval of the Finance Committee of the Knesset are fulfilled, the excess shall, upon his request, be refunded to him.”.

- Amendment of section 160. 27. In section 160 of the Ordinance —
(1) the marginal note shall be amended to read “Refund of excess payment following assessment”;
(2) in the first subsection, the words “and the return for that year was submitted not later than the expiration of six years after that year” shall be inserted after the words “in excess of the amount with which he is chargeable” and the words “interest at the rate of 9 per cent *per annum* from the expiration of six months after the return was submitted” shall be replaced by the words “interest at the rate of 15 per cent *per annum* from the day on which the return was submitted”.
- Amendment of section 161. 28. In section 161 (a) of the Ordinance, the words “if the recipient of the dividend is a body of persons and at the rate of 35 per cent if the recipient is an individual” shall be inserted after the words “at the rate of 30 per cent”.
- Amendment of section 164. 29. In section 164 of the Ordinance, the words “including any such part of a gratuity received in consequence of retirement or death as is not exempt under section 9 (7A)” shall be inserted after the words “work income”.
- Amendment of section 165. 30. Section 165 shall be re-marked as section 165(a) and the following subsection shall be added thereafter:
“(b) A set-off under subsection (a) against the tax with which a controlling member within the meaning of section 32 (9) is chargeable shall only be made after the deducted amount has been paid to the Assessing Officer unless the control the member has is less than 50 per cent and he proves to the satisfaction of the Assessing Officer that he did not know that the deducted amount had not been paid to the Assessing Officer or that he took all reasonable measures to ensure payment.”.
- Amendment of section 167. 31. Section 167 of the Ordinance shall be re-marked as section 167 (a) and the following subsection shall be added thereafter:
“(b) The provisions of subsection (a) shall also apply where an assessment or order which is no longer open to contestation or appeal has been made for the year to which the return relates.

in respect of the person from whose income the tax should have been deducted and such assessment or order does not include the income from which the deduction should have been made.”.

32. Section 180 (b) of the Ordinance shall be re-marked as section 180 (b)(1) and the following paragraph shall be added thereafter: Amendment of section 180.

“(2) Where the Assessing Officer has reasonable grounds for believing that the tax which will be due from an assessee for a particular tax year will exceed by at least 40 per cent the amount of the advance payments to which he is liable for that year, he may increase the amount of the advance payments under this article to the extent of the difference. A decision as aforesaid shall, for the purposes of contestation and appeal, be treated as an assessment under section 145.”.

33. In section 185 of the Ordinance, paragraph (2) shall be replaced by the following paragraph: Amendment of section 185.

“(2) if the assessee has paid too little, the balance shall be paid within 15 days from the day the decision is delivered, plus interest, at such rate as the Court shall prescribe, for the period from the day the appeal was filed until judgment was given.”.

34. Section 187 of the Ordinance shall be replaced by the following section: Replacement of section 187.

“Payment of interest.

187. Where any amounts of tax for a particular tax year have not been paid by the time prescribed for submission of the return under section 132, the assessee shall pay interest thereon at the rate of 15 per cent *per annum* from the said time until payment: Provided that no interest shall be paid in respect of —

- (1) the period beginning upon the expiration of three years after the filing of the return for that year and ending 15 days after the day of the delivery of the assessment for that year, even if the assessment has been varied, amended or re-issued following an order under section 147; for the purposes of this section, “assessment” means an assessment under section 145 or, where an assessment under section 152 has been made, an assessment under the latter section;
- (2) a period in respect of which interest is due under section 185 (2) or 186.”.

Amendment of
section 189.

35. In section 189 of the Ordinance, the expression "under section 188 (a), (c) or (d)" shall, in the two places in which it occurs, be replaced by the expression "under section 188 or 191 B", the words "or non-keeping of books" shall be inserted after the words "non-submission of a return", and the words "Where a criminal action has been brought as aforesaid and the accused has been acquitted, interest at the rate of 15 per cent shall be paid to him on the fine from the day it was paid until it is refunded" shall be added at the end.

Amendment of
section 191.

36. In section 191 of the Ordinance, subsection (b) shall be replaced by the following subsection:

"(b) Where a deficiency exceeding 25 per cent of the tax to which he is liable has been determined in respect of any assessee, and he does not prove to the satisfaction of the Assessing Officer that he has not been negligent in the return delivered by him or in the non-delivery of a return, he shall be liable to a fine at the rate of 10 per cent of the amount of the deficiency: Provided that —

(1) in respect of a deficiency which arises within three years after a fine for deficiency has once been fixed for that assessee, the rate shall be 15 per cent;

(2) in respect of a deficiency which arises within five years after a fine for deficiency has more than once been fixed for that assessee, the rate shall be 25 per cent.

For this purpose, "a deficiency which arises" means a deficiency which arises out of a return submitted within the period referred to in paragraph (1) or (2), as the case may be, even if the return relates to tax years preceding the fixing of the fine, as well as a deficiency relating to tax years within the said period even if the return in respect of such years was submitted after such period."

Addition of
sections 191A
and 191B.

37. The following sections shall be inserted after section 191 of the Ordinance:

"Fines for
non-deduction.

191A. A person who without reasonable excuse does not deduct the tax he is required to deduct under section 161, 164 or 170 shall be liable to a fine of an amount equal to a percentage of the amount not deducted, as follows:

(1) 10 per cent if no fine has been fixed for him under this section in the past;

(2) 15 per cent if a fine has once before been fixed for him under this section;

(3) 25 per cent if a fine has more than once before been fixed for him under this section.

Fine for failure to keep books.

191B. (a) Where an assessee to whom directions under section 130 concerning the keeping of account books apply does not keep books for a particular tax year, a fine of an amount as specified hereunder shall be added to the amount of tax with which he is chargeable for that tax year:

(1) if no fine has been fixed for him under this section in the past, an amount equal to 10 per cent of the amount of the tax fixed for him by assessment for the last tax year for which his income was assessed or of the amount of tax due from him under the last return submitted by him if it was submitted after the said assessment, whichever is more;

(2) if he failed to keep books after a fine had previously been prescribed for him under this section, an amount equal to 20 per cent of the tax referred to in paragraph (1).

(b) A person who disputes a fine imposed under subsection (a) on the ground that the directions concerning the keeping of account books do not apply to him may lodge a contestation with the Assessing Officer, and the decision on such contestation shall be appealable as if it were a decision under section 150.”.

38. In section 192 of the Ordinance, the expression “section 133” shall be deleted and the expression “or 190” shall be replaced by the expression “190, 191A or 191B”. **Amendment of section 192.**

39. In section 194 (a) of the Ordinance, the words “or is liable to make advance payments in respect thereof” shall be inserted after the words “in respect of that income” in paragraph (1) and the words “or for the advance payments which he is liable to make” shall be added at the end of that paragraph. **Amendment of section 194.**

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| Amendment of section 216. | 40. In section 216 of the Ordinance, the words "imprisonment for a term of six months or a fine of 2,000 pounds" shall be replaced by the words "imprisonment for a term of one year or a fine of 20,000 pounds." |
| Amendment of section 217. | 41. In section 217 of the Ordinance, the words "to imprisonment for a term of one year or to a fine of 3,000 pounds" shall be replaced by the words "to imprisonment for a term of two years or to a fine of 30,000 pounds" and the words "A person who alleges that he had a reasonable excuse shall have the burden of proof" shall be added at the end. |
| Replacement of section 219. | 42. Section 219 of the Ordinance shall be replaced by the following section:

<div style="margin-left: 20px;"> <p>"Non-transmission of deducted tax. 219. Where tax deducted under section 161, 164 or 170 has without reasonable excuse not been paid to the Assessing Officer as provided in section 161, 166 or 171, the person required to make the deduction shall be liable to imprisonment for a term of two years or a fine of 10,000 pounds and an amount double the amount of the deduction or to both such penalties. A person who alleges that he had a reasonable excuse shall have the burden of proof."</p> </div> |
| Amendment of section 220. | 43. In section 220 of the Ordinance, the expression "10,000 pounds" shall be replaced by the expression "80,000 pounds". |
| Amendment of section 236D. | 44. In section 236D of the Ordinance, the words "three months" shall be replaced by the words "six months". |
| Addition of sections 236H and 236I. | 45. The following sections shall be inserted after section 236G of the Ordinance:

<div style="margin-left: 20px;"> <p>"Regulations as to professional ethics. 236H. The Minister of Finance may, after consultation with the Minister of Justice and the representative organisation of tax consultants, make regulations as to the rules of professional ethics of tax consultants.</p> <p>Examination fees. 236I. The Minister of Finance may, by regulations, prescribe fees for the examinations referred to in section 236A(a)(5)."</p> </div> |

46. In section 219 of the Ordinance, as amended by section 38 of Validation. the Income Tax Ordinance (Amendment No. 13) Law, 5728—1968 ¹⁾, the reference to section 166 shall be valid and shall be deemed always to have been so.

47. In the Property Tax and Compensation Fund Law, 5721—1961 ²⁾— Amendment of Property Tax Law.

(1) section 25A (c) is hereby repealed;

(2) section 33 shall be re-marked as section 33(a), the words “on immovable property or a structure in process of construction” shall be inserted therein after the words “Where the tax”, and the following subsection shall be added after subsection (a):

“(b) The provisions of sections 185, 186 and 187 of the Ordinance shall apply to tax on equipment or stock-in-trade for a particular tax year, or any part thereof, which has been underpaid or the time for the payment of which has been postponed or which has not been paid by the time prescribed in section 18 or under section 51 for the filing of a declaration.”.

48. (a) The provisions of section 3(d) of the Ordinance, as enacted by this Law, shall apply to amounts paid by a benefit fund to an employer after the 8th Shevat, 5734 (31st January, 1974) as linkage differentials on moneys accumulated in the fund. Application and transitional provisions.

(b) (1) Sections 3(2), 4, 5, 6, 9(a)(2), 10, 12, 18 and 23 shall apply from the tax year 1974.

(2) Section 11 shall apply to payments for the tax year 1974 or any subsequent period.

(3) Sections 26 and 30 shall apply to returns submitted for the tax year 1974 or any subsequent period.

(c) Sections 27, 31 and 36 shall apply to returns submitted or assessments made, as the case may be, from the date of publication of this Law.

(d) Sections 13(2), 22, 33 and 37 shall apply to a fine for the non-keeping of books from the tax year 1975.

¹⁾ Sefer Ha-Chukkim of 5728, p. 171; LSI vol. XXII, p. 193.

²⁾ Sefer Ha-Chukkim of 5721, p. 100; LSI vol. XV, p. 101.

- (e) (1) Interest under section 187 of the Ordinance, as enacted by this Law, shall be imposed from the 20th Nisan, 5735 (1st April, 1975): Provided that interest under section 187 as in force before its amendment by this Law shall be imposed on assessments issued before the 1st Nisan, 5736 (1st April, 1976).
- (2) For the purposes of paragraph (1) of section 187, returns submitted before the 20th Nisan, 5735 (1st April, 1975) shall be deemed to have been submitted on that day.
- (3) The provisions of paragraphs (1) and (2) shall also apply, *mutatis mutandis*, for the purposes of interest imposed by virtue of section 33 (b) of the Property Tax and Compensation Fund Law, 5721—1961, as enacted by section 47 of this Law.

YITZCHAK RABIN YEHOSHUA RABINOVITZ
Prime Minister Minister of Finance

EFRAYIM KATZIR
President of the State

(No. 26)

LOAN (COST-OF-LIVING ALLOWANCE) LAW, 5735—1975 *

1. In this Law —

Definitions.

- (1) save as otherwise provided therein, every term shall have the meaning it has in the Income Tax Ordinance¹⁾ (hereinafter referred to as "the Ordinance");
- (2) "work income" means income under section 2(2) of the Ordinance, but does not include income to which section 122 or 123 of the Ordinance applies;
- (3) "employer" means every person who pays work income or is responsible for the payment thereof;
- (4) "employee" means every person who receives work income.

2. An employee shall make to the State a cost-of-living-allowance loan in respect of work income from his work in the months January to June, 1975 (hereinafter referred to as "the loan"). The rate of the loan shall be as specified in the Schedule.

Imposition
and rate of
loan.

3. An employer shall deduct the loan from work income paid by him for the period indicated in section 2 and shall transmit the amounts of the loan deducted by him to the Assessing Officer by the 25th Tishri, 5736 (30th September, 1975) or by the expiration of seven days from the date of deduction, whichever is later. Upon transmitting the amount, he shall file a return on the form prescribed by the Commissioner.

Duty to
deduct at
source.

4. The following shall be exempt from the loan:

Persons exempt.

- (1) an employee exempt from tax on work income;
- (2) a daily employee, within the meaning of the Income Tax (Deduction from Wage) Regulations, 5734—1974²⁾.

5. Where an employer has not deducted the loan or has not transmitted the loan to the Assessing Officer or has not delivered a return

Assessment of
loan upon
employer.

* Passed by the Knesset on the 16th Shevat, 5735 (28th January, 1975) and published in *Sefer Ha-Chukkim* No. 757 of the 23rd Shevat, 5735 (4th February, 1975), p. 54; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1163 of 5735, p. 150.

¹⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 6, p. 120—*NV* vol. I, p. 145; *Sefer Ha-Chukkim* of 5734, p. 65—*LSI* vol. XXVIII, p. 59.

²⁾ *Kovez Ha-Takkanot* of 5734, p. 1144.

or has delivered a return but the Assessing Officer has reasonable grounds for believing that it is not correct, the Assessing Officer may to the best of his judgment assess the amount of the loan which the employer was required to deduct, and an assessment under this section shall be treated as an assessment under section 167 of the Ordinance.

Interest.

6. (a) The loan shall bear interest at the rate of 3 per cent *per annum* from the 20th Nisan, 5735 (1st April, 1975).

(b) The interest shall be exempt from tax.

Loan linked to index.

7. (a) In this section —

(1) "cost-of-living index" has the same meaning as in the Defence Loan Law, 5717—1956¹⁾;

(2) "basic index" means the cost-of-living index which will be published for April, 1975;

(3) "new index" means the cost-of-living index which will be published for the month of December preceding the date of repayment.

(b) The principal of the loan shall be linked to the cost-of-living index. If at the time of repayment of the loan it appears that the new index exceeds the basic index, the loan shall be repaid increased in the proportion of the excess.

Loan certificates.

8. (a) Certificates registered in the name of the employee shall be issued by the 29th Elul 5738 (1st October, 1978) in respect of amounts of loan deducted.

(b) The loan certificate shall not be negotiable or capable of being charged or transferred, except for transfers by operation of law.

(c) The Minister of Finance shall, with the approval of the Finance Committee of the Knesset, prescribe by regulations the terms and conditions applicable to the loan certificates, including as regards their issue and redemption.

Repayment of loan.

9. (a) The aggregate of the amounts of the loan shall be repaid, with the interest thereon, on the 15th Nisan, 5740 (1st April, 1980).

(b) Where an employee has died, the loan shall be repaid to his spouse or, if he has not left a spouse, to his heirs, upon presentation of the loan certificate.

¹⁾ *Sefer Ha-Chukkim* of 5717, p. 8 — *LSI* vol. XI, p. 5.

10. Notwithstanding the provisions of section 2, the amount of loan deducted shall be regarded as the amount of loan to which the employee is liable. Finality of deduction.
11. Save as otherwise provided in this Law, the provisions of the Ordinance shall apply to the loan as if it were tax. Application of provisions of Ordinance.
12. The Minister of Finance is charged with the implementation of this Law and may make regulations as to any matter relating to such implementation. Implementation and regulations.

SCHEDULE

Amount of loan to be deducted from work income in each of the months January to June, 1975.

Amount of month's work income (in pounds)	Amount of loan (in pounds)	Amount of month's work income (in pounds)	Amount of loan (in pounds)
up to 1,715	0	1,985-2,009	55
1,716-1,758	5	2,010-2,034	60
1,759-1,783	10	2,035-2,059	65
1,784-1,808	15	2,060-2,085	70
1,809-1,833	20	2,086-2,110	75
1,834-1,858	25	2,111-2,135	80
1,859-1,884	30	2,136-2,160	85
1,885-1,909	35	2,161-2,185	90
1,910-1,934	40	2,186-2,210	95
1,935-1,959	45	2,211 and over	100
1,960-1,984	50		

YITZCHAK RABIN YEHOSHUA RABINOVITZ
Prime Minister Minister of Finance

EFRAYIM KATZIR
President of the State

(No. 27)

STATE COMPTROLLER (AMENDMENT No. 8) LAW,
5735—1975 *

Amendment of section 10. 1. In the State Comptroller Law (Consolidated Version), 5718—1958¹⁾ (hereinafter referred to as “the principal Law”), the words “or the Comptroller” shall be inserted after the words “upon the proposal of the Government” in section 10(b).

Amendment of section 13. 2. In section 13 of the principal Law —
(1) the expression “section 9(5) and (7)” in the opening passage shall be replaced by the expression “section 9(5), (7) and (8)”;
(2) the words “and with regard to the circumstances under which he is to report direct to the Comptroller” shall be added after the words “in respect of that association” in paragraph (2).

Replacement of section 18. 3. Section 18 of the principal Law shall be replaced by the following section:

“Procedure in the Committee and in the Knesset.

18. (a) Where the report has been laid on the table of the Knesset, the Committee shall, within three-and-a-half months, consider it and submit its conclusions and proposals for the approval of the Knesset; but it may submit its conclusions and proposals in two parts, the first within the said period, the second within a further four-and-a-half months.

(b) If the Committee does not submit its conclusions and proposals or part thereof within three-and-a-half months as aforesaid, the Knesset shall consider the report; but the Committee may, until the expiration of the further four-and-a-half months,

* Passed by the Knesset on the 16th Shevat, 5735 (28th January, 1975) and published in *Sefer Ha-Chukkim* No. 758 of the 25th Shevat, 5735 (6th February, 1975), p. 58; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1152 of 5735, p. 70.

¹⁾ *Sefer Ha-Chukkim* of 5718, p. 92 — *LSI* vol. XII, p. 107; *Sefer Ha-Chukkim* of 5722, pp. 6 and 42 — *LSI* vol. XVI, pp. 6 and 34; *Sefer Ha-Chukkim* of 5724, p. 42 — *LSI* vol. XVIII, p. 38; *Sefer Ha-Chukkim* of 5729, p. 98 — *LSI* vol. XXIII, p. 108; *Sefer Ha-Chukkim* of 5731, p. 112 — *LSI* vol. XXV, p. 111; *Sefer Ha-Chukkim* of 5732, p. 134 — *LSI* vol. XXVI, p. 152; *Sefer Ha-Chukkim* of 5734, p. 38 — *LSI* vol. XXVIII, p. 34.

submit for the approval of the Knesset conclusions and proposals as to any matter in the report which has not yet been considered by the Knesset.

(c) The conclusions and proposals of the Committee in respect of those parts of the report which in pursuance of section 17 (a) or (b) have not been laid on the table of the Knesset shall also not be laid on the table of the Knesset and shall be deemed to have been approved by the Knesset.”.

4. In section 20 of the principal Law, the following subsection shall be added after subsection (c): Amendment of section 20.

“(d) After publication under section 27 of a report forwarded to the Committee under subsection (c) or of an opinion under section 21, the Committee may lay its conclusions and proposals as to the report or opinion on the table of the Knesset and, if it deems it necessary so to do in view of the special importance of the matter, may ask the Knesset’s approval for such conclusions and proposals.”.

5. (a) Section 32 of the principal Law shall be re-marked as section 32(a) and the words “The duty of announcing the vacancy under section 19 of the State Service (Appointments) Law, 5719—1959¹⁾, shall not apply to the appointment of the Director of the Commissioner’s Office” shall be added at the end thereof. Amendment of section 32.

(b) The following subsection shall be added after subsection (a) of the principal Law:

“(b) If the post of Director of the Commissioner’s Office falls vacant or if the Director is for any reason unable to carry out his functions, the Commissioner may entrust the carrying out of such functions to another person for a period not exceeding three months.”.

6. In section 43 of the principal Law — Amendment of section 43.
(1) the words “and how to rectify it” at the end of subsection (a) shall be replaced by the words “and how and by what time it is to be rectified”;

(2) subsection (b) shall be replaced by the following subsection:

¹⁾ *Sefer Ha-Chukkim* of 5719, p. 86; *LSI* vol. XIII, p. 87.

"(b) The person or body complained against or the superior shall, within the time referred to in subsection (a), inform the Commissioner of the steps which have been taken. If he or it fails to do so, or if the information does not satisfy the Commissioner, the Commissioner may bring the matter to the knowledge of the Minister concerned or of the Committee."

Amendment of section 47. 7. In section 47(a) of the principal Law, the expression "26 and 28" shall be replaced by the expression "26, 28 and 30".

YITZCHAK RABIN
Prime Minister

EFRAYIM KATZIR
President of the State

(No. 28)

LABOUR COURTS (AMENDMENT No. 5) LAW, 5735—1975 *

1. In the Labour Courts Law, 5729—1969 ¹⁾ (hereinafter referred to as “the principal Law”), the words “or in any other Law” shall be added at the end of section 24(a)(5). Amendment of section 24.
2. In section 27 of the principal Law — Amendment of section 27.
 - (1) the words “delay of wages” and “the delayed wage” shall be respectively replaced by the words “wages” and “the wage”;
 - (2) the following subsection shall be added after subsection (b):
“(c) The Minister of Justice may, after consultation with the Minister of Labour, prescribe by regulations powers which a Judge of a Regional Court may transfer to the Registrar.”.
3. In the Discharged Soldiers (Reinstatement in Employment) Law, 5709—1949 ²⁾, the words “by way of an ordinary civil claim” in section 27(b) shall be replaced by the words “in a Regional Court”. Amendment of Discharged Soldiers (Reinstatement in Employment) Law.

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 16th Shevat, 5735 (28th January, 1975) and published in *Sefer Ha-Chukkim* No. 758 of the 25th Shevat, 5735 (6th February, 1975), p. 59; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1072 of 5733, p. 356.

¹⁾ *Sefer Ha-Chukkim* of 5729, p. 70 — *LSI* vol. XXIII, p. 76; *Sefer Ha-Chukkim* of 5731, p. 176 — *LSI* vol. XXV, p. 167; *Sefer Ha-Chukkim* of 5732, p. 73 — *LSI* vol. XXVI, p. 83; *Sefer Ha-Chukkim* of 5733, pp. 78 and 237; *LSI* vol. XXVII, pp. 72 and 267.

²⁾ *Sefer Ha-Chukkim* of 5709, p. 13 — *LSI* vol. III, p. 10; *Sefer Ha-Chukkim* of 5711, p. 58 — *LSI* vol. V, p. 49; *Sefer Ha-Chukkim* of 5714, p. 224 — *LSI* vol. VIII, p. 197; *Sefer Ha-Chukkim* of 5729, p. 76 — *LSI* vol. XXIII, p. 84; *Sefer Ha-Chukkim* of 5730, p. 121 — *LSI* vol. XXIV, p. 126.

(No. 29)

PHARMACISTS ORDINANCE (AMENDMENT No. 5) LAW,
5735—1975 *

Addition of
section 47A.

1. In the Pharmacists' Ordinance¹⁾, the following section shall be inserted after section 47:

"Duty roster of
pharmacies
in area of
local
authority.

47A. (a) A local authority may, in consultation with the District Health Office, prescribe a duty roster of pharmacies in the area of its jurisdiction for the days and hours when pharmacies are closed in the ordinary course of their business.

(b) The Minister of Health and the Minister of the Interior may, by general or specific order, jointly require a local authority to exercise its powers under this section.

(c) Where a local authority has prescribed a duty roster under this section, it shall appoint an objection committee, to include a representative of the District Health Office, with which objection may be lodged by a person who, having been required to do roster duty, alleges that he cannot do so or who considers himself aggrieved by his inclusion or non-inclusion in the roster. The objection committee may, at its discretion, exempt a person from roster duty, wholly or in part, with or without a time limit, and prescribe the inclusion in the roster of a person who has applied therefor; and it may direct the local authority to vary the roster if its decision on the objection so requires.

(d) The proprietor of a pharmacy who does

* Passed by the Knesset on the 16th Shevat, 5735 (28th January, 1975) and published in *Sefer Ha-Chukkim* No. 758 of the 25th Shevat, 5735 (6th February, 1975), p. 60; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1061, p. 286.

¹⁾ *Laws of Palestine* vol. II, p. 1124 (English Edition); *Sefer Ha-Chukkim* of 5720, p. 3 — *LSI* vol. XIV, p. 5; *Sefer Ha-Chukkim* of 5724, p. 104 — *LSI* vol. XVIII, p. 99; *Sefer Ha-Chukkim* of 5730, p. 96 — *LSI* vol. XXIV, p. 103; *Sefer Ha-Chukkim* of 5731, p. 69 — *LSI* vol. XXV, p. 64.

not do roster duty as prescribed under this section shall be liable to a fine of three thousand pounds or imprisonment for a term of six months.

(e) For the purposes of this section, "pharmacy" means a place for the dispensation of drugs and poisons within the meaning of this Ordinance."

2. In section 33 of the Ordinance, the words "subject to the provisions of section 47A" shall be inserted between the words "shall" and the words "only be dispensed".

Amendment of
section 33.

YITZCHAK RABIN
Prime Minister

VICTOR SHEMTOV
Minister of Health

EFRAYIM KATZIR
President of the State

(No. 30)

EMERGENCY REGULATIONS (ARRANGEMENTS
FOLLOWING CHANGE IN RATE OF CURRENCY)
(EXTENSION OF VALIDITY) LAW, 5735—1975 *

- | | |
|------------------------|---|
| Extension of validity. | 1. The validity of the Emergency Regulations (Arrangements Following Change in Rate of Currency), 5735—1974 ¹⁾ , in the form set out in the Schedule, is hereby extended until the 27th Tevet, 5736 (31st December, 1975). |
| Saving of validity. | 2. A stock charge paid, or an undertaking for its payment given, under the provisions of regulation 12(a), as in force immediately before the coming into force of this Law, shall be regarded as validly paid or given. |
| Commencement | 3. This Law shall come into force on the 29th Shevat, 5735 (10th February, 1975). |

SCHEDULE

CHAPTER ONE: GENERAL

- Definitions.
1. In these Regulations —
- “owner of goods” has the same meaning as in the Customs Ordinance²⁾;
- “the determining day” means the 25th Cheshvan, 5735 (10th November, 1974);
- “charge” means a charge under these Regulations;
- “the Director” means the Director of the Department of Customs and Excise or a person empowered by him for the purposes of these Regulations;
- “the Controller” means the Controller of Foreign Exchange, within the meaning of regulation 2 of the Defence (Finance) Regulations, 1941³⁾ (hereinafter referred to as “the Currency Regulations”);
- * Passed by the Knesset on the 23rd Shevat, 5735 (4th February, 1975) and published in *Sefer Ha-Chukkim* No. 759 of the 29th Shevat, 5735 (10th February, 1975), p. 62; the Bill and an Explanatory Note were published in *Hatza'ot Chok*, No. 1160 of 5735, p. 118.
- ¹⁾ *Kovetz Ha-Takkanot* of 5735, pp. 234, 423, 492, 582 and 708.
- ²⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 3, p. 39; *NV* vol. I, p. 51.
- ³⁾ *P.G.* of 1941, Suppl. II, p. 1647 (English Edition); *Sefer Ha-Chukkim* of 5734, p. 89 — *LSI* vol. XXVIII, p. 90.

"allocation" means the acquisition of foreign currency from an authorised dealer;

"the new rate", in relation to any kind of foreign currency, means the purchase price in pounds first prescribed for that currency by a Bank of Israel Circular to Banks (Authorised Dealers) Concerning Exchange Rates of Foreign Currency (Transfers and Drafts) (hereinafter referred to as a "Bank of Israel Circular") on or after the determining day;

"the previous rate", in relation to any kind of foreign currency, means the purchase price in pounds last prescribed for that currency by a Bank of Israel Circular before the determining day;

"goods" means goods imported into Israel, the consideration or part of the consideration for which has been paid by means of an allocation or out of an international loan designated by the Controller and to the extent designated by him, or goods manufactured in Israel which are of a kind chargeable with purchase tax;

"holder", in relation to foreign currency, means an Israel resident who in or outside Israel has acquired foreign currency and holds it in his possession or under his control or who has a right in foreign currency in or outside Israel in any form whatever;

"price of goods" means the normal price, within the meaning of section 130 of the Customs Ordinance, as stated in pounds in an entry passed by the collector of customs or, in the absence of such an entry, in some other import document;

"foreign currency" means any such foreign currency, within the meaning of regulation 6 of the Currency Regulations, as is specified in the First Schedule;

"delivery for home consumption" has the same meaning as in the Customs Ordinance;

"dealer", in relation to any goods, means a person who owns the goods, or has possession or control thereof, as stock for the purposes of his business;

"authorised dealer" has the same meaning as in regulation 2 (3) of the Currency Regulations;

"control of the Customs" has the same meaning as in the Customs Ordinance.

2. A charge shall be paid to the Treasury.

Payment of charge.

CHAPTER TWO: CURRENCY CHARGE

3. (a) A person who on the determining day holds any working capital shall pay a currency charge thereon.

Currency charge on working capital.

(b) In this section —

(1) "working capital" means foreign currency in any form whatsoever or a right thereto, being foreign currency the holding of which as working capital has been permitted by the Controller, and foreign currency, in any form whatsoever, which is actually held as working capital, and includes any foreign currency which on the determining day has accumulated in the course of business;

(2) "person holding working capital" includes a person holding foreign currency which was acquired at the previous rate and which the acquirer relinquished in a transaction effected without the Controller's permission or before the time at which the Controller permitted it to be effected.

Currency
charge on
currency
balances.

4. (a) A person who on or after the determining day holds any foreign currency acquired by him at the previous rate and required by law to be transferred and sold to the Bank of Israel shall pay a currency charge thereon.

(b) A person who on or after the determining day holds any foreign currency acquired by him at the previous rate, the acquisition having been made otherwise than in accordance with the conditions of a permit under the Currency Regulations, or the conditions of the permit not having been complied with after the acquisition, shall pay a currency charge on such currency, whether he holds it for himself or for another.

Currency
charge on
currency
balances
required to
be sold to
authorised
dealer.

5. Where on or after the determining day a person holds any foreign currency required by law to be sold to an authorised dealer at the previous rate or which ought to have been sold to an authorised dealer before the determining day, and such foreign currency is sold at the new rate or has not yet been sold, such person shall pay a currency charge thereon.

Rate of
currency
charge.

6. A currency charge under this chapter shall be of the amount of the difference between the new rate and the previous rate of the kind of currency concerned.

Time for
payment of
currency
charge.

7. A currency charge shall be paid within fifteen days from the determining day or within three days from the day on which the working capital or foreign currency on which the charge is leviable came into the hands of the person liable thereto, whichever period ends later.

8. The Minister of Finance, may, by order, prescribe that the time for the payment of the whole or part of a currency charge shall be postponed, and he may, by order, enact provisions as to security which the person liable to the currency charge must provide for payment thereof at the postponed time. .

Postponement
of time for
payment of
currency
charge.

9. Where in consequence of any act or omission in contravention of regulation 6 of the Currency Regulations the working capital or foreign currency has not come into the hands of the person liable to the currency charge, such person shall pay interest at the rate of 24 per cent *per annum* from the earliest time at which the working capital or foreign currency should have come into his hands but for the act of omission until the day of actual payment thereof.

Interest in
the case of
delay in
receipt of
foreign
currency.

CHAPTER THREE: STOCK CHARGE

10. (a) A dealer who owns or has possession or control of any goods which have been imported into Israel and the entry of which was passed for home consumption before the determining date, even though they may not yet have been removed from the control of the Customs, except goods specified in the Second Schedule, shall pay a charge thereon (hereinafter referred to as a "stock charge") consisting of the following:

Stock charge
on imported
goods.

(1) 43 per cent of the price of the goods calculated at the previous rate;

(2) the difference between the total amount of taxes which would have been leviable on the goods if they had been released from the control of the Customs immediately before the determining day and the total amount of taxes which would have been leviable thereon on the determining day with the price thereof for the purposes of customs legislation increased by 43 per cent.

If the calculation under paragraph (2) results in a difference in favour of the dealer, the amount shall be deducted from the payment under paragraph (1); if it results in a debit balance, the payment under paragraph (2) shall be added to the payment under paragraph (1).

(2) For the purposes of this regulation, "taxes" means customs duty, purchase tax, and compulsory payments under the Emergency

Regulations (Compulsory Payments), 5718—1958¹⁾ (hereinafter referred to as “the Compulsory Payments Regulations”), payable on the goods.

(c) Where the provisions of section 156, 160, 160A or 160C of the Customs Ordinance or the provisions of regulation 17 or 18 of the Compulsory Payments Regulations apply to any goods, the whole or part of a charge paid under the provisions of subregulation (a)(2) shall be treated as customs duty or compulsory payments under whichever of those sections or regulations is relevant.

(d) Where it is proved to the satisfaction of the Director that the price of the goods is considerably different from the price thereof, within the meaning of section 130 of the Customs Ordinance, on the determining day, he may collect the charge according to the price on the determining day.

Stock charge
on locally-made
goods.

11. A dealer who owns or has possession or control of goods manufactured in Israel shall pay a charge thereon of the amount of the difference between the purchase tax which was payable thereon immediately before the determining day and the purchase tax payable thereon on the determining day.

Time for
payment of
stock charge.

12. (a) A stock charge shall be paid in equal consecutive monthly instalments the last of which is paid on the 19th Adar Alef, 5736 (1st March, 1976). Where the person liable pays the stock charge due from him in full not later than the 17th Adar, 5735 (28th February, 1975), he shall be entitled to a reduction of 7.5 per cent on the amount of the charge: Provided that a reduction shall not be granted to a person who pays the charge as specified in subsection (b).

(b) Notwithstanding the provisions of subregulation (a), a charge leviable on goods which have not yet been removed from the control of the Customs shall be paid in full before the removal thereof from the control of the Customs, and the goods shall not be cleared so long as the charge has not been paid.

Exemption
from charge.

13. Where the charge on any stock does not exceed 5,000 pounds, the dealer shall be exempt from the charge.

Exemption
from stock
charge on
dead stock.

14. A dealer shall be exempt from a stock charge in respect of goods which he has proved to the satisfaction of the Director to have been owned by him, or to have been in his possession or under his control, for three years preceding the publication of these Regulations or for

¹⁾ *Sefer Ha-Chukkim* of 5719, p. 18; *LSI* vol. XIII, p. 15.

such shorter period as in the branch of trade concerned is sufficient for regarding them as dead stock; but the Director may prescribe that goods which have been in the possession or under the control of a dealer for more than three years as aforesaid shall be chargeable with the charge if in the opinion of the Director they are not regarded as dead stock in the branch of trade concerned.

15. A dealer shall be exempt from a stock charge under regulation 10 in respect of goods which he has proved to the satisfaction of the Director to have undergone processing in Israel before the publication of these Regulations and in respect of equipment used by him for the purposes of his business and not intended for sale.

Exemption from stock charge on goods processed in Israel and on equipment.

16. (a) A dealer, whether or not he is liable to a stock charge, shall, not later than fourteen days after publication of these Regulations, deliver to the Director a return of such particulars as he may direct concerning goods used or intended for sale or some other use in his business, unless the Director otherwise requests.

Declaration of stock.

(b) A direction or request under subregulation (a) shall be general or to particular classes of dealers or to a particular dealer.

(c) A person charged with a stock charge who proves to the satisfaction of the Director that he is not the owner of the goods in respect of which he has been so charged shall not have to pay a stock charge thereon if he gives particulars thereof as provided in subregulation (a), as well as the name and address of the owner. This subregulation shall not exempt the dealer who is the owner of the goods from a stock charge.

(d) Notwithstanding section 10 of the Law and Administration Ordinance, 5708—1948¹⁾, and section 17 of the Interpretation Ordinance²⁾, a direction or request under subsection (a) shall be valid if it has been published in three daily newspapers and shall come into force on the day prescribed in it.

(e) The provisions of this regulation shall also apply to a person whose business is the import or export of goods. Such a person shall submit the return not later than the 17th Tevet, 5735 (31st December, 1974).

17. Where a dealer has not delivered a return, or has delivered a return but the Director considers that it is not complete or not correct,

Assessment to best of judgment.

¹⁾ I.R. of 5708, Suppl. I, p. 1; LSI vol. I, p. 7.

²⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 1, p. 2; NV vol. I, p. 5.

the Director may to the best of his judgment determine the amount of the charge to which that dealer is liable. This assessment shall not affect any other liability of that dealer for not delivering a return or for delivering an incorrect return.

Contestation.

18. (a) A dealer who disputes the assessment may contest it in writing, specifying his reasons, not later than the expiration of fourteen days from the day on which the assessment was served on him: Provided that where the assessment was made because no return had been delivered, the dealer may only contest it after delivering the return.

(b) The Director may, for special reasons, extend the time for the filing of contestation.

(c) Where the person liable to the charge has reached agreement with the Director as to the charge due from him, the assessment shall be amended in accordance with the agreement and the person liable shall be served with notice of the charge due from him.

(d) Where the person liable to the charge has not reached agreement with the Director, the Director shall decide upon the contestation, and he may in his decision confirm, increase or reduce the assessment. The Director shall give the contestor written notice of his decision, stating the reasons therefor.

Appeal.

19. (a) A person who considers himself aggrieved by a decision of the Director under section 18 may appeal to the District Court in the area of jurisdiction of which the Director who gave the decision acts.

(b) The appeal shall be dealt with by a single judge, and shall be heard *in camera*, unless the Court otherwise directs on the application of the appellant.

(c) The onus of proving that the assessment is excessive shall be on the appellant.

Contestation and appeal not to delay payment.

20. The filing of a contestation or appeal shall not delay the payment of the charge in accordance with the assessment.

CHAPTER FOUR: IMPORT CHARGE

Import charge.

21. (a) The owner of goods the entry of which has not yet been passed for home consumption shall pay an import charge at the rate of 43 per cent of the price of the goods, calculated at the previous rate.

(b) The goods specified below are exempt from the charge:

- (1) goods the consideration for which was paid in foreign currency of the owner of the goods which was lawfully held by him, which is not part of an allocation and on which no currency charge under these Regulations is leviable;
- (2) goods the consideration for which was or will be paid out of an allocation at the new rate or in foreign currency on which a currency charge has been paid;
- (3) goods which were received from a supplier in return for other goods which had been previously imported and the entry of which had been passed for home consumption but which had been returned by the importer to the supplier without additional consideration;
- (4) goods which were imported without consideration within the framework of a supplier's liability;
- (5) goods which were imported under the General Import Licence, 5733—1973¹⁾;
- (6) goods which will not be delivered for home consumption.

(c) Where only part of the consideration paid for the goods is as specified in paragraph (1) or (2) of regulation (b), the charge shall be paid on the remainder.

22. An import charge shall be paid before removal of the goods from the control of the Customs, and the goods shall not be cleared so long as the charge has not been paid in full. Time for payment of import charge.

23. An import charge shall not be leviable on goods entered for purposes of transshipment or transit as provided in section 62 of the Customs Ordinance. Exemption from import charge in respect of goods in transshipment or transit.

24. For the purpose of computing purchase tax under the Purchase Tax (Goods and Services) Law, 5712—1952²⁾, on goods charged with an import charge, the import charge shall not be taken into account. Special provision as to computation of purchase tax.

CHAPTER FIVE: EXEMPTIONS FROM AND REFUND OF STOCK CHARGE AND IMPORT CHARGE

25. Where it appears to the Director that part of the consideration for goods on which a stock charge or import charge is leviable has Part of consideration at new rate.

¹⁾ *Kovetz Ha-Takkanot* of 5733, pp. 574 and 3501.

²⁾ *Sefer Ha-Chukkim* of 5712, p. 344; *LSI* vol. VI, p. 150.

not yet been paid and will be paid out of an allocation at the new rate, or has been paid by means of a credit in foreign currency which will be repaid out of a foreign currency allocation, he may direct that the part of the consideration or allocation calculated at the new rate shall not be taken into account for the purpose of payment of the charge.

Damaged goods.

26. Where the Director has reason to believe that any goods liable to a stock charge or import charge have been damaged, or were lost, destroyed or abandoned to the Customs while still under the control thereof, he shall reduce the charge or shall refund or grant exemption from the whole or part of it, as the case may be.

CHAPTER SIX: FUEL CHARGE

Definitions.

27. In this chapter —

“fuel” means the goods specified in the Commodities and Services (Control) (Fuel Supply Service) Declaration, 5734—1974¹⁾;

“person in possession of fuel” means a person having possession or control of any fuel used or intended to be used by him for supply and includes a manufacturer, within the meaning of the Fuel Excise Law, 5718—1958²⁾.

Charge on person in possession of fuel.

28. (a) A person in possession of fuel on the determining day shall pay a fuel charge thereon at a rate as indicated hereunder:

(1) in respect of fuel at a fuel station — at a rate as specified in the Third Schedule;

(2) in respect of any other fuel — at a rate being the amount of the difference between the cost of the fuel according to the previous rate and the cost thereof calculated at the new rate.

(b) Where a person in possession of fuel has financed the whole or part of its acquisition with a loan in foreign currency approved under the Currency Regulations, the Director of Fuel Administration in the Ministry of Finance may exempt him from the charge to an extent corresponding to the part of the loan which has not yet been repaid.

Time for payment of fuel charge.

29. A charge under this chapter shall be paid by the 17th Tevet, 5735 (31st December, 1974).

¹⁾ *Kovetz Ha-Takkanot* of 5734, p. 124.

²⁾ *Sefer Ha-Chukkim* of 5718, p. 160; *LSI* vol. XII, p. 177.

30. A person liable to a charge under this chapter shall deliver to the Director upon request, but not later than the 3rd Kislev, 5735 (17th November, 1974), an inventory of the stock of fuel in his possession on the determining day. In the absence of a request as aforesaid, he shall deliver the inventory not later than fourteen days after publication of these Regulations. Submission of inventory.

CHAPTER SEVEN: PORT FEES AND PORT CHARGE

31. Every term in this chapter has the meaning which the same term has in the Ports Regulations, 5731—1971 ¹⁾ (hereinafter referred to as “the Ports Regulations”). Definitions.

32. The fees specified in the Fourth Schedule payable under the Ports Regulations shall be increased by 43 per cent. Increase of fees.

33. (a) The Ports Authority shall pay a charge at the rate of 17.5 per cent of the fees specified in the Fourth Schedule, and of wharfage fees for import cargoes under sections 1 and 2 of Article Two of Part Three of the Fifth Schedule to the Ports Regulations. Port charge.

(b) A charge under subregulation (a) shall be paid within fifteen days from the expiration of the month in which the fees in respect of which the charge is payable were paid.

CHAPTER EIGHT: STEVEDORAGE CHARGE

34. Every term in this chapter has the meaning which the same term has in the Commodities and Services (Control) (Maximum Remuneration for Stevedorage Services) Order, 5722—1962 ²⁾ (hereinafter referred to as “the Stevedorage Order”). Definitions.

35. (a) A person engaged in the performance of stevedorage services for which a maximum remuneration is prescribed by the Stevedorage Order shall pay in respect of the services performed by him a charge at the rate of 17.5 per cent of the maximum remuneration which the person rendering the service is permitted to receive according to the Stevedorage Order. Stevedorage charge.

(b) The charge under subregulation (a) shall be paid within fifteen

¹⁾ *Kovet Ha-Takkanot* of 5711, p. 306.

²⁾ *Kovetz Ha-Takkanot* of 5722, p. 1302; *Kovetz Ha-Takkanot* of 5734, p. 912.

days from the expiration of the month in which the service in respect of which the charge is payable was rendered.

CHAPTER NINE: GENERAL PROVISIONS

- Bank holiday.** 36. (a) The determining day shall be a holiday for banking institutions within the meaning of section 2 of the Bank of Israel Directions (Liquid Assets), 5731—1971¹⁾.
(b) On that day, banking institutions shall not carry out any banking operations or open their doors. No employee or other functionary of a bank shall come to its premises or make any entry or do any writing in its books or documents, save in the presence or with the approval of a person authorised under section 11 of the Currency Regulations and in accordance with his directions.
(c) Notwithstanding the provisions of subregulations (a) and (b), branches of banking institutions at Lod Airport and Haifa Port may purchase foreign currency from persons entering Israel on the bank holiday, sell foreign currency to non-residents leaving Israel on that day, sell foreign currency allocations for ordinary or business trips to persons leaving Israel on that day, and receive payments on account of travel tax under the Foreign Travel Tax Law, 5711—1951²⁾.
- Competent authority.** 37. For the purpose of this chapter, "competent authority" —
(1) in respect of a currency charge — means the Controller;
(2) in respect of a stock charge, an import charge and a fuel charge — means the Director;
(3) in respect of a port charge and a stevedorage charge — means the person appointed in that behalf by the Minister of Finance.
- Import under the Encouragement of Capital Investments Law.** 38. A charge under these Regulations shall be paid notwithstanding the provisions of section 62 of the Encouragement of Capital Investments Law, 5719—1959³⁾.
- Collection.** 39. The Taxes (Collection) Ordinance⁴⁾ shall apply to the collection of a charge.

¹⁾ *Kovetz Ha-Takkanot* of 5731, p. 690.

²⁾ *Sefer Ha-Chukkim* of 5711, p. 12 — *LSI* vol. V, p. 12; *Sefer Ha-Chukkim* of 5730, p. 154 — *LSI* vol. XXIV, p. 164.

³⁾ *Sefer Ha-Chukkim* of 5719, p. 234; *LSI* vol. XIII, p. 258.

⁴⁾ *Laws of Palestine* vol. II, p. 1399 (English Edition).

40. (a) A competent authority may by order prescribe times later than those prescribed by these Regulations, or further times, for the payment of a charge, as well as the place and modes of payment thereof, and he may also receive from the person liable to the charge an undertaking for its payment and security for the fulfilment of such undertaking.

Power to vary times of payment and prescribe modes thereof.

(b) The competent authority may, on such conditions as he may think fit, postpone the date of payment of the whole or part of a stock charge or import charge.

(c) The provisions of this regulation shall not apply to a currency charge.

41. (a) Where a competent authority has postponed the date of payment of the whole or part of a charge, the person liable to the charge shall pay interest at the rate of 15 per cent *per annum* on the amount payment of which has been postponed, from the day originally prescribed for the payment of the charge to the day of actual payment.

Payment of interest and fine.

(b) Where a person liable to a charge does not pay the whole or part thereof at the time at which he is required to pay it and the competent authority has not postponed the time for its payment, such person shall pay a fine at the rate of two per cent per month or fraction thereof on the amount not paid in time, from the day prescribed for the payment of the charge to the day of actual payment.

(c) For the purpose of the collection thereof, interest and a fine shall be treated as charges.

(d) The competent authority may reduce the fine, but its rate shall not be less than 15 per cent *per annum*.

42. Where the whole or part of a currency charge is not paid at the time prescribed by these Regulations, the competent authority may, pending its payment, prohibit the transfer of the ownership or possession of the working capital or foreign currency on which the charge is due.

Freezing of foreign currency.

43. Where a dealer does not pay the whole or part of a stock charge, fuel charge or import charge at the time prescribed by these Regulations, the competent authority may, pending its payment, prohibit the transfer of the ownership or possession of the goods on which the charge is due or any other transaction in respect thereof or, if the goods are in the possession or under the control of the person liable to the charge, the removal thereof from one place to another.

Freezing in the case of stock charge, fuel charge or import charge.

Delay of removal of goods.	44. The Director may delay the removal of goods of a person liable to a charge from the control of the Customs pending payment of the whole of the charge due from him under these Regulations on these or other goods or pending the submission of a return required to be submitted under these Regulations.
Forfeiture and confiscation.	45. (a) Where any goods are not included in a return required to be submitted under these Regulations, they shall be regarded as forfeited under section 204 of the Customs Ordinance, and sections 188 to 193, 206(a), 229 and 230 of that Ordinance shall apply <i>mutatis mutandis</i> to their seizure or release from forfeiture. (b) This regulation shall also apply to goods in respect of which information false in a material particular has been given in a return as aforesaid.
Immobilisation of goods.	46. (a) Where goods have been forfeited under regulation 45, the Director may transfer them to such place as he may direct or immobilise them in the hands of the person having possession thereof. (b) Where goods have been immobilised under subsection (a), the person having possession thereof shall hand them over at the Director's request. If he does not do so, or hands them over in damaged condition, he shall be guilty of an offence under these Regulations unless he gives a reasonable explanation as to how the goods disappeared or were damaged from causes over which he had no control.
Powers of inspection.	47. A person empowered in that behalf in writing by the competent authority may, for the purpose of implementing these Regulations or of preventing or discovering offences thereunder, enter any place in order to carry out an inspection of stock and books and other documents and to seize any thing likely to serve as evidence at a trial.
Application of Indirect Taxes Law.	48. The provisions of the Indirect Taxes (Overpayments and Underpayments) Law, 5728—1968 ¹⁾ , shall apply to an import charge and a stock charge.
Refund of customs duty and deduction of customs duty from charge.	49. Where a person proves to the satisfaction of the Director — (1) that on goods cleared between the 13th Tammuz, 5734 (2nd July, 1974) and the determining day he paid customs duty under section 6 of the Schedule to the Customs Tariff and Exemption

¹⁾ Sefer Ha-Chukkim of 5728, p. 168; LSI vol. XXII, p. 178.

Ordinance, 1937¹⁾), at the rate of 35 per cent of the value thereof and

(2) that he paid the consideration for the goods, or part thereof, after the determining day with foreign currency acquired for this purpose at the new rate,

the Director may refund to him, out of the customs duty paid as aforesaid, 57 agorot per dollar of the United States of the consideration paid for the goods in foreign currency acquired at the new rate.

(b) Where a person is liable to a charge under these Regulations, the Director may set off the amount of a refund due to him under subregulation (a) against the said charge even if the time for the payment of the charge has not yet come.

50. Every person, except a person exempt under any law from giving evidence in court shall, at the request of a competent authority, deliver any information, books, vouchers and other documents which, in the opinion of such authority, are calculated to ensure the implementation of these Regulations. Delivery of information, vouchers and other documents.

51. Where any goods were removed from the control of the Customs before the determining day, but the taxes, within the meaning of regulation 10, are paid on or after that day, then, for the purpose of determining such taxes, the normal price of the goods shall be as defined in section 130 of the Customs Ordinance, with an addition of 43 per cent. For the purposes of this regulation, "goods" includes goods imported into Israel for which the consideration or part thereof was paid otherwise than by means of an allocation. Determination of normal price in certain cases.

52. (a) A person who does any of the following: Offences and penalties.
(1) for the purposes of these Regulations furnishes a competent authority with any information, book, voucher or other document which is false in a material particular;
(2) conceals, destroys, alters or refuses to furnish any information, book, voucher or other document which he is required to furnish under these Regulations;
(3) obstructs or prevents a competent authority or his agent from exercising his powers under these Regulations;

¹⁾ *Kovetz Ha-Takkanot (She'urei Makach (Rates of Customs Duty, Purchase Tax and Compulsory Payments))* of 5730, pp. 6 and 666; *Kovetz Ha-Takkanot (She'urei Makach)* of 5734, p. 231.

(4) commits a fraudulent act in order to evade payment of a charge to which he is liable;

(5) infringes any of the provisions of these Regulations or any provision or condition laid down by virtue thereof,

is liable to imprisonment for a term of three years or a fine of 100,000 pounds: Provided that if the offence is committed in connection with a currency charge, the fine shall be three times the value at the new rate of the foreign currency in connection with which the offence is committed, or 100,000 pounds, whichever is more, and if the offence is committed in connection with an import charge, stock charge or fuel charge, the fine shall be five times the value of the goods in connection with which the offence is committed or 100,000 pounds, whichever is more.

(b) Where an offence under these Regulations is committed in the course of the business of a person liable to a charge by any clerk, worker, factor, agent or representative of such person, such person shall bear responsibility unless he proves that he took all reasonable steps to ensure compliance with these Regulations or that the offence was committed without his knowledge.

(c) Where an offence under these Regulations is committed by a body of persons, every person who at the time of its commission was an active director or a partner, accountant or responsible official of that body shall also be responsible for the offence unless he proves that he took all reasonable steps to ensure compliance with these Regulations or that the offence was committed without his knowledge.

Composition.

53. Where a competent authority is satisfied that a person has contravened any of the provisions of these Regulations or a provision of regulation 15 of the Emergency Regulations (Compulsory Payments) 5718—1958¹⁾, relating to charges imposed by virtue of the said Regulations on goods which were in the possession of a dealer on the determining day, he may, with the consent of that person, accept from him a monetary composition not exceeding the highest fine permitted to be imposed for the offence. Where an information has been filed against a person, no composition for the offence shall be accepted so long as the Attorney General has not given notice of a stay of proceedings.

Saving of laws.

54. The provisions of these Regulations shall be in addition to any other law.

¹⁾ *Sefer Ha-Chukkim* of 5718, p. 175; *LSI* vol. XII, p. 166.

55. The Minister of Finance may make regulations as to any matter Regulations relating to the implementation of these Regulations.

56. These Regulations shall be cited as the Emergency Regulations Citation. (Arrangements Following Change in Rate of Currency), 5735—1974.

FIRST SCHEDULE
(Regulation 1)

Kinds of Currency

Dollars of the U.S.A.	Norwegian kroner
Canadian dollars	Dutch guilders
Pounds sterling	German marks
Australian dollars	Finnish markkaa
South African rands	Austrian schillings
Swiss francs	Belgian francs
French francs	Italian lire
Danish kroner	Jordanian dinars
Swedish kronor	Japanese yens

SECOND SCHEDULE
(Regulation 10)

<i>Column I — Item</i>	<i>Column II — Item of Tariff</i>	<i>Column III — Products</i>
1	02.01.1010	Frozen meat with bones
2	02.01.1020	Frozen meat without bones
3	17.01	Sugar
4	10.01	Wheat
5	11.01	Flour
6	12.10.5500	Soya beans
7	15.07	Soya bean oil
8	23.04	Oil-cake
9	15.13	Margarine

THIRD SCHEDULE
(Regulation 28)

<i>Fuel Product</i>	<i>Unit</i>	<i>Charge (in pounds)</i>
Petrol 83 octane	Litre	0.90
Petrol 94 octane	Litre	1.10
Solar at fuel station	Litre	0.52
Condensed petroleum gas		
12 kg. container	Container	12.00
12.5 kg. container	Container	12.50
In bulk	Ton	1,000.00
Kerosene	Litre (at fuel station)	0.55

FOURTH SCHEDULE
(Regulation 32)

1. Lighthouse, berthage, anchorage, pilotage and tugging fees, and fees in respect of petroleum tankers at the Port of Eilat, under Article Two of Chapter Seventeen of the Ports Regulations and Part One of the Fifth Schedule thereto.
2. Refuse removal fees under Article Three of Chapter Seventeen of the Ports Regulations.
3. Fees for sorting according to the principal mark, under Article Eight of Chapter Seventeen of the Ports Regulations and Part Four of the Fifth Schedule thereto.
4. Fees for services specified in section 27 of Part Four of the Fifth Schedule to the Ports Regulations.
5. Fees for unloading imported grain, under Article Eleven of Chapter Seventeen of the Ports Regulations.
6. Fees for loading minerals in bulk at the bulk cargo installation at the Port of Ashdod, under Article Twelve of Chapter Seventeen of the Ports Regulations.
7. Passenger and passengers' luggage fees, under Article Fourteen of Chapter Seventeen of the Ports Regulations.
8. Fees for the use of equipment, under Article Sixteen of Chapter Seventeen of the Ports Regulations and Part Five of the Fifth Schedule thereto.

YITZCHAK RABIN
Prime Minister

YEHOShUA RABINOVITZ
Minister of Finance

EFRAIM KATZIR
President of the State

(No. 31)

EGG AND POULTRY BOARD (PRODUCTION AND
MARKETING) (AMENDMENT) LAW, 5735—1975 *

1. In section 3 of the Egg and Poultry Board (Production and Marketing) Law, 5724—1963 ¹⁾ (hereinafter referred to as “the principal Law”), paragraph (6) shall be re-marked as paragraph (8) and the following paragraphs shall be inserted before it: Amendment of section 3.

“(6) to provide services as to everything relating to poultry and poultry products, except services at the time of processing poultry after the preparation thereof; for the purposes of this paragraph and paragraph (7), “preparation” means slaughtering, making ritually fit, carving, refrigerating, storing and loading for transport; (7) to supervise the processes involved in handling poultry and poultry products, as the Minister of Agriculture or a person empowered by him may direct, except the processing of poultry after the preparation thereof: Provided that the Minister of Agriculture may prescribe that this task shall be performed by a person specified in the direction;”.

2. The following section shall be inserted after section 50 of the principal Law: Addition of section 50A.

“Fee and reporting.

50A. (a) The Board may prescribe by rules —

(1) a fee for the provision of services referred to in section 3(2), (6) and (7), other than a fee for slaughtering;

(2) times and procedures for the payment of the fee, including the deduction thereof from amounts due from the Board to the persons liable thereto, and the obligation to keep records and deliver reports with regard to the fee.

* Passed by the Knesset on the 23rd Shevat, 5735 (4th February, 1975) and published in *Sefer Ha-Chukkim* No. 760 of the 2nd Adar, 5735; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1085 of 5733, p. 450.

¹⁾ *Sefer Ha-Chukkim* of 5724, p. 12; *LSI* vol. XVIII, p. 10.

(b) Rules under subsection (a)(1) shall be prescribed in consultation with the Economic Committee of the Knesset.”.

Amendment of section 73. 3. Section 73 of the principal Law shall be re-marked as section 73(a) and the following subsection shall be added thereafter:
“(b) The Board may delegate to the Executive Committee any of its powers under this Law, except the powers reserved to it by section 27.”.

YITZCHAK RABIN
Prime Minister

AHARON UZAN
Minister of Agriculture

EFRAYIM KATZIR
President of the State

(No. 32)

WELFARE (TREATMENT OF RETARDED PERSONS)
(AMENDMENT No. 2) LAW, 5735—1975 *

1. In the Welfare (Treatment of Retarded Persons) Law, 5729—1969¹⁾ (hereinafter referred to as “the principal Law”), in the first subsection — Amendment of section 1.

(1) the following definition shall be inserted after the definition of “home”:

“closed home” means a place serving for the residence or custody of retarded persons away from their families, in which the freedom of those held therein is restricted and which the Minister of Social Welfare has declared to be a closed home for the purposes of this Law;”;

(2) the words “and, for the purposes of sections 19A to 19I, the competent court” shall be inserted at the end end of the definition of “court”.

2. In section 14 of the principal Law, the words “except sections 19A to 19I” shall be inserted after the words “under this Law”. Amendment of section 14.

3. In section 19 of the principal Law, the words “except as prescribed in sections 19A to 19I” shall be added at the end. Amendment of section 19.

4. The following sections shall be inserted after section 19 of the principal Law: Addition of sections 19A to 19I.

“Detention of retarded person.

19A. Where a court orders the detention of any person and it is satisfied that he is retarded, it shall direct that he be held in separate detention as far as possible or in a closed home unless it is of the opinion that his interest does not so require; but a detained person shall not be transferred to a closed home until after completion of the investigation.

* Passed by the Knesset on the 22nd Shevat, 5735 (3rd February, 1975) and published in *Sefer Ha-Chukkim* No. 760 of the 2nd Adar, 5735 (13th February, 1975), p. 75; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1103 of 5734, p. 80.

¹⁾ *Sefer Ha-Chukkim* of 5729, p. 132 — *LSI* vol. XXIII, p. 144; *Sefer Ha-Chukkim* of 5731, p. 178 — *LSI* vol. XXV, p. 170.

Treatment of
accused who
is mentally
defective or
not liable to
punishment.

19B. Where a person is tried on a criminal charge, and the court finds, on evidence presented to it either on behalf of one of the parties or at its own initiative —

(1) that the accused is not fit to stand trial by reason of a defect in his mental faculties
or

(2) that the accused committed the criminal act with which he is charged but that by reason of a defect in his mental faculties at the time of the act he is not liable to punishment,
the court shall order that the accused be brought before an evaluation board so that the same may decide upon the mode of his treatment, and the provisions of this Law shall apply *mutatis mutandis*.

Treatment of
mentally
defective
person who
has been
convicted.

19C. Where a person is convicted and the court finds that he is mentally defective, the court may, instead of sentencing him, order that he shall be brought before an evaluation board so that the same may decide upon the mode of his treatment; if the court so decides, the provisions of this Law shall apply *mutatis mutandis*.

Treatment of
retarded
person under
imprisonment.

19D. Where a person is sentenced to imprisonment and the court finds that he is retarded, the court may, on the application of such person, the person in charge of him or the prosecutor, order that he shall serve his sentence in a closed home.

Direction for
person to be
examined.

19E. To enable it to decide whether there is occasion to make an order under one of sections 19A to 19D, the court may, on the application of a party or on its own motion, direct that the person concerned be brought before an evaluation board so that the same may give its opinion as to his condition.

Status of
prosecutor.

19F. In proceedings before an evaluation board under section 19B or 19C, a prosecutor is entitled to be heard under section 7 and to object to the decision under section 8.

Appeal. 19G. The decision of a court under sections 19A to 19E is appealable in like manner as a judgment in a criminal case.

Implementation of orders. 19H. An order under one of sections 19A to 19E shall be a warrant for the police to bring, in accordance therewith, the person against whom it was made; but an order under section 19E in respect of a person who is not under detention or imprisonment shall be carried out by a welfare officer unless the Court otherwise directs.

Custody. 19I. A person under detention or imprisonment against whom an order under section 19A, 19D or 19E is made shall, while held at the home or closed home or undergoing examination, be deemed to be in lawful custody, and the provisions of sections 18 and 19 of the Prisons Ordinance (New Version), 5732—1972¹⁾, shall apply to him *mutatis mutandis*.”

5. In the Criminal Procedure Law, 5725—1965²⁾, the words “or under section 19B (1) of the Welfare (Treatment of Retarded Persons) Law, 5729—1969” shall be inserted after the words “under section 6(a) of the Treatment of Mentally Sick Persons Law, 5715—1955” in section 152A(a). Amendment of Criminal Procedure Law.

6. This Law shall come into force on the 22nd Tammuz, 5735 (1st July, 1975). Commencement.

YITZCHAK RABIN MICHAEL CHAZANI
Prime Minister Minister of Social Welfare

EFRAIM KATZIR
President of the State

¹⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 21, p. 459; *NV* vol. II, p. 237.

²⁾ *Sefer Ha-Chukkim* of 5725, p. 161; *LSI* vol. XIX, p. 158.

(No. 33)

DEFENCE SERVICE (AMENDMENT No. 11) LAW, 5735—1975 *

Amendment of
section 5.

1. In the Defence Service Law (Consolidated Version), 5719—1959 ¹⁾, section 5(a) shall be replaced by the following subsection:

“(a) Where a person of military age has been found unfit for service or temporarily unfit for service, a calling-up officer may call upon him, by order, to report for a re-examination to determine his fitness for service (hereinafter referred to as “re-examination”), and he shall thereupon report at the place and time prescribed in the order.”.

YITZCHAK RABIN
Prime Minister

SHIMON PERES
Minister of Defence

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 22nd Shevat, 5735 (3rd February, 1975) and published in *Sefer Ha-Chukkim* No. 761 of the 2nd Adar, 5735 (13th February, 1975), p. 78; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1157 of 5735, p. 103.

¹⁾ *Sefer Ha-Chukkim* of 5719, p. 286 — *LSI* vol. XIII, p. 328; *Sefer Ha-Chukkim* of 5721, p. 140 — *LSI* vol. XV, p. 150; *Sefer Ha-Chukkim* of 5723, p. 128 — *LSI* vol. XVII, p. 151; *Sefer Ha-Chukkim* of 5724, pp. 10 and 168 — *LSI* vol. XVIII, pp. 9 and 166; *Sefer Ha-Chukkim* of 5727, p. 113 — *LSI* vol. XXI, p. 112; *Sefer Ha-Chukkim* of 5730, p. 150 — *LSI* vol. XXIV, p. 158; *Sefer Ha-Chukkim* of 5731, p. 148 — *LSI* vol. XXV, p. 140; *Sefer Ha-Chukkim* of 5733, p. 201 — *LSI* vol. XXVII, p. 220; *Sefer Ha-Chukkim* of 5734, pp. 70 and 129 — *LSI* vol. XXVIII, pp. 72 and 138.

(No. 34)

CRIMINAL CODE ORDINANCE (AMENDMENT No. 36) LAW,
5735—1975 *

Amendment of
section 14.

1. In section 14 of the Criminal Code Ordinance, 1936¹⁾ —

(1) the words “or through a defect in his mental faculties” shall be inserted after the words “his mind”;

(2) the words “if such disease does not in fact produce” shall be replaced by the words “or there is a defect in his mental faculties, if such disease or defect does not in fact produce”.

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

EFRAYIM KATZIR
President of the State

- Passed by the Knesset on the 22nd Shevat, 5735 (3rd February, 1975) and published in *Sefer Ha-Chukkim* No. 761 of the 2nd Adar, 5735 (13th February, 1975), p. 78; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1103 of 5734, p. 79.

¹⁾ *P.G.* of 1936, Suppl. I, p. 285 (English Edition); *Sefer Ha-Chukkim* of 5733, p. 143 — *LSI* vol. XXVII, p. 155.

(No. 35)

CHAMBER OF ADVOCATES (TEMPORARY PROVISIONS)
LAW, 5735¹—1975 *

Definitions

1. In this Law —

“the Chamber”, “qualifying service” and “clerk under service” have the same respective meanings as in the Chamber of Advocates Law, 5721—1961¹⁾ (hereinafter referred to as “the Law”);

“regular service” and “reserve service” have the same respective meanings as in the Defence Service Law (Consolidated Version), 5719—1959²⁾ (hereinafter referred to as “the Defence Service Law”), but do not include service under an engagement for permanent service;

“the determining period” means the period between the 9th Elul, 5733 (6th September, 1973) and the 9th Tishri, 5735 (25th September, 1974);

“discharged soldier” means —

(1) a person who served in reserve service in the determining period and whose service was validly terminated;

(2) a person who, having served in regular service under Chapter Three of the Defence Service Law, immediately thereafter served in regular service, by virtue of an order under section 26 of the said Law, for an additional period of not less than six months and immediately thereafter served in regular service in the determining period, and whose service was validly terminated.

Rules as to
shortening
qualifying
period of
discharged
soldiers.

2. Notwithstanding the provision of section 35(a) of the Law, the National Council of the Chamber may, with the approval of the Minister of Justice, make rules prescribing a period by which, and conditions and restrictions subject to which, the qualifying period of a discharged soldier who owing to a time of emergency was unable to register as a clerk under service or to sit for examination is to be shortened.

* Passed by the Knesset on the 22nd Shevat, 5735 (3rd February, 1975) and published in *Sefer Ha-Chukkim* No. 761 of the 2nd Adar, 5735 (13th February, 1975), p. 79; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1153 of 5735, p. 79.

¹⁾ *Sefer Ha-Chukkim* of 5721, p. 178 — *LSI* vol. XV, p. 196.

²⁾ *Sefer Ha-Chukkim* of 5719, p. 286 — *LSI* vol. XIII, p. 328.

3. This Law shall have effect from the 10th Tishri, 5734 (6th October, 1973).

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

EFRAYIM KATZIR
President of the State



משרד המשפטים
מסמך זה הינו העתק שנסרק בשלמותו ביום ובשעה המצוינים ,
בסריקה ממוחשבת מהימנה מהמסמך המצוי בתיק,
בהתאם לנוהל הבדיקות במשרד המשפטים.
על החתום

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משרד המשפטים (חתימה מוסדית).

ENGINEERING CONSTRUCTION CONTRACTORS
(REGISTRATION) (AMENDMENT No. 3) LAW, 5735—1975 *

Amendment of
section 14.

1. In the Engineering Construction Contractors (Registration) Law, 5729—1969 ¹⁾, section 14 shall be re-marked as section 14(a) and the following subsections shall be added thereafter:

“(b) Where the Local Commission has issued a permit under section 145 of the Planning and Building Law, 5725—1965 ²⁾ (hereinafter referred to as “the Planning Law”) for the carrying out of works of engineering construction to which subsection (a) applies, the provision of that subsection shall be deemed to be a condition of the permit, and the works of engineering construction under the permit shall at every stage until their termination be carried out by a contractor registered in the Registrar of Contractors.

(c) Where the chairman of the Local Commission within the meaning of the Planning Law or the engineer of the local authority or the Registrar of Contractors has reasonable grounds for believing that construction work is being carried out in contravention of a condition of a permit under subsection (b), he may order any person who appears to him to be responsible for the carrying out of the work, and every worker in his service, in writing, to stop all such work forthwith. An order as aforesaid (hereinafter referred to as an “administrative stop order”) shall become void upon the expiration of fifteen days from the day on which it is made unless an information against the person to whom the order is addressed is filed in the court before then.

(d) Where an information is filed in the court as specified in subsection (c), the court shall determine whether the administrative stop order is to continue in force until the termination of the legal

* Passed by the Knesset on the 6th Adar, 5735 (17th February, 1975) and published in *Sefer Ha-Chukkim* No. 762 of the 16th Adar, 5735 (27th February, 1975), p. 82; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1055 of 5733, p. 247.

¹⁾ *Sefer Ha-Chukkim* of 5729, p. 218 — *LSI* vol. XXIII, p. 236; *Sefer Ha-Chukkim* of 5732, p. 54 — *LSI* vol. XXVI, p. 57; *Sefer Ha-Chukkim* of 5733, p. 59 — *LSI* vol. XXVII, p. 57.

²⁾ *Sefer Ha-Chukkim* of 5725, p. 307; *LSI* vol. XIX, p. 330.

proceedings or for such period as it shall prescribe, and it may attach such conditions to it as it may see fit.

(e) A person who considers himself aggrieved by an administrative stop order may file an application for setting it aside in the court competent to try the offence by reason of which it was made. Filing of the application shall not suspend the validity of the order.

(f) A person who contravenes any of the provisions of this section or does not comply with an administrative stop order shall be liable to a fine of 20,000 pounds and to an additional fine of 1,000 pounds or imprisonment for a term of seven days in respect of each day on which the offence continues after service of the administrative stop order.

(g) The provisions of this section shall be in addition to the powers of the court under the Contempt of Court Ordinance¹⁾ and to the provision of section 16 of this Law.”.

YITZCHAK RABIN
Prime Minister

ABRAHAM OFFER
Minister of Housing

EFRAYIM KATZIR
President of the State

¹⁾ *Laws of Palestine* vol. I, p. 356 (English Edition).

(No. 37)

NATIONAL PARKS AND NATURE RESERVES
(AMENDMENT No. 4) LAW, 5735—1975 *

Addition of
section 7A.

1. In the National Parks and Nature Reserves Law, 5723—1963¹⁾,
the following section shall be inserted after section 7:

"Revocation
or variation
of declaration.

7A. The Minister of the Interior shall not revoke
or vary his declaration of any area as a national
park, a nature reserve or a national site, either in
respect of the whole or of part of such area, save
with the approval of the Home Affairs and Ecology
Committee of the Knesset."

YITZCHAK RABIN
Prime Minister

AHARON UZAN
*Minister of
Agriculture*

YOSEF BURG
*Minister of the
Interior*

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 6th Adar, 5735 (17th February, 1975) and published in *Sefer Ha-Chukkim* No. 762 of the 16th Adar, 5735 (27th February, 1975), p. 83; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1156 of 5735, p. 99.

¹⁾ *Sefer Ha-Chukkim* of 5723, p. 149 — *LSI* vol. XVII, p. 184; *Sefer Ha-Chukkim* of 5724, p. 168 — *LSI* vol. XVIII, p. 167; *Sefer Ha-Chukkim* of 5725, p. 60 — *LSI* vol. XIX, p. 61; *Sefer Ha-Chukkim* of 5735, p. 34 — *supra*, p. 39.

(No. 38)

ENCOURAGEMENT OF CAPITAL INVESTMENTS

(AMENDMENT No. 11) LAW, 5735—1975 *

1. In the Encouragement of Capital Investments Law, 5719—1959 ¹⁾, the expression “the 18th Tevet, 5735 (1st January, 1975)” in section 47A (b)(2) shall be replaced by the expression “the 22nd Tevet, 5738 (1st January, 1978)”. Amendment of section 47A.

YITZCHAK RABIN YEHOSHUA RABINOVITZ
Prime Minister Minister of Finance

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 7th Adar, 5735 (18th February, 1975) and published in *Sefer Ha-Chukkim* No. 762 of the 16th Adar, 5735 (27th February, 1975), p. 83; the Bill and an Explanatory Note were published in *Haiza'ot Chok* No. 1156 of 5735, p. 98.

¹⁾ *Sefer Ha-Chukkim* of 5719, p. 234—*LSI* vol. XIII, p. 258; *Sefer Ha-Chukkim*, of 5721, p. 78—*LSI* vol. XV, p. 73; *Sefer Ha-Chukkim* of 5723, p. 14—*LSI* vol. XVII, p. 17; *Sefer Ha-Chukkim* of 5725, p. 39—*LSI* vol. XIX, p. 39; *Sefer Ha-Chukkim* of 5727, p. 62—*LSI* vol. XXI, p. 61; *Sefer Ha-Chukkim* of 5728, p. 36—*LSI* vol. XXII, p. 33; *Sefer Ha-Chukkim* of 5729, p. 242—*LSI* vol. XXIII, p. 267; *Sefer Ha-Chukkim* of 5730, p. 152—*LSI* vol. XXIV, p. 159; *Sefer Ha-Chukkim* of 5731, p. 30—*LSI* vol. XXV, p. 20; *Sefer Ha-Chukkim* of 5734, pp. 16 and 108—*LSI* vol. XXVIII, p. 15 and 113.

(No. 39)

POLITICAL PARTIES (FINANCING) (AMENDMENT) LAW,
5735—1975 *

Amendment of
section 10.

1. In the Political Parties (Financing) Law, 5733—1973 ¹⁾ (hereinafter referred to as "the principal Law"), the following subsection shall be added at the end of section 10:

"(f) The Finance Committee of the Knesset may, after consultation with the State Comptroller, extend any of the times set by this section. The decision of the Committee shall be published in *Reshumot*."

Addition of
section 13A.

2. The following section shall be inserted after section 13 of the principal Law:

"Party group
splitting up.

13A. (a) Where a party group splits into two groups, and each group is joined by half the members of the original group, the two new groups shall, when the House Committee has recognised them, have equal claims to financing under this Law.

(b) The rule embodied in subsection (a) shall also apply in the case envisaged in section 12 when the party group has given notice of the change to the Chairman of the Knesset."

Commencement.

3. This Law shall come into force on the day of its adoption by the Knesset.

YITZCHAK RABIN
Prime Minister

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 7th Adar, 5735 (18th February, 1975) and published in *Sefer Ha-Chukkim* No. 762 of the 16th Adar, 5735 (27th February, 1975), p. 84; the Bill and an Explanatory Note were published in *Ha'za'ot Chok* No. 1167 of 5735, p. 172.

¹⁾ *Sefer Ha-Chukkim* of 5733, p. 52 — *LSI* vol. XXVII, p. 48.

(No. 40)

EMERGENCY REGULATIONS (CONTROL OF COMMODITIES
AND SERVICES — FURTHER PROVISIONS) (EXTENSION OF
VALIDITY) LAW, 5735—1975 *

1. The validity of the Emergency Regulations (Control of Commodities and Services — Further Provisions), 5735—1974 ¹⁾ (hereinafter referred to as “the principal Regulations”) is hereby extended until the 12th Elul, 5735 (19th August, 1975). Extension of validity.
2. The Minister of Commerce and Industry may at any time, by order published in *Reshumot*, revoke all or part of the principal Regulations or restrict powers held thereunder. Power to revoke before appointed time.
3. This Law shall have effect from the 8th Adar, 5735 (19th February, 1975). Commencement.

YITZCHAK RABIN
Prime Minister

HAIM BAR-LEV
*Minister of Commerce
and Industry*

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 7th Adar, 5735 (18th February, 1975) and published in *Sefer Ha-Chukkim* No. 762 of the 16th Adar, 5735 (27th February, 1975), p. 84; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1162 of 5735, p. 146.

¹⁾ *Kovetz Ha-Takkanot* of 5735, p. 335.

(No. 41)

PROCUREMENT FINANCING TAX
(TEMPORARY PROVISIONS) (AMENDMENT) LAW, 5735—1975*

Replacement of
section 9.

1. In the Procurement Financing Tax (Temporary Provisions) Law, 5734—1974¹⁾ (hereinafter referred to as “the principal Law”), section 9 shall be replaced by the following section:

“Early
redemption of
loan certificates
for the purpose
of paying tax.

9. (a) The Minister of Finance may by regulations, with the approval of the Finance Committee of the Knesset, permit loan certificates designated by him to be redeemed before maturity — notwithstanding anything provided in the Laws by virtue of which they were issued — for the purpose of paying the tax due from the holder —

(1) on immovable property;

(2) on a vehicle on which the amount of tax leviable is not less than 350 pounds and to which paragraph (1) of Schedule I applies, or to which paragraph (3) of Schedule I applies and the overall permitted weight of which is 4,000 kilograms or more.

(b) Regulations as aforesaid shall prescribe the conditions of early redemption, including the times for determining the interest and linkage of the loan.

(c) Where the redemption price exceeds the amount of the tax, the excess shall not be repaid but shall be credited on account of tax under the Property Tax Law which is or will be due from the holder of the certificate.

(d) Regulations under this section may be general or for particular categories of property.”

* Passed by the Knesset on the 7th Adar, 5735 (18th February, 1975) and published in *Sefer Ha-Chukkim* No. 762 of the 16th Adar, 5735 (27th February, 1975), p. 85; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1159 of 5735, p. 114.

¹⁾ *Sefer Ha-Chukkim* of 5734, p. 118; *LSI* vol. XXVIII, p. 121.

2. A person who, within thirty days from the date of publication of regulations under section 9 of the principal Law, pays at one time, out of the early redemption of certificates under those regulations, treble the amount of tax due from him on immovable property for the tax year 1974 shall not be chargeable with tax on that property in the tax years 1975 and 1976. **Transitional provisions.**

YITZCHAK RABIN YEHOSHUA RABINOVITZ
Prime Minister Minister of Finance

EFRAYIM KATZIR
President of the State

(No. 42)

DEFENCE ARMY OF ISRAEL (DECORATIONS)
(AMENDMENT) LAW, 5735—1975 *

Amendment of
section 7.

1. In the Defence Army of Israel (Decorations) Law, 5730—1970¹⁾ (hereinafter referred to as "the principal Law"), the words "a police officer within the meaning of the Police Ordinance (New Version) 5731—1971²⁾, a prison officer within the meaning of the Prisons Ordinance (New Version), 5732—1971³⁾, or an employee of the State Security Services" shall be inserted after the word "soldier" in section 7(a).

Addition of
section 7A.

2. The following section shall be inserted after section 7 of the principal Law:

"Award of
campaign badge
to additional
categories
of persons.

7A. The Minister of Defence may, with the approval of the Foreign Affairs and Security Committee of the Knesset, award a campaign badge to a person or group of persons to whom section 7(a) does not apply, to mark his or their participation in a war, campaign or battle."

YITZCHAK RABIN
Prime Minister

SHIMON PERES
Minister of Defence

EFRAYIM KATZIR
President of the State

- * Passed by the Knesset on the 8th Adar, 5735 (19th February, 1975) and published in *Sefer Ha-Chukkim* No. 762 of the 16th Adar, 5735 (27th February, 1975), p. 85; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1141 of 5735, p. 3.

¹⁾ *Sefer Ha-Chukkim* of 5730, p. 18; *LSI* vol. XXIV, p. 16.

²⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 17, p. 390; *NV* vol. II, p. 158.

³⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 21, p. 459; *NV* vol. II, p. 237.

(No. 43)

POLICE ORDINANCE (AMENDMENT No. 4) LAW, 5735—1975 *

1. In the Police Ordinance (New Version), 5731—1971 ¹⁾, the following shall be inserted after section 49: Addition of
Chapter Four
"A".

"CHAPTER FOUR "A": THE CIVIL GUARD

Interpretation. 49A. In this chapter —

"enemy-inflicted injury" has the same meaning as in the Victims of Hostile Action (Pensions) Law, 5730—1970 ²⁾;

"Army Orders" has the same meaning as in the Military Justice Law, 5715—1955 ³⁾;

"guard authority" and "officer in charge of the guard-service" have the same respective meanings as in the Local Authorities (Regulation of Guard-Service) Law, 5721—1961 ⁴⁾.

The Civil
Guard and its
functions.

49B. (a) A Civil Guard (hereinafter referred to as "the Guard") is hereby established alongside the Israel Police.

(b) The police may, in every activity which it is empowered to perform in order to preserve persons and property from enemy-inflicted injury, be assisted by the Guard.

Members of
the Guard.

49C. The following shall be members of the Guard:

- (1) a person received into the Guard as a volunteer in accordance with rules prescribed by the Minister;

* Passed by the Knesset on the 8th Adar, 5735 (19th February, 1975) and published in *Sefer Ha-Chukkim* No. 762 of the 16th Adar, 5735 (27th February, 1975), p. 86; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1165 of 5735, p. 163.

¹⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 17, p. 390 — *NV* vol. II, p. 158; *Sefer Ha-Chukkim* of 5732, p. 22 — *LSI* vol. XXVI, p. 25; *Sefer Ha-Chukkim* of 5733, p. 23 — *LSI* vol. XXVII, p. 22; *Sefer Ha-Chukkim* of 5734, p. 46 — *LSI* vol. XXVII, p. 42.

²⁾ *Sefer Ha-Chukkim* of 5730, p. 126; *LSI* vol. XXIV, p. 131.

³⁾ *Sefer Ha-Chukkim* of 5715, p. 171; *LSI* vol. IX, p. 184.

⁴⁾ *Sefer Ha-Chukkim* of 5721, p. 169; *LSI* vol. XV, p. 184.

**Status of
members of
Guard.**

(2) a person appointed with his consent as a special police officer under section 37;

(3) a person belonging to the Reserve Forces of the Defence Army of Israel who has been assigned to the Israel Police by the authority designated by Army Orders, in order to perform therein the service to which he is liable under the Defence Service Ordinance (Consolidated Version), 5719—1959¹⁾;

(4) a person assigned to the Israel Police by the guard authority or the officer in charge of the guard-service in order to perform therein the guard-service to which he is liable, or for which he has volunteered, under the Local Authorities (Regulation of Guard-Service) Law, 5721—1961.

49D. (a) The duties, rights, powers, immunities and amenability to judicial and disciplinary proceedings of a member of the Guard while carrying out his functions shall be those of a police officer, with such modifications as the Minister shall prescribe by order. This provision shall add to, and not derogate from, any duty imposed or power conferred on him by any other law.

(b) Any duty imposed on a member of the Guard by the Defence Service Law (Consolidated Version), 5719—1959, shall prevail over a duty imposed on him as a member of the Guard.

(c) A member of the Guard shall not be entitled to remuneration or salary for his service except on such conditions, in such functions or types of functions and at such rates as the Minister shall prescribe by regulations.

(d) No contributions shall be paid under the National Insurance (Consolidated Version) Law, 5728—1968²⁾, in respect of a member of the Guard not entitled to remuneration or salary under subsection (c).

**Termination of
membership.**

49E. Membership of the Guard ceases —

(1) in the case of a person received into the

¹⁾ *Sefer Ha-Chukkim* of 5719, p. 286; *LSI* vol. XIII, p. 328.

²⁾ *Sefer Ha-Chukkim* of 5728, p. 108; *LSI* vol. XXII, p. 114.

Guard as a volunteer or a special police officer — fourteen days after he gives his commander written notice of the discontinuance of his membership or on the day on which such written notice is given him by the commander of the Guard in the area of a local authority, whichever is the earlier date;

(2) in the case of a person belonging to the Reserve Forces as specified in section 49C(3) — on the day on which his assignment to the Guard ceases or on which he ceases to belong to the Reserve Forces;

(3) in the case of a person assigned to the Guard by the guard authority or the officer in charge of the guard service — on the day on which he ceases to be liable to guard-service under the Local Authorities (Regulation of Guard-Service) Law, 5721—1961, or on which his assignment to the Guard ceases.

Command.

49F. (a) The Inspector-General or a person empowered by him in that behalf may —

(1) appoint a commander for the whole of the Guard;

(2) appoint a commander for the guard in the area of a local authority;

(3) appoint officers from among the members of the Guard and prescribe their designations.

(b) The appointment of a commander or officer of the Guard of the rank of senior police officer requires the approval of the Minister.

Budget.

49G. (a) Before each financial year subsequent to the financial year 1974 the Minister of the Interior shall, in consultation with the local authorities in which a Guard has been formed, prepare a plan for the expenses of the Guard.

(b) Where the expenses have been fixed in respect of a particular local authority, that local autho-

rity shall include the amount thereof in its budget. If it does not do so, the Minister of the Interior shall do so.

(c) The Treasury shall transfer to the Minister of the Interior its contribution to the expenses of the Guard, in an amount prescribed by the Ministers of Finance and the Interior in consultation with the Minister.

(d) The Minister of the Interior shall direct the apportionment of the said amount among the local authorities in which a Guard has been formed, having regard to the amount of expenses in the budget of the authority fixed with his approval and the amount actually expended.

Assistance
by local
Authorities.

49H. The Minister of the Interior may, in consultation with the Minister, direct a local authority by order to form a Guard in its area and to concern itself with the enlistment and registration of the members thereof, except those referred to in section 49C(3)."

Amendment of
Municipalities
Ordinance.

2. In the Municipalities Ordinance¹⁾, the following section shall be inserted after section 149A:

"Security
Committee.

149B. (a) In a municipality in which a Civil Guard, within the meaning of the Police Ordinance, has been formed, there shall be established a "security committee" to advise and assist the police in matters of the Civil Guard.

(b) The following shall be members of the security committee:

(1) representatives of the municipality, appointed by the council;

(2) a representative of the Minister of Defence, appointed by the District HAGA Commander within the meaning of the Civil Defence Law, 5711—1951²⁾, a representative of the Minister of Education and Culture,

¹⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 8, p. 197; *NV* vol. I, p. 247.

²⁾ *Sefer Ha-Chukkim* of 5711, p. 78; *LSI* vol. V, p. 72.

appointed by the Director of the District Office of the Ministry, and a representative of the Minister of Police, appointed by the District Police Commander, all if the Minister in question sees fit to send a representative;

(3) such other members as the committee may decide.

(c) The provisions of section 162 shall not apply to the representatives of the municipality on the security committee.”.

YITZCHAK RABIN
Prime Minister

SHLOMO HILLEL
Minister of Police

EFRAYIM KATZIR
President of the State

(No. 44)

COMPANIES ORDINANCE (AMENDMENT No. 13) LAW,
5735—1975 *

Amendment of section 2. 1. In section 2 of the Companies Ordinance¹⁾ (hereinafter referred to as "the Ordinance") —

(1) in the first subsection —

(a) the following definition shall be inserted before the definition of "articles":

"address" —

(1) in relation to an individual resident in Israel — means his address as registered in the Population Register or, if he has given another address, the address he has given;

(2) in relation to an individual not resident in Israel — means his residential address or, if he has given another address, the address he has given;

(3) in relation to a body corporate registered in Israel — means the address of its registered office;

(4) in relation to a body corporate registered outside Israel — means the address of its office outside Israel or, if it has given another address, the address it has given;"

(b) the following definition shall be inserted after the definition of "general rules":

"identity number" —

(1) in relation to an individual resident in Israel — means his identity number in the Population Register;

(2) in relation to a body corporate registered in Israel — means its registration number;

(3) in relation to a body corporate registered outside Israel — means the name of the country in which it is registered and the registration number, if any;"

(c) the definition of "the registrar of companies" shall be replaced by the following definition:

"the registrar of companies" and "the registrar" mean the registrar of companies or the assistant registrar;"

* Passed by the Knesset on the 21st Adar, 5735 (4th March, 1975) and published in *Sefer Ha-Chukkim* No. 763 of the 1st Nisan, 5735 (13th March, 1975), p. 90; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 976 of 5732, p. 129.

¹⁾ *Laws of Palestine* vol. I, p. 161 (English Edition).

- (2) the following subsection shall be inserted after subsection (2):
 “(3) Every provision of this Ordinance requiring registration of the identity number of an individual shall only apply to an individual required to be registered in the Population Register in Israel.”.
2. In section 5(1) of the Ordinance, in the opening passage, the words “shall bear a revenue stamp of fifty agorot and” shall be deleted. **Amendment of section 5.**
3. In section 11 of the Ordinance, paragraph (c) shall be repealed. **Amendment of section 11.**
4. In section 21(1) of the Ordinance, the expression “five agorot or such other sum, not exceeding one pound, as the company may prescribe” and the expression “such sum, not exceeding the price thereof, as the company may require” shall each be replaced by the expression “a sum not exceeding the sum prescribed by regulations”. **Amendment of section 21.**
5. In section 24 of the Ordinance, subsection (4) shall be re-marked as subsection (6) and subsections (1) to (3) shall be replaced by the following subsections: **Amendment of section 24.**
- “(1) A company shall not be registered —
- (a) by a name identical with that of a body of persons validly registered in Israel or so similar to it as to mislead;
 - (b) by a name included in a trade mark, within the meaning of the Trade Marks Ordinance (New Version), 5732—1972¹⁾, or so similar to it as to mislead, if the mark is registered in Israel in respect of goods dealt with for purposes similar to those of the company applying for registration;
 - (c) by a name likely to offend public policy or the feelings of the public.
- (2) Paragraphs (a) and (b) of section (1) shall not apply if the business of the body of persons or proprietor of the trade mark is about to be wound up and such body or proprietor has consented to the registration of the name.
- (3) Where a company has been registered in a name which according to subsection (1) should not have been registered, the registrar may request it to change the name. If the company does not change the name within the time prescribed in the registrar’s

¹⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 26, p. 511 — NV vol. II, p. 292.

- request, the Attorney-General may apply to the court for an order requiring the company to change the name.
- (4) Without prejudice to the provisions of subsection (1), the registrar may refuse to register a company by a name which in his opinion involves fraud or unfair competition or has been chosen for an improper purpose: Provided that the registrar shall not refuse to register a name on the grounds of unfair competition if the company applying for registration proves that it has a prior right to use that name.
- (5) The Attorney-General or a person who alleges that he is adversely affected by a decision of the registrar under any of subsections (1) to (4) may appeal to the court.”
- Amendment of section 25.** 6. In section 25 of the Ordinance, the following subsection shall be added after subsection (3):
“(4) Sections 22 to 24 shall apply *mutatis mutandis* to a change of name.”.
- Amendment of section 25B.** 7. In section 25B (1) of the Ordinance, the words “a fee of twenty pounds or other fee prescribed by the Minister of Justice by order, and a prescribed publication fee” shall be replaced by the words “fees prescribed by regulations”.
- Amendment of section 29.** 8. In section 29 of the Ordinance —
(1) the expression “identity number” shall be inserted after the word “names” in subsection (1) (a);
(2) the words “on payment of five agorot or such other sum not exceeding one pound” in subsection (4) shall be replaced by the words “on payment of a sum, not exceeding the sum prescribed by regulations, as the company may prescribe”;
(3) the words “on payment of one agora, or such other sum, not exceeding twenty agorot, as the company may prescribe, for every hundred words or fractional part thereof required to be copied” in subsection (5)(i) shall be replaced by the words “on payment of such sum, not exceeding the sum prescribed by regulations, as the company may prescribe”.
- Amendment of section 31.** 9. In section 31 of the Ordinance, the following subsection shall be added after subsection (4):
“(5) Where a member of a limited company having a share capital transfers shares to another, the company shall, within sixty days from the day on which it enters the transfer in the register

of members, give the registrar of companies notice of the shares transferred and the particulars of the transferor and the transferee.”.

10. In section 36 of the Ordinance —

Amendment of
section 36.

(1) the closing passage of subsection (1), beginning with the words “and of all persons” shall be deleted;

(2) subsection (2) shall be replaced by the following subsection:

“(2) The list shall specify the names, identity numbers, addresses and occupations of the members mentioned therein and the number of shares held by each of them and, if the names are not arranged in alphabetical order, shall have an alphabetical index annexed to it.”;

(3) the following subsection shall be inserted after subsection (8):

“(9) The registrar may, not later than the expiration of one year after the last general annual meeting of the company, send to it, on a prescribed form, its return for the preceding year, embodying the changes resulting from the notifications made to the registrar during that year. If the registrar does so, the company shall not have to make a return under subsection (1), but a director or the manager or secretary of the company shall certify the correctness of the particulars set out on the form, indicating particulars to be added or altered, all in the manner prescribed by regulations.”.

11. In section 43(5) of the Ordinance, the words “The court may” in paragraph (iv) shall be replaced by the words “The registrar may” and the following shall be added at the end: “If the registrar refuses to extend the time, the applicant shall be entitled to appeal against the decision of the registrar to the court within fourteen days from the day on which the decision is delivered to him.”.

Amendment of
section 43.

12. In section 67(3) of the Ordinance, the closing passage, beginning with the words “On payment of” shall be replaced by the words “On payment of such sum, not exceeding the sum prescribed by regulations, as the company may prescribe”.

Amendment of
section 67.

13. In section 68 (5) of the Ordinance, the words “at a charge not exceeding one pound for every hundred words” shall be replaced by

Amendment of
section 68.

the words "on payment of such sum, not exceeding the sum prescribed by regulations, as the company may prescribe".

Amendment of
section 76.

14. In section 76 of the Ordinance —

- (1) the closing passage of subsection (1) (a) shall be replaced by the words "and if he is resident in Israel, his identity number";
- (2) the expression "identity number" shall be inserted after the words "its corporate name" in subsection (1) (b);
- (3) the closing passage of subsection (4), beginning with the words "on payment", shall be replaced by the words "on payment of such sum, not exceeding the sum prescribed by regulations, as the company may prescribe".

Amendment of
section 93.

15. In section 93(1)(a) of the Ordinance, the expression "identity numbers" shall be inserted after the words "their names".

Amendment of
section 106.

16. In section 106 of the Ordinance, the following subsection shall be inserted after subsection 2:

"2A. The Minister of Justice may prescribe by regulations the period for which a company shall preserve certificates and documents vouching entries in its books of account (both hereinafter referred to as "vouchers") and also conditions and arrangements for the destruction of vouchers. When a voucher has been destroyed in accordance with regulations, the entry in the books of account shall be *prima facie* evidence of the contents of such entry."

Amendment of
section 111.

17. In section 111(3) of the Ordinance, the words "at a charge not exceeding forty agorot for every hundred words" shall be replaced by the words "on payment of such sum, not exceeding the sum prescribed by regulations, as the company may prescribe".

Amendment of
section 124.

18. In section 124(2) of the Ordinance, the closing passage, beginning with the words "on payment... of the sum of forty agorot" shall be replaced by the words "on payment... of such sum, not exceeding the sum prescribed by regulations, as the company may prescribe".

Amendment of
section 125.

19. In section 125(3) of the Ordinance, the words "not exceeding one pound for each inspection, as the company may prescribe" shall be replaced by the words "not exceeding the sum prescribed by regulations, as the company may prescribe".

20. In section 126(1) of the Ordinance, the words "on payment of forty agorot for every one hundred words required to be copied" shall be replaced by the words "on payment of such sum, not exceeding the sum prescribed by regulations, as the company may prescribe".

Amendment of
section 126.

21. In section 127(11) of the Ordinance, the words "the prescribed fee, not exceeding one pound for each inspection" shall be replaced by the words "the prescribed fee".

Amendment of
section 127.

22. Section 129 of the Ordinance shall be replaced by the following section:

Amendment of
section 129.

"Registration of
appointment of
receiver,
liquidator or
manager.

129. (1) A receiver, liquidator, provisional liquidator or manager of the property of a company appointed under this Ordinance and a manager of a company for which a receiver, liquidator, provisional liquidator or property manager is appointed as aforesaid shall within seven days notify the Registrar of Companies and the Official Receiver of the appointment. The Registrar of Companies shall register the notification in the Register of Mortgages and Charges.

(2) The court may direct the notification of an additional person, designated by it.

(3) A person who fails to fulfil the duty of notification under this section shall, without prejudice to the penalty prescribed in section 174A, be liable to a fine of fifty pounds in respect of each day on which the offence continues."

23. The following section shall be inserted after section 135:

Amendment of
section 135A.

"Control of
court over
receiver.

135A. (1) Where a receiver has been appointed for a company under this Ordinance, the court may direct, by order, that in matters designated in the order he shall apply to the court for directions.

(2) The court may make an order under subsection (1) on its own motion or on the application of the Official Receiver or of a liquidator, provisional liquidator or creditor of the company or of a contributory within the meaning of section 144.

(3) For the purpose of making an order or issuing directions under this section, the court may be assisted by whomsoever it may see fit, including the Official Receiver."

Amendment of section 136. 24. In section 136 of the Ordinance, the words "on an application made to the court by the liquidator of a company" in subsection (2) shall be deleted and the following subsection shall be inserted after subsection (2):

"(3) The Minister of Justice may, with the approval of the Constitution, Legislation and Juridical Committee of the Knesset, prescribe rules as to the remuneration and expenses of a receiver or property manager of a company under subsection (2)."

Amendment of section 137. 25. Section 137 of the Ordinance shall be replaced by the following section:

"Appointment of receiver.

137. The Minister of Justice may, with the approval of the Constitution, Legislation and Juridical Committee of the Knesset, prescribe rules as to the manner of appointing a receiver under this Ordinance and as to how the court shall deal with a proposal in this regard by the holder of a debenture or a secured creditor. The rules shall prescribe the qualifications of an individual or body corporate for the appointment and other conditions which a receiver must fulfil for the purposes of appointment, as well as the manner of apportioning functions among the candidates qualified for appointment."

Amendment of section 162. 26. Section 162(6) of the Ordinance shall be re-marked as section 162(6)(a), the words "in accordance with rules prescribed by the Minister of Justice" shall be inserted after the words "as the court may direct", appearing therein, and the following paragraph shall be added thereafter:

"(b) (1) The Minister of Justice may, with the approval of the Constitution, Legislation and Juridical Committee of the Knesset, prescribe rules as to the remuneration and expenses of a liquidator under paragraph (a).

(2) The Minister of Justice may, in consultation with the Minister of Finance, prescribe what part of the remuneration of a liquidator shall be paid out of the Treasury."

Amendment of section 163. 27. Section 163 of the Ordinance shall be replaced by the following section:

"Appointment of liquidator.

163. (1) The Minister of Justice may, with the approval of the Constitution, Legislation and Juridical

Committee of the Knesset, prescribe rules as to the manner of appointing a liquidator or provisional liquidator and the manner in which the court shall deal with a proposal by —

- (a) a meeting of creditors or contributories regarding the appointment of a liquidator;
- (b) a creditor regarding the appointment of a provisional liquidator.

(2) The rules referred to in subsection (1) shall prescribe the qualifications of an individual or body corporate for the appointment and other conditions which a liquidator or provisional liquidator must fulfil for the purpose of appointment, as well as the manner of apportioning functions among the candidates for appointment.

(3) The provisions of this section shall also apply to the appointment of a liquidator under section 199 (h) or (i) or section 213.”.

28. The following section shall be inserted after section 174 of the Ordinance: Amendment of section 174A.

“Penalties.

174A. (1) A receiver, liquidator, provisional liquidator, property manager or special manager who fails to fulfil any duty under this Ordinance or to comply with any order, direction or condition made, issued or prescribed by the court shall be liable to imprisonment for a term of one year or a fine of 20,000 pounds.

(2) Where a body corporate which has been appointed receiver, liquidator or provisional liquidator fails to fulfil a duty referred to in subsection (1), then, without prejudice to its corporate responsibility, the failure shall be regarded as an offence by each of its members unless the member proves —

- (a) that the offence was committed without his knowledge and that his function did not require him to know about it, or
- (b) that he took all reasonable measures to prevent the commission of the offence.”.

29. In section 226(1) of the Ordinance, the word “liquidator” shall be replaced by the words “receiver, liquidator or provisional liquidator”. Amendment of section 226.

Amendment of
section 243.

30. In section 243 of the Ordinance —

(1) subsection (1) shall be replaced by the following section:

“(1) The Minister of Justice —

(a) shall appoint the registrar, whose head office shall be in Jerusalem;

(b) may vest a person with all or part of the powers of the registrar.”;

(2) the following subsection shall be inserted after subsection (2):

“(2A) Every document submitted to the registrar under this Ordinance shall be on the prescribed form and shall be submitted in the prescribed manner, and the person submitting the document shall certify by his signature that the particulars contained therein are correct and complete.”;

(3) subsection (3) shall be replaced by the following subsection:

“(3) Any person may, after paying the prescribed fee —

(a) inspect and copy documents submitted to the registrar under this Ordinance;

(b) request that the registrar certify the correctness of a certificate issued by him and the conformity of a copy presented to him with the original document.”.

Replacement of
section 243A.

31. Section 243A of the Ordinance shall be replaced by the following section:

“Annual fee.

243A. (1) A company shall pay an annual fee in such amount and in such manner as the Minister of Justice shall prescribe with the approval of the Constitution, Legislation and Juridicial Committee of the Knesset. The said fee shall be paid every year by the end of February.

(2) A company which does not pay the fee within the time prescribed in subsection (1) shall pay an increased fee of an amount prescribed as aforesaid.”.

Addition of
section 243B.

32. The following section shall be inserted after section 243A of the Ordinance:

“Registers
and entries
of registrar.

243B. (1) The Minister of Justice may prescribe the form of every register to be kept and entry to be made by the registrar.

(2) Entries may be made and registers kept by hand or by printing, duplicating or photographing or by means of punch-cards, magnetic tape or any other mechanical, electrical or electronic device.”.

33. In section 244 of the Ordinance, the opening passage, from the words “There shall be paid” to the words “as the Minister of Justice may, by order, direct”, and the closing passage, beginning with the words “A company shall not pay” shall be deleted. Amendment of section 244.

34. In section 248 of the Ordinance — Amendment of section 248.
(1) the words “and has paid the prescribed registration and publication fees” shall be added at the end of subsection (1);
(2) subsection (4) shall be repealed.

35. Section 251 of the Ordinance is hereby repealed. Repeal of section 251.

36. Section 252 of the Ordinance is hereby repealed. Repeal of section 252.

37. In section 255 of the Ordinance — Amendment of section 255.
(1) the words “and pay the prescribed registration and publication fees” shall be added at the end of subsection (2);
(2) subsection (5) shall be repealed.

38. In section 256 of the Ordinance — Amendment of section 256.
(1) the words “and the prescribed registration and publication fees shall be paid” shall be added at the end of subsection (2);
(2) subsection (5) shall be repealed.

39. The following section shall be added after section 257 of the Ordinance: Addition of section 258.

“Implementation and regulations.

258. The Minister of Justice is charged with the implementation of this Ordinance and may, with the approval of the Constitution, Legislation and Juridical Committee of the Knesset, make regulations for its implementation and, *inter alia*, concerning —

- (a) registration procedures;
- (b) forms required to be used for the purposes of this Ordinance and the particulars to be included in such forms;
- (c) other particulars required to be given to

the registrar by a company or foreign company as to any person registered with it as a shareholder, member or otherwise a holder of rights or as a creditor, director or manager;
(d) registration fees and capital fees to be paid following registration of a company or foreign company or upon an increase of its capital and other fees and payments leviable for acts and services under this Ordinance.”.

Amendment of
First
Schedule.

40. In each of the forms set out in the First Schedule to the Ordinance, the expression “identity numbers” shall be inserted after the words “addresses” in the heading of the list of subscribers.

Repeal of
Sixth Schedule.

41. The Sixth Schedule to the Ordinance is hereby repealed.

Transitional
provisions as
to fees and
payments.

42. So long as the Minister of Justice has not made regulations as to fees and other payments under the Ordinance, the fees and payments leviable thereunder on the date of the coming into force of this Law shall continue to be levied.

Commencement.

43. (a) This Law shall come into force three months after its publication in *Reshumot*.

(b) In the case of a company registered before the coming into force of this Law, the provisions thereof requiring registration or indication of an identity number shall come into force one year from the date of publication of this Law in *Reshumot*.

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

EFRAYIM KATZIR
President of the State

(No. 45)

**PENAL LAW AMENDMENT (DECEIT, BLACKMAIL AND
EXTORTION) (AMENDMENT No. 3) LAW, 5735—1975 ***

1. In section 9A of the Penal Law Amendment (Deceit, Blackmail and Extortion) Law, 5723—1963¹⁾ (hereinafter referred to as “the principal Law”), the words “and of sections 9B and 9C” shall be inserted after the words “For the purposes of this section” in the closing passage.

Amendment of
section 9A.

2. The following sections shall be inserted after section 9A of the principal Law:

Addition of
sections 9B
and 9C.

“Offences by
directors and
employees of
body corporate.

9B. A director or a manager or other employee of a body corporate who —

(1) knowingly does anything, in respect of the business or property of the body corporate, which impairs the ability of the body corporate to meet its obligations shall be liable to imprisonment for a term of five years or a fine of 100,000 pounds;

(2) knowingly does anything, in respect of the business of the body corporate, in such a manner as to impair the proper conduct of that business shall be liable to imprisonment for a term of one year or a fine of 20,000 pounds.”.

9C. A director or a manager or other employee, or a receiver, liquidator, provisional liquidator, property manager or special manager, of a body corporate who, in the discharge of his functions, commits deceit, or a breach of trust, harmful to the body corporate shall be liable to imprisonment for a term of three years.”.

Deceit, and
betrayal of
trust, in
body corporate.

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 21st Adar, 5735 (4th March, 1975) and published in *Sefer Ha-Chukkim* No. 765 of the 1st Nisan, 5735 (13th March, 1975), p. 97; the Bill and an Explanatory Note were published in *Hatzd'ot Chok* No. 976 of 5732, p. 142.

¹⁾ *Sefer Ha-Chukkim* of 5723, p. 130 — *LSI* vol. XVII, p. 153; *Sefer Ha-Chukkim* of 5730, p. 22 — *LSI* vol. XXIV, p. 21; *Sefer Ha-Chukkim* of 5733, p. 145 — *LSI* vol. XXVII, p. 159.

(No. 46)

TREATMENT OF MENTALLY SICK PERSONS
(AMENDMENT No. 2) LAW, 5735—1975 *

Addition of
sections 6A
and 6B.

1. In the Treatment of Mentally Sick Persons Law, 5715—1955¹⁾ (hereinafter referred to as “the principal Law”), the following sections shall be inserted after section 6:

“Hospitalisation
of person under
arrest.

6A. (a) Where a court has ordered the arrest of a person and, on the basis of an opinion by a psychiatrist, considers that such person is ill and that his condition necessitates hospitalisation, it may order that he shall be placed in a hospital or in the psychiatric ward of a prison; the order shall only be made in the presence of defence counsel of the arrested person, and if he has no defence counsel the court shall appoint one for him. The arrested person shall only be transferred to a hospital after completion of the investigation.

(b) A court may, either on the application of a party or on its own motion, order that the arrested person shall be medically examined to determine whether he is ill.

(c) Where an order under subsection (b) has been made, a District Psychiatrist may direct the hospitalisation of the arrested person for the purpose of examination. The period of hospitalisation shall not exceed the period of validity of the warrant of arrest.

(d) Section 6(e) shall apply to an order under this section.

(e) An order under this section shall be open, *mutatis mutandis*, to reconsideration and objection under sections 33 to 35 of the Criminal Procedure

* Passed by the Knesset on the 21st Adar, 5735 (4th March, 1975) and published in *Sefer Ha-Chukkim* No. 763 of the 1st Nisan, 5735 (13th March, 1975), p. 97; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1017 of 5732, p. 436.

¹⁾ *Sefer Ha-Chukkim* of 5715, p. 121 — *LSI* vol. IX, p. 132; *Sefer Ha-Chukkim* of 5732, p. 126 — *LSI* vol. XXVI, p. 143.

Law, 5725—1965¹⁾. Where an application for reconsideration, or objection, has been filed, the court may order a stay of the implementation of the order.

(f) Where an order under this section has been made, the arrested person shall, while under examination or while hospitalised, be considered to be in lawful custody and the provisions of sections 18 and 19 of the Prisons Ordinance (New Version), 5732—1971²⁾, shall apply *mutatis mutandis*.

Order made
in the absence
of the sick
person.

6B. The court may make an order under section 6 or 6A, or issue a warrant of arrest against a sick person under any other enactment, in the absence of the sick person if, in reliance on a psychiatrist's opinion, it is satisfied that the hearing cannot take place in his presence or that his presence will be harmful to his mental health, provided that his defence counsel is present; if he has no defence counsel, the court shall appoint one for him."

2. In section 7 of the principal Law —

Amendment of
section 7.

(1) subsection (a) shall be replaced by the following section:

"(a) Where a court order under section 6 or 6A for the hospitalisation or examination of a person has been made or a District Psychiatrist's direction or physician's certificate for the hospitalisation of a person has been issued, and the person refuses to be hospitalised or examined, the District Psychiatrist may direct that he be hospitalised or examined against his will (the direction being hereinafter referred to as a "hospitalisation direction").";

(2) the following subsection shall be added after subsection (c):

"(d) A court order for hospitalisation or examination or a District Psychiatrist's direction for hospitalisation shall serve the police as a warrant for bringing the person to a District Psychiatrist for implementation of the order or direction."

3. In section 8 of the principal Law, the words "In a hospitalisation direction" in the opening passage shall be replaced by the words "When directing hospitalisation".

Amendment of
section 8.

¹⁾ Sefer Ha-Chukkim of 5725, p. 161; LSI vol. XIX, p. 158.

²⁾ Dinei Medinat Yisrael (Nusach Chadash) No. 21, p. 459; NV vol. II, p. 237.

Amendment of
section 26.

4. In section 26 of the principal Law, the following subsection shall be added after subsection (b):

“(c) Where the hospitalised person is under arrest, the director shall restrict his rights under this section to the extent required, in the opinion of the police, for the purposes of the investigation, in like manner as they would be restricted if he were under ordinary arrest; but his right to send sealed letters to his advocate, to the Minister of Health and to the Attorney-General shall not be restricted.”.

YITZCHAK RABIN
Prime Minister

VICTOR SHEMTOV
Minister of Health

EFRAYIM KATZIR
President of the State

(No. 47)

NATIONAL INSURANCE (AMENDMENT No. 16) LAW,
5735—1975 *

1. In the National Insurance Law (Consolidated Version), 5728—1968 ¹⁾ (hereinafter referred to as “the principal Law”), the following chapter shall be inserted after Chapter Six “B”:

“CHAPTER SIX “C”: INSURANCE OF EMPLOYEES’ RIGHTS
IN CASES OF BANKRUPTCY AND THE WINDING-UP OF
BODIES CORPORATE

Definitions.

127AAA. In this chapter —

“employee” means a person who is or was insured as an employee under Chapter Three;

“employer”, in relation to an employee, includes the person who was his employer;

“wage” has the same meaning as in section 1 of the Wage Protection Law, 5718—1958 ²⁾, and includes an amount which according to any law is regarded as wage, but does not include an allowance under Chapter Six or compensation under the Reserve Service (Compensation) Law (Consolidated Version), 5719—1959 ³⁾;

“collective agreement” has the same meaning as in section 1 of the Collective Agreements Law, 5717—1957 ⁴⁾, and includes an agreement as aforesaid not

* Passed by the Knesset on the 6th Nisan, 5735 (18th March, 1975) and published in *Sefer Ha-Chukkim* No. 764 of the 16th Nisan, 5735 (28th March, 1975), p. 102; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1158 of 5735, p. 106.

¹⁾ *Sefer Ha-Chukkim* of 5728, p. 108 — *LSI* vol. XXII, p. 114; *Sefer Ha-Chukkim* of 5729, pp. 76 and 206 — *LSI* vol. XXIII, pp. 84 and 221; *Sefer Ha-Chukkim* of 5730, pp. 58, 130 and 134 — *LSI* vol. XXIV, pp. 51, 136 and 139; *Sefer Ha-Chukkim* of 5731, p. 128 — *LSI* vol. XXV, p. 124; *Sefer Ha-Chukkim* of 5732, pp. 78, 86 and 119 — *LSI* vol. XXVI, pp. 86, 102 and 135; *Sefer Ha-Chukkim* of 5733, pp. 126, 141, 142 and 302 — *LSI* vol. XXVII, pp. 128, 152, 153 and 260; *Sefer Ha-Chukkim* of 5734, p. 74 — *LSI* vol. XXVIII, p. 78.

²⁾ *Sefer Ha-Chukkim* of 5718, p. 86 — *LSI* vol. XII, p. 100; *Sefer Ha-Chukkim* of 5733, p. 270 — *LSI* vol. XXVII, p. 317.

³⁾ *Sefer Ha-Chukkim* of 5719, p. 306 — *LSI* vol. XIII, p. 350; *Sefer Ha-Chukkim* of 5734, p. 104 — *LSI* vol. XXVIII, p. 108.

⁴⁾ *Sefer Ha-Chukkim* of 5717, p. 63; *LSI* vol. XI, p. 58.

submitted for registration and an extension order under the said Law;

"severance pay" means severance pay due by virtue of the Severance Pay Law, 5723—1963¹⁾, or by virtue of a collective agreement;

"benefit fund" means any body to which, under the provisions of a collective agreement or a contract of employment, an employer must transfer moneys — out of moneys of the employer, moneys of the employee deducted from his wage or both — for the purpose of accumulating or safeguarding rights of the employee connected with his employment, the interruption of his employment or his relinquishment of it or with his social insurance (all these hereinafter referred to as "social payments");

"wage debt" includes an amount deducted, otherwise than under enactment, from the wage of an employee for transfer to a person other than a benefit fund, and which has not been forwarded to its destination;

"benefit fund debt" means social payments not transferred to a benefit fund and wage delay compensation in respect thereof under section 19A (b) of the Wage Protection Law, 5718—1958.

Insured persons.

127BBB. The persons insured under this chapter are employees and benefit funds.

Right to a benefit.

127CCC. An insured person shall be entitled to a benefit under this chapter if any one of the following, as the case may be, has been made in respect of his employer:

(1) an order of adjudication of bankruptcy under the Bankruptcy Ordinance, 1936²⁾, or, if the employer has died, an order of administration of estate in bankruptcy under the said Ordinance;

(2) an order under the Companies Ordinance³⁾ for the winding-up of a company, partnership

¹⁾ *Sefer Ha-Chukkim* of 5723, p. 138 — *LSI* vol. XVII, p. 161; *Sefer Ha-Chukkim* of 5733, p. 258 — *LSI* vol. XXVII, p. 299.

²⁾ *P.G.* of 1936, Suppl. I, p. 21 (English Edition).

³⁾ *Laws of Palestine* vol. I, p. 161 (English Edition).

or society under the Ottoman Law of Societies, being a winding-up by or under the supervision of the court;

(3) an order for the winding-up of a partnership under the Partnership Ordinance¹); where a partnership is dissolved without a receiver or manager being appointed, then, for the purposes of paragraph (1), every partner is regarded as the employer of an employee who was employed by the partnership;

(4) an order for the winding-up of a cooperative society under the Cooperative Societies Ordinance²).

Amount of benefit to employee.

127DDD. The benefit to be paid under this chapter to an employee shall, subject to the provisions of section 127III (b), be the amount of wage and severance pay due to him from his employer, up to a maximum of 15,000 pounds in respect of any one employee.

Amount of benefit to benefit fund.

127EEE. The benefit to be paid under this chapter to a benefit fund shall, subject to the provisions of section 127III (b), be the amount of the debt due to it from the employer of an employee, up to a maximum of 1,000 pounds in respect of any one employee.

Variation of maximum.

127FFF. (a) The maximum amounts referred to in sections 127DDD and 127EEE shall be varied every year on the 1st April in accordance with the rate of fluctuation of the average wage.

(b) The provisions of section 11 (c) shall apply *mutatis mutandis* to an increase of the maximum amounts referred to in sections 127DDD and 127EEE. An increase by virtue of this subsection shall be in force until the 31st March next following.

(c) The Minister of Labour shall publish in *Reshumot* notice of the variations of the maximum amounts which occur by virtue of this section, rounded off to the nearest 100 pounds.

¹) *Laws of Palestine* vol. II, p. 1041 (English Edition).

²) *Laws of Palestine* vol. I, p. 360 (English Edition).

**Order of priority
of debts.**

127GGG. (a) Where an employer's debt to an employee entitled to a benefit under this chapter exceeds the maximum referred to in section 127DDD, the benefit due to the employee shall first be credited against the wage debt and thereafter against a severance pay debt.

(b) Where an employer's debt to a benefit fund exceeds the maximum referred to in section 127EEE, the benefit due to the fund shall be credited against the different kinds of debt in the following order of priority:

- (1) pension insurance by virtue of a collective agreement;
- (2) pension insurance by virtue of any other agreement;
- (3) health insurance;
- (4) provident fund;
- (5) any other purpose.

(c) Where debts in respect of a particular purpose referred to in paragraphs (1) to (4) of subsection (b) are due to several benefit funds, and the aggregate debt in respect of that purpose exceeds the maximum referred to in section 127EEE or the balance of the benefit remaining up to that maximum, as the case may be, the benefit or that balance shall be apportioned to the different benefit funds in the ratio of the amounts of the debts due to them in respect of that purpose.

(d) Where the debt referred to in paragraph (5) of subsection (b) is due in respect of several purposes or to several benefit funds, and the aggregate debt exceeds the maximum referred to in section 127EEE or the balance of the benefit remaining up to that maximum, as the case may be, the benefit or that balance shall be apportioned to the different benefit funds in the ratio of the amounts of the debts due to them in respect of the purpose concerned or to the different purposes in the ratio of the amounts of the debts due to the benefit fund concerned in respect of those purposes.

Benefit to be regarded as wage, severance pay or payment to benefit fund.	127HHH. A benefit payable under this chapter shall, subject to the provisions of this Law and the regulations made thereunder, be regarded in all respects as wage, severance pay or a payment to a benefit fund, as the case may be.
Transmission of claim to benefit.	<p>127III. (a) A person entitled to a benefit under this chapter shall submit his claim to the Institute through the trustee in bankruptcy, the liquidator of the company, Ottoman society or cooperative society or the liquidator, receiver or manager of the partnership (each of these hereinafter referred to as "the liquidator"), as the case may be according to section 127CCC.</p> <p>(b) A benefit under this chapter shall only be paid in respect of wage debts or severance pay debts, or debts to a benefit fund, of which the liquidator has received proof.</p> <p>(c) The liquidator shall transmit the claim to the Institute, together with a report on the benefit payable to the claimant, indicating the amounts to be deducted in view of the provision of section 127HHH.</p> <p>(d) The Minister may prescribe by regulations particulars to be included in, and forms to be used for the claim and the report under subsection (c).</p>
Payment of benefit.	127JJJ. The Institute shall pay to every person entitled to a benefit the amount of the benefit due to him after deduction of the amounts required to be deducted under section 127III (c). The Institute shall transmit an amount deducted as aforesaid to the person for whom it is intended.
Employee who has died.	127KKK. Where an employee dies before the benefit due to him under this chapter is paid, the provisions of section 7 of the Wage Protection Law, 5718—1958, and section 5 of the Severance Pay Law, 5723—1963, as the case may be, shall apply to the payment of the benefit, and section 135 (c) shall not apply.
Regulations.	127LLL. (a) The Minister may enact by regulations provisions as to the procedure for submitting claims

for a benefit under this chapter to the liquidator, transmitting the claims and the liquidator's reports to the Institute and transmitting the amounts of the benefits and deductions and as to the times for carrying out the said acts.

(b) The Ministry may by regulations, with the approval of the Labour Affairs Committee of the Knesset, prescribe other procedures in place of those prescribed by sections 127III and 127JJJ.

**Claim by
Institute against
liquidator.**

127MMM. Where the Institute has paid a benefit under this chapter, the rights of the person entitled thereto shall, for the purposes of the collection thereof from the liquidator, pass to the Institute: Provided that the rights of an employee under section 33 (2)(a) of the Bankruptcy Ordinance, 1936, section 220A(1) (a) of the Companies Ordinance or section 27 of the Severance Pay Law, 5723—1963, shall only so pass to the extent that the maximum amount according to the relevant aforesaid section exceeds the amount by which the benefit under this chapter falls short of the employer's debt to the employee.

Jurisdiction.

127NNN. The power to hear and determine any action under this chapter shall vest in the authority which has jurisdiction in bankruptcy proceedings or proceedings for the winding-up of a body corporate, referred to in section 127CCC."

**Amendment of
section 157.**

2. In section 157 of the principal Law, the following subsection shall be inserted after subsection (d2):

"(d3) Contributions to the insurance of employees' rights in bankruptcy and the winding-up of bodies corporate shall be paid for every employee insured under Chapter Six "C".

**Amendment of
section 159.**

3. In section 159 of the principal Law, the following shall be added at the end of subsection (b): "Provided that a variation of the rate of contributions to the insurance of employees' rights in bankruptcy and the winding-up of bodies corporate shall be made after consultation with the Minister of Finance".

**Amendment of
section 168.**

4. In section 168 of the principal Law, the words "other than a benefit under Chapter Six "C" shall be added at the end of subsection (a)(1).

5. In section 230 of the principal Law, the words "other than an action under Chapter Six "C"" shall be added at the end of the opening passage of subsection (a). Amendment of section 230.

6. In Table X of the principal Law, the following item shall be added after item 9: Amendment of Table X.

"Item	Branch of Insurance	Per Cent of Income or Wage	Deduction from Wage for the Purposes of Section 161 (c), in Per Cent
10	Employees' rights in bankruptcy and in winding-up of body corporate	0.1	_____"

7. In section 33(2) of the Bankruptcy Ordinance, 1936, paragraph (a) shall be re-marked as paragraph (a)(1) and the following subparagraphs shall be added thereafter: Amendment of Bankruptcy Ordinance, 1936.

"(2) the provisions of section 11(c) of the National Insurance Law (Consolidated Version), 5728—1968 (hereinafter referred to as "the Insurance Law") shall apply *mutatis mutandis* to an increase of the amount specified in subparagraph (1); the increase shall be in force until the 31st March next following;

(3) the amount specified in subparagraph (1) shall be varied on the 1st April in every year in accordance with the rate of fluctuation of the average wage, within the meaning of the Insurance Law;

(4) the Minister of Labour shall publish in *Reshumot* notice of the variations of the amount specified in subparagraph (1) which occur by virtue of subparagraphs (2) and (3), rounded off to the nearest 100 pounds;"

8. In section 222A(1) of the Companies Ordinance, paragraph (a) shall be re-marked as paragraph (a)(1) and the following subparagraphs shall be added thereafter: Amendment of Companies Ordinance.

"(2) the provisions of section 11(c) of the National Insurance Law (New Version), 5728—1968 (hereinafter referred to as "the Insurance Law") shall apply *mutatis mutandis* to an increase of the amount specified in subparagraph (1); the increase shall be in force until the 31st March next following;

(3) the amount specified in subparagraph (1) shall be varied on the 1st April in every year in accordance with the rate of fluctuation of the average wage, within the meaning of the Insurance Law;

(4) the Minister of Labour shall publish in *Reshumot* notice of the variations of the amount specified in subparagraph (1) which occur by virtue of subparagraph (2) and (3), rounded off to the nearest 100 pounds;"

Commencement
of transitional
provisions.

9. (a) Section 127FFF(a) of the principal Law, section 33 (2)(a)(3) of the Bankruptcy Ordinance, 1936, and section 220A (1)(a)(3) of the Companies Ordinance shall come into force on the 1st Nisan, 5736 (1st April, 1976). The fluctuation of the average wage for the said day shall be calculated with reference to the average wage for the 20th Nisan, 5735 (1st April, 1975).

(b) The other provisions of this Law shall come into force on the 20th Nisan, 5735 (1st April, 1975); but they shall also apply to the payment of a benefit in consequence of a debt created before their coming into force, provided that the order referred to in section 127 CCC creating the right to a benefit was made after their coming into force.

YITZCHAK RABIN
Prime Minister

MOSHE BARAM
Minister of Labour

EFRAYIM KATZIR
President of the State

(No. 48)

COURTS (AMENDMENT No. 6) LAW, 5736—1975 *

1. In the Courts Law, 5717—1957¹⁾ (hereinafter referred to as “the principal Law”), the words “in the decision or judgment or” in section 19(b) shall be deleted and the words “and in the case of a judgment, also where leave has been given in the judgment itself” shall be added at the end of that subsection. Amendment of section 19.
2. In section 28 of the principal Law, the words “ten thousand pounds” in paragraph (2) shall be replaced by the words “fifty thousand pounds”. Amendment of section 28.
3. In section 29 of the principal Law, the words “or from the Magistrates’ Court” in subsection (b) shall be deleted. Amendment of section 29.
4. In section 35A of the principal Law, subsection (a) (2) is hereby repealed. Amendment of section 35A.
5. Notwithstanding the provision of section 2, the District Court shall continue to deal with a matter which this Law assigns to the jurisdiction of the Magistrates’ Court but which was filed in the District Court before the coming into force of this Law. Transitional provision.

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 6th Nisan, 5735 (18th March, 1975) and published in *Sefer Ha-Chukkim* No. 764 of the 16th Nisan, 5735 (28th March, 1975), p. 106; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1141 of 5735, p. 2.

¹⁾ *Sefer Ha-Chukkim* of 5717, p. 148 — *LSI* vol. XI, p. 157; *Sefer Ha-Chukkim* of 5722, p. 24 — *LSI* vol. XVI, p. 17; *Sefer Ha-Chukkim* of 5724, p. 66 — *LSI* vol. XVIII, p. 56; *Sefer Ha-Chukkim* of 5727, p. 132 — *LSI* vol. XXI, p. 131; *Sefer Ha-Chukkim* of 5731, p. 120 — *LSI* vol. XXV, p. 118; *Sefer Ha-Chukkim* of 5733, p. 237 — *LSI* vol. XXVII, p. 267.

(No. 49)

LOCAL AUTHORITIES (COMPENSATION FOR PROPERTY
RATE) LAW, 5735—1975 *

Definitions.

1. In this Law —

“compensation” means the amount transferred to the local authorities by the Treasury under this Law;

“the revenue of the State” means the total amount of the actual revenue of the State from taxes, other compulsory payments and fees in the financial year which preceded by two years the financial year in which the compensation is distributed, as detailed and explained in the Treasury's report relating to the year in which that revenue was received;

“year” means the financial year.

Transfer and
rate of
compensation.

2. In each financial year, the Treasury shall transfer to the local authorities an amount of compensation equal to 4.828 per cent of the revenue of the State.

Implementation
and
regulations.

3. (a) The Minister of the Interior is charged with the implementation of this Law and shall by regulations, with the approval of the Home Affairs and Ecology Committee of the Knesset, prescribe rules for the distribution of the compensation to local authorities from the year 1974 onwards.

(b) In each year, commencing 1974, the Minister of the Interior shall publish in *Reshumot* a list of local authorities and the amounts of compensation to be distributed to them according to the rules prescribed as provided in subsection (a).

YITZCHAK RABIN

Prime Minister

YOSEF BURG

Minister of the Interior

EFRAYIM KATZIR

President of the State

* Passed by the Knesset on the 6th Nisan, 5735 (18th March, 1975) and published in *Sefer Ha-Chukkim* No. 764 of the 16th Nisan, 5735 (28th April, 1975), p. 107; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1151 of 5735, p. 63.

WAR AND PROCUREMENT-FINANCING LOAN LAW,
5735—1975 *

1. In this Law —

Definitions.

(1) every term shall have the same meaning as it has in the Income Tax Ordinance¹⁾ (hereinafter referred to as "the Ordinance"), unless otherwise provided in this Law;

(2) "chargeable income" means the chargeable income of a person in the tax year 1975 and includes income from dividend in respect of which exemption is granted under any law, but does not include income from interest in respect of which a reduction is granted under any law or income being a productivity grant to which section 122 of the Ordinance applies or income from overtime work or work on night shift to which section 123 of the Ordinance applies, and in the case of a *kibbutz* (communal settlement) means income as determined under section 57 of the Ordinance;

(3) "*kibbutz*" includes *moshav shitufi* (economically collectivistic but socially individualistic settlement) or other cooperative society for agricultural settlement in respect of which a direction under section 61 of the Ordinance has been issued;

(4) "the determining date" means the 3rd Cheshvan, 5742 (31st October, 1981).

2. (a) A person shall in the tax year 1975 make to the State a war and procurement-financing loan (hereinafter referred to as "the loan") at the rate indicated in this section.

Imposition and
rate of loan.

(b) An individual shall make a loan —

(1) in respect of his chargeable income —

(a) at the rate of 12½ p.ct. of such income up to 45,000 pounds;

(b) at the rate of 14½ p.ct. of such income in excess of 45,000 pounds but not in excess of 65,000 pounds;

(c) at the rate of 17½ p.ct. of such income in excess of 65,000 pounds but not in excess of 85,000 pounds;

- Passed by the Knesset on the 8th Nisan, 5735 (20th March, 1975) and published in *Sefer Ha-Chukkim* No. 765 of the 18th Nisan, 5735 (30th March, 1975), p. 110; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1172 of 5735, p. 187.

¹⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 6, p. 120 — *NV* vol. I, p. 145; *Sefer Ha-Chukkim* of 5735, p. 42 — *supra*, p. 49.

(d) at the rate of $22\frac{1}{4}$ p.ct. of such income in excess of 85,000 pounds;

(2) in respect of his income from a productivity grant, overtime work or work on night shift, as referred to in section 1 — at the rate of $8\frac{1}{2}$ p.ct. of such income.

(c) A body of persons shall make a loan at the rate of 12 p.ct. of its chargeable income.

Exemptions.

3. (a) The following are exempt from the loan:

(1) an individual not liable in the tax year to tax in excess of 400 pounds;

(2) a non-resident, in respect of his income from the sources specified in paragraphs (2), (4), (5) and (9) of section 2 of the Ordinance;

(3) a daily employee within the meaning of the Income Tax (Deduction from Wage) Regulations, 5734—1974¹⁾.

(b) Notwithstanding the provisions of subsection (a), where any amounts have been collected on account of the loan from a person exempt from it, the following provisions shall apply:

(1) where an amount not exceeding five pounds has been collected, it shall not be refunded;

(2) where an amount exceeding five pounds has been collected, loan certificates shall be issued under section 6: Provided that where an amount as aforesaid has been collected from a husband and wife together, the Assessing Officer may act in accordance with the provisions of paragraph (1) in respect of an amount of less than five pounds collected from one of them.

Loan to bear interest.

4. (a) The loan shall bear interest at the rate of 3 p.ct. *per annum* —
(1) in respect of advance payments made in due time under section 8 and loan deducted at source under section 9 — from the 1st Nisan, 5736 (1st April, 1976);

(2) in respect of balances of the loan paid by the determining date — from the 23rd Adar Bet, 5738 (1st April, 1978).

(b) The interest shall be exempt from income tax.

Loan linked to index.

5. (a) In this section —

(1) "cost-of-living index" has the same meaning as in the Defence Loan Law, 5717—1956²⁾;

¹⁾ Kovetz Ha-Takkanot of 5734, p. 1144.

²⁾ Sefer Ha-Chukkim of 5717, p. 8; LSI vol. XI p. 5.

(2) "basic index" —

(a) for the purposes of advance payment made in due time under section 8 and loan deducted at source under section 9, means the cost-of-living index published for December, 1975;

(b) for the purposes of balances of the loan paid by any person by the determining date, means the cost-of-living index published for December, 1977;

(3) "new index" means the cost-of-living index published for December, 1988.

(b) The principal of the loan shall be linked to the cost-of-living index. If at the time of repayment of the loan it appears that the new index exceeds the basic index, the loan shall be repaid increased in the proportion of the excess of the new index over the basic index.

6. (a) In respect of amounts of loan paid by any person, he shall be given certificates registered in his name. Loan certificates.

(b) The certificates shall be given —

(1) in respect of the aggregate amount of advance payments made by any person under section 8 and the aggregate amount of loan deducted at source under section 9 — by the 4th Nisan, 5739 (1st April, 1979);

(2) in respect of balances paid by any person by the determining date — by the 8th Nisan, 5742 (1st April, 1982).

(c) The certificates shall not be negotiable and shall not be capable of being charged or transferred except for transfer by operation of law.

(d) The Minister of Finance shall, with the approval of the Finance Committee of the Knesset, prescribe by regulations the terms and conditions applicable to the loan certificates, including as regards their issue and redemption and balances of an amount smaller than the lowest denominations of the loan certificates.

(e) The certificates shall only be for amounts of pounds divisible without remainder by five.

(f) The certificates shall not be approved securities for the purposes of the Income Tax (Rules for the Approval and Management of Benefit Funds) Regulations, 5724—1964¹⁾, or Government securities for the purposes of the Insurance Business (Control) (Modes of Investment of Funds and Capital of Insurer) Regulations, 5728—1967²⁾.

¹⁾ Kovetz Ha-Takkanot of 5724, p. 1302.

²⁾ Kovetz Ha-Takkanot of 5728, p. 150.

Repayment of
loan and
payment of
interest.

7. (a) The aggregate amount of the loan shall be repaid in twelve monthly instalments in the tax year 1989.

(b) The interest on the aggregate amount of the loan shall be paid in three equal instalments, the first on the 2nd Elul, 5741 (1st September, 1981), the second on the 27th Av, 5746 (1st September, 1986) and the third upon repayment of the loan.

(c) The amount of each of the instalments of interest referred to in subsection (b) shall be rounded off to the nearest pound.

(d) Where an individual dies, the loan made by him shall be repaid to his spouse, and if he does not leave a spouse, to his heirs, within one year from the day on which application is made therefor, but not before the 9th Kislev, 5737 (1st December, 1976).

(e) A person who in or after the tax year 1975 reaches an age of at least sixty-five years is entitled to have the loan repaid to him in the year 1979 or four years after reaching the age of sixty-five years, whichever is later, after filing an application for repayment, accompanied by the loan certificate.

Advance
payments on
account of
loan.

8. (a) A person liable to make advance payments under section 175 of the Ordinance for the tax year 1975 shall pay on account of the loan, on the tenth day of each of the months May 1975 to February 1976, 10 p.ct. of the amount specified in the Schedule.

(b) A person liable to make advance payments under section 176 of the Ordinance for the tax year 1975 shall pay on account of the loan an amount equal to 24 p.ct. of the aggregate amount of advance payments to which he is liable for that year on account of the tax, in four equal instalments, at the times prescribed in the Ordinance for the making of the advance payments on account of the tax.

(c) The Minister of Finance may, by order, increase the amount of advance payments.

Duty to
deduct at
source.

9. (a) Whoever makes, or is responsible for making, any payment, being work income, pension or a charge or annuity, for the tax year 1975 shall deduct therefrom, in the months April 1975 to March 1976, with the tax which he is liable to deduct under section 164 of the Ordinance, an additional amount on account of the loan, and shall subsequently deduct amounts as required for collecting the loan due under section 2, all in the manner and instalments prescribed by regulations.

(b) The Minister of Finance may, by regulations under subsection (a), combine the said rates of deduction with the rates of deduction prescribed for the deduction of income tax.

10. Where a person has paid any amounts on account of tax and loan, then, for the purpose of the issue of loan certificates, the share of the loan in the aggregate of the amounts paid by him as aforesaid shall bear to such aggregate the same proportion as the amount of the loan to which he is liable bears to the aggregate of the tax and loan to which he is liable. Determination of amount of loan.

11. Notwithstanding the provisions of section 2 and subject to the provisions of section 3 (b), where the amount of advance payments made by a person under section 8 or the amount deducted from the income of a person under section 9 exceeds the amount of the loan to which he is liable, the amount paid or deducted as aforesaid shall be deemed to be the amount of the loan to which he is liable, and so shall the amount deducted from work income of a person under section 9 where it is less than the amount to which he is liable on that income for that year. Finality of advance payments and deduction at source.

12. (a) The Minister of Finance may, with the approval of the Finance Committee of the Knesset, prescribe by regulations how any loan not paid by the determining date shall be dealt with. Such regulations may also prescribe that the loan shall be converted into a tax or that it shall not be collected. Loan not paid by the determining date.

(b) Regulations under subsection (a) may be general or in respect of particular classes of persons liable to the loan or according to the amount of the loan or other prescribed criteria.

13. Save as otherwise provided in this Law, the provisions of the Ordinance shall apply to the loan as if it were part of the tax. Application of provisions of Ordinance.

14. The Minister of Finance is charged with the implementation of this Law and may make regulations as to any matter relating to such implementation. Implementation and regulations.

SCHEDULE (Section 8 (a))

The rates of the advance payments on account of the loan shall be as follows:

Where the advance payments on account of income tax for the tax year 1975 do not exceed 400 pounds—nil;

where the advance payments on account of income tax exceed 400 pounds but do not exceed 1,000 pounds—85 agorot per pound of such advance payments in excess of 400 pounds;

where the advance payments on account of income tax exceed 1,000 pounds but do not exceed 3,000 pounds—510 pounds, plus 40 agorot per pound of such advance payments in excess of 1,000 pounds;

where the advance payments on account of income tax exceed 3,000 pounds but do not exceed 5,000 pounds—1,310 pounds, plus 30 agorot per pound of such advance payments in excess of 3,000 pounds;

where the advance payments on account of income tax exceed 5,000 pounds but do not exceed 9,000 pounds—1,910 pounds, plus 25 agorot per pound of such advance payments in excess of 5,000 pounds;

where the advance payments on account of income tax exceed 9,000 pounds but do not exceed 16,000 pounds—2,910 pounds plus 22 agorot per pound of such advance payments in excess of 9,000 pounds;

where the advance payments on account of income tax exceed 16,000 pounds but do not exceed 20,000 pounds—4,450 pounds, plus 20 agorot per pound of such advance payments in excess of 16,000 pounds;

where the advance payments on account of income tax exceed 20,000 pounds but do not exceed 34,000 pounds—5,250 pounds, plus 22 agorot per pound of such advance payments in excess of 20,000 pounds;

where the advance payments on account of income tax exceed 34,000 pounds but do not exceed 47,000 pounds—8,330 pounds, plus 27 agorot per pound of such advance payments in excess of 34,000 pounds;

where the advance payments on account of income tax exceed 47,000 pounds—11,840 pounds, plus 34 agorot per pound of such advance payments in excess of 47,000 pounds.

YITZCHAK RABIN
Prime Minister

YEHOShUA RABINOVITZ
Minister of Finance

EFRAYIM KATZIR
President of the State

WAR LOAN (LAND APPRECIATION) LAW, 5735—1975 *

1. In this Law —
 - (1) save as otherwise provided therein, every term shall have the same meaning as it has in the Land Appreciation Tax Law, 5723—1963 ¹⁾ (hereinafter referred to as “the Appreciation Tax Law”);
 - (2) “the determining date” means the 22nd Adar Bet, 5738 (31st March, 1978).

Definitions.
 2. A person shall make a war loan to the State (hereinafter referred to as “the loan”) at the rate of 3 per cent of the appreciation accruing from the sale of a real estate right, or from a real estate association act (any such sale or act hereinafter referred to as “a transaction”), made or done between the 20th Nisan, 5735 (1st April, 1975) and the 29th Adar, 5736 (31st March, 1976).

Imposition and rate of loan.
 3. The loan shall be made at the date for the payment of appreciation tax in respect of the transaction.

Date of making loan.
 4. The following provisions shall apply upon the sale of all the rights an individual has in his individual dwelling:

Exemption and credit in the case of individual dwelling.

 - (1) where the sale value does not exceed 300,000 pounds or, if a family with at least four children under twenty-one lived in the dwelling, the said amount with the addition of 20,000 pounds in respect of each child under twenty-one, beginning with the fourth (the said amount with the said addition, if any, hereafter in this section referred to as “the exempted amount”), the sale shall be exempt from the loan;
 - (2) where the sale value exceeds the exempted amount, the seller shall be credited on account of the loan with an amount bearing to the whole amount of the loan the same proportion as the exempted amount bears to the sale value.
- * Passed by the Knesset on the 8th Nisan, 5735 (20th March, 1975) and published in *Sefer Ha-Chukkim* No. 765 of the 18th Nisan, 5735 (30th March, 1975), p. 114; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1172 of 5735, p. 185.
- ¹⁾ *Sefer Ha-Chukkim* of 5723, p. 156 — *LSI* vol. XVII, p. 193; *Sefer Ha-Chukkim* of 5735, p. 2 — *supra*, p. 3.

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|----------------------------|---|
| Further exemption. | 5. A person exempt from appreciation tax in respect of a particular transaction shall be exempt from the loan in respect of appreciation accruing from that transaction. |
| Prevention of double loan. | 6. Appreciation subject to a war loan under the War and Procurement-Financing Loan Law, 5735—1975 ¹⁾ , shall not be subject to a loan under this law. |
| Loan to bear interest. | 7. (a) The loan shall bear interest at the rate of 3 per cent per annum —
(1) from the 1st Nisan, 5736 (1st April, 1976), on amounts paid in the tax year 1975;
(2) from the 13th Nisan, 5737 (1st April, 1977), on amounts paid in the tax year 1976;
(3) from the 23rd Adar Bet, 5738 (1st April, 1978), on amounts paid in the tax year 1977.
(b) The interest shall be exempt from income tax. |
| Loan linked to index. | 8. (a) In this section —
(1) “cost-of-living index” has the same meaning as in the Defence Loan Law, 5717—1956 ²⁾ ;
(2) “basic index”, in relation to an amount paid in any of the tax years 1975, 1976 and 1977, means the cost-of-living index to be published for December of the year in which the amount was paid;
(3) “the new index” means the cost-of-living index to be published for December, 1988.
(b) The principal of the loan shall be linked to the cost-of-living index. If at the time of repayment of the loan it appears that the new index exceeds the basic index, the loan shall be repaid increased in the proportion of the excess of the new index over the basic index. |
| Loan certificates. | 9. (a) In respect of the amounts of loan paid by any person by the determining date, he shall, by the 4th Nisan, 5739 (1st April, 1979), be given certificates registered in his name.
(b) The provisions of section 6(c) to (f) of the War and Procurement-Financing Loan Law, 5735—1975, shall apply to certificates under this Law. |

¹⁾ *Sefer Ha-Chukkim* of 5735, p. 110; *supra*, p. 139.

²⁾ *Sefer Ha-Chukkim* of 5717, p. 8; *LSI* vol. XI, p. 5.

10. The provisions of section 7 of the War and Procurement-Financing Loan Law, 5735—1975, shall apply in respect of the loan under this Law. Repayment of loan and payment of interest.
11. A loan not made by the determining date shall become a tax. Loan not made by determining date.
12. Save as otherwise provided in this Law, the provisions of the Appreciation Tax Law shall apply to the loan as if it were part of the tax. Application of provisions of Appreciation Tax Law.
13. The Minister of Finance is charged with the implementation of this Law and may make regulations as to any matter relating to such implementation. Implementation and regulations.

YITZCHAK RABIN
Prime Minister

YEHOSHUA RABINOVITZ
Minister of Finance

EFRAYIM KATZIR
President of the State

(No. 52)

SAVINGS LOAN LAW, 5735—1975 *

- Definitions. 1. In this Law —
- (1) every term shall have the same meaning as it has in the Income Tax Ordinance¹⁾ (hereinafter referred to as "the Ordinance"), save as otherwise provided in this Law;
 - (2) "employer" means every person who pays or is responsible for the payment of work income;
 - (3) "the determining date" means the 28th Elul, 5738 (30th September, 1978).
- Imposition and rate of loan. 2. (a) An employer shall, in the tax year 1975, make a savings loan to the State at the rate of 4.75 per cent of the aggregate amount of the work income paid by him in the tax year 1975 (such loan hereinafter referred to as "the loan").
- (b) The loan shall, notwithstanding anything provided in any law, apply also to a body of persons which, for the purpose of the payment of taxes, fees and other compulsory charges, has the same status as the State.
- Exemptions. 3. Local authorities and public institutions shall be exempt from the loan. For this purpose, "public institution" means religious, cultural, educational, scientific, health, welfare and sports institutions, and institutions serving some other public purpose, which are not intended to make a profit and which the Minister of Finance has designated with the approval of the Finance Committee of the Knesset.
- Payment of loan. 4. An employer shall pay the loan to the Assessing Officer at the prescribed date and shall at the same date submit to him a return as prescribed by regulations.
- Assessment to loan. 5. Where an employer has not paid the loan or has not delivered a return to the Assessing Officer or has delivered a return but the Assessing Officer has reasonable grounds for believing that it is not correct,
- * Passed by the Knesset on the 8th Nisan, 5735 (20th March, 1975) and published in *Sefer Ha-Chukkim* No. 765 of the 18th Nisan, 5735 (30th March, 1975), p. 116; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1172 of 5735, p. 191.
- ¹⁾ *Dinei Medinat Israel (Nusach Chadash)* No. 6, p. 120 — *NV* vol. I, p. 145; *Sefer Ha-Chukkim* of 5735, p. 42 — *supra*, p. 49.

the Assessing Officer may assess the amount of the loan to the best of his judgment, and an assessment under this section shall be treated as an assessment under section 167 of the Ordinance.

6. (a) The loan shall bear interest at the rate of 3 per cent *per annum* from the 1st Nisan, 5736 (1st April, 1976). Loan to bear interest.

(b) The interest shall be exempt from income tax.

7. (a) In this section —

Loan linked to index.

(1) "cost-of-living index" has the same meaning as in the Defence Loan Law, 5717—1956¹⁾;

(2) "basic index" means the cost-of-living index to be published for December, 1975;

(3) "new index" means the cost-of-living index to be published for the month of June last preceding the date of repayment.

(b) The principal of the loan shall be linked to the cost-of-living index. If at the time of repayment of any part of the loan it appears that the new index exceeds the basic index, the loan shall be repaid increased in the proportion of the excess of the new index over the basic index.

8. (a) In respect of an amount of loan paid by an employer by the determining date, certificates registered in his name shall be issued to him by the 4th Nisan, 5739 (1st April, 1979). Loan certificates.

(b) The certificates shall only be for amounts of pounds divisible without remainder by five.

(c) The Minister of Finance shall, with the approval of the Finance Committee of the Knesset, prescribe by regulations the terms and conditions applicable to the loan certificates, including as regards their issue and redemption and balances of an amount less than the lowest denomination of the loan certificates.

9. (a) The loan certificates shall not be negotiable and shall not be transferable except for a transfer by operation of law. Transfer and charge.

(b) The loan certificates or the right to receive them shall not be chargeable except as security —

¹⁾ *Sefer Ha-Chukkim* of 5717, p. 8; *LSI* vol. XI, p. 5.

(1) for a State-guaranteed obligation of the holder of the certificates or the person entitled to receive them, or in favour of the State for its guarantee;

(2) for the repayment of a loan made to the holder of the certificates, or to the person entitled to receive them, in the framework of a directed credit, within the meaning of section 8 of the Bank of Israel Directions (Liquid Assets), 5731—1971¹⁾, if the Minister of Agriculture, the Minister of Commerce and Industry or the Minister of Tourism or a person empowered by them or by one of them has approved the charge.

(c) (1) Where loan certificates or the right to receive them have or has been charged, the person in whose favour the charge was made shall be entitled to recoup himself out of the certificates before any other creditor, even if the conditions of section 4 of the Pledges Law, 5727—1967²⁾, are not fulfilled.

(2) The Bank of Israel shall be given notice of loan certificates which or the right to receive which have or has been charged.

(3) The Minister of Finance shall prescribe by regulations provisions as to notice to the Bank of Israel and the registrations to be effected by it and shall also prescribe as aforesaid to whom loan certificates which or the right to receive which have or has been charged, or the redemption moneys, shall be delivered.

Repayment
of loan.

10. Fifty-three per cent of the aggregate amount of the loan shall be repaid, plus the interest, in three consecutive annual instalments on the 1st August of each year, beginning in 1979, and the remainder in three consecutive annual instalments on the 1st August of each year, beginning in the tax year 1984.

Loan not made
by determining
date.

11. (a) The Minister of Finance may, with the approval of the Finance Committee of the Knesset, prescribe by regulations how any loan not made by the determining date shall be dealt with. Such regulations may also prescribe that the loan shall be converted into a tax or that it shall not be collected.

(b) Regulations under subsection (a) may be general or in respect of particular classes of persons liable to the loan or according to the

¹⁾ *Kovetz Ha-Takkanot* of 5731, p. 690; *Kovetz Ha-Takkanot* of 5732, p. 621.

²⁾ *Sefer Ha-Chukkim* of 5727, p. 48; *LSI* vol. XXI, p. 44.

amount of the loan or according to such other criteria as may be prescribed.

12. Save as otherwise provided in this Law, the provisions of the Ordinance shall apply to the loan as if it were a part of the tax.

Application of provisions of Ordinance.

13. The Minister of Finance is charged with the implementation of this Law and may make regulations as to any matter relating to such implementation.

Implementation and regulations.

YITZCHAK RABIN
Prime Minister

YEHOSHUA RABINOVITZ
Minister of Finance

EFRAYIM KATZIR
President of the State

(No. 53)

EMPLOYERS' TAX LAW, 5735—1975 *

1. In this Law —
- Definitions. (1) every term shall have the same meaning as it has in the Income Tax Ordinance¹⁾ (hereinafter referred to as "the Ordinance"); (2) "employer" means any person who pays or is responsible for the payment of work income and includes a person who for the purposes of the payment of taxes is treated in like manner as the State.
- Imposition and rate of tax. 2. An employer shall be liable to a tax of an amount equal to 4 per cent of the total amount of the work income he has paid in respect of any tax year (hereinafter referred to as "employers' tax").
- Payment of tax. 3. An employer shall pay on account of employers' tax, at the time prescribed under section 166 of the Ordinance, an amount equal to 4 per cent of the whole work income from which he is required to deduct income tax.
- Applicability of provisions of Ordinance. 4. For the purposes of returns, assessments and contestations, the provisions of the Ordinance shall apply to employers' tax as if it were a deduction required to be made by the employer. For the purposes of administration, collection, penalties and other general matters, the provisions of the Ordinance shall apply to employers' tax as if it were income tax.
- Application. 5. This Law shall apply from the tax year 1975 onwards.
- Implementation and regulations. 6. The Minister of Finance is charged with the implementation of this Law and may make regulations as to any matter relating to such implementation.

YITZCHAK RABIN
Prime Minister

YEHOSHUA RABINOVITZ
Minister of Finance

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 8th Nisan, 5735 (20th March, 1975) and published in *Sefer Ha-Chukkim* No. 765 of the 18th Nisan, 5735 (30th March, 1975), p. 118; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1170 of 5735, p. 178.

¹⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 6, p. 120 — *NV* vol. I, p. 145; *Sefer Ha-Chukkim* of 5735, p. 40 — *supra*, p. 49.

(No. 54)

DEFENCE STAMP (AMENDMENT AND EXTENSION OF
PERIOD OF OPERATION) (AMENDMENT No. 11) LAW,
5735—1975 *

1. In section 6 of the Defence Stamp (Amendment and Extension of Period of Operation) Law, 5718—1958 ¹⁾ (hereinafter referred to as "the Extension Law"), in the definition of "the additional period", the words "and ending on the 19th Nisan, 5735 (31st March, 1975)" shall be replaced by the words "and ending on the 29th Adar Bet, 5736 (31st March, 1976)". Amendment of section 6.
2. In section 9 of the Extension Law, the words "and ending on the 21st Sivan, 5735 (31st May, 1975)" in subsections (a) and (h) shall be replaced by the words "and ending on the 29th Adar Bet, 5736 (31st March, 1976)". Amendment of section 9.
3. In section 10 of the Extension Law, the words "and the 19th Nisan, 5735 (31st March, 1975)" in subsections (a) and (a1) shall be replaced by the words "and the 29th Adar Bet, 5736 (31st March, 1976)". Amendment of section 10.
4. In section 12 of the Extension Law, the words "and the 19th Nisan, 5735 (31st March, 1975)" in the opening passage of subsection (a) shall be replaced by the words "and the 29th Adar Bet, 5736 (31st March, 1976)". Amendment of section 12.

YITZCHAK RABIN
Prime Minister

YEHOSHUA RABINOVITZ
Minister of Finance

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 8th Nisan, 5735 (20th March, 1975) and published in *Sefer Ha-Chukkim* No. 765 of the 18th Nisan, 5735 (30th March, 1975), p. 119; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1172 of 5735, p. 193.

¹⁾ *Sefer Ha-Chukkim* of 5718, p. 131 — *LSI* vol. XII, p. 152; *Sefer Ha-Chukkim* of 5719, p. 191 — *LSI* vol. XIII, p. 206; *Sefer Ha-Chukkim* of 5720, p. 23 — *LSI* vol. XIV, p. 20; *Sefer Ha-Chukkim* of 5721, p. 67 — *LSI* vol. XV, p. 62; *Sefer Ha-Chukkim* of 5724, p. 70 — *LSI* vol. XVIII, p. 59; *Sefer Ha-Chukkim* of 5725, p. 155 — *LSI* vol. XIX, p. 155; *Sefer Ha-Chukkim* of 5726, p. 22 — *LSI* vol. XX, p. 15; *Sefer Ha-Chukkim* of 5727, p. 20; *LSI* vol. XXI, p. 12; *Sefer Ha-Chukkim* of 5730, p. 42 — *LSI* vol. XXIV, p. 35; *Sefer Ha-Chukkim* of 5733, p. 85 — *LSI* vol. XXVII, p. 81; *Sefer Ha-Chukkim* of 5734, p. 97 — *LSI* vol. XXVIII, p. 100.

(No. 55)

CRIMINAL CODE ORDINANCE (AMENDMENT No. 37) LAW,
5735—1975 *

Amendment of
section 189.

1. In the Criminal Code Ordinance, 1936¹⁾, section 189 shall be re-marked as section 189 (a) and the following subsection shall be inserted thereafter:

“(b) A person who is in any place, in such circumstances as to be a nuisance to the residents of the neighbourhood or a hindrance to road traffic, for the purpose of engaging in prostitution is liable to imprisonment for one year.”.

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 16th Sivan, 5735 (26th May, 1975) and published in *Sefer Ha-Chukkim* No. 766 of the 26th Sivan (5th June, 1975), p. 122; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1041 of 5733, p. 154.

¹⁾ *P.G.* of 1936, Suppl. I, p. 285 (English Edition); *Sefer Ha-Chukkim* of 5735, p. 78; *supra*, p. 97.

(No. 56)

COLLECTIVE AGREEMENTS (TEMPORARY PROVISIONS)
LAW, 5735—1975 *

1. Extension orders under section 25 of the Collective Agreements Law, 5717—1957 ¹⁾ (hereinafter referred to as “the principal Law”) in respect of the general collective agreements specified in the Schedule shall be valid even if they do not meet the requirements of sections 26 and 27(3) of the principal Law. Extension orders not meeting requirements.
2. Notwithstanding the provisions of section 28 of the principal Law, the Minister of Labour may prescribe that the extension orders referred to in section 1 shall have effect from a date prior to the date of their publication, provided they are made within thirty days from the date of publication of this Law. Commencement of effect of orders.
3. An employer liable to pay a wage differential by virtue of an extension order as referred to in section 1 in respect of a period prior to the date of publication of the order may pay it in equal consecutive monthly instalments over a period as long as that in respect of which the wage differential is payable. Payment of differentials.

SCHEDULE
(Section 1)

1. The general collective agreement signed on the 3rd Tevet, 5735 (17th December, 1974) between the employers' organisations being members of the Coordination Bureau of Economic Organisations of the one part, and the General Federation of Labour in Eretz Israel, of the other part, and registered in the Register of Collective Agreements under No. 7073/74.
2. The general collective agreement signed on the 3rd Shevat, 5735 (15th January, 1975) between the employers' organisations being mem-

* Passed by the Knesset on the 18th Nisan, 5735 (28th May, 1975) and published in *Sefer Ha-Chukkim* No. 766 of the 26th Sivan, 5735 (5th June, 1975), p. 122; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1176 of 5735, p. 224.

¹⁾ *Sefer Ha-Chukkim* of 5717, p. 63; *LSI* vol. XI, p. 58.

bers of the Coordination Bureau of Economic Organisations, of the one part, and the General Federation of Labour in Eretz Israel, of the other part, and registered in the Register of Collective Agreements under No. 7003/75.

YITZCHAK RABIN
Prime Minister

MOSHE BARAM
Minister of Labour

EFRAYIM KATZIR
President of the State

(No. 57)

NOTARIES (FOREIGN DOCUMENTS)
(TEMPORARY PROVISION) LAW, 5735—1975 *

1. Until the 9th Sivan, 5736 (31st May, 1976), no person shall be granted a licence to act as a notary for foreign documents under the Notaries (Foreign Documents) Law, 5710—1950 ¹⁾, and the Recommendations Committee shall not consider an application by any person for a licence as aforesaid, unless the Recommendations Committee made its recommendation or the application was submitted, as the case may be, by the 17th Sivan, 5732 (30th May, 1972). Temporary provision.

2. This Law shall have effect from the 22nd Sivan, 5735 (1st June 1975). Commencement,

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 24th Sivan, 5735 (3rd June, 1975) and published in *Sefer Ha-Chukkim* No. 767 of the 3rd Tammuz, 5735 (12th June, 1975), p. 126; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1181 of 5735, p. 286.

¹⁾ *Sefer Ha-Chukkim* of 5710, p. 141; *LSI* vol. IV, p. 103.

(No. 58)

STATE SERVICE (BENEFITS)
(AMENDMENT No. 8) LAW, 5735—1975 *

Amendment of
section 100A.

1. In section 100A of the State Service (Benefits) Law (Consolidated Version), 5730—1970¹⁾ (hereinafter referred to as “the principal Law”); the word “who” and the words “became a State employee before the 5th Iyar, 5716 (16th April, 1956)” shall be deleted and the words “the period of service begun in the circumstances aforesaid” shall be replaced by the words “his period of service”.

Addition of
section 100B.

2. The following section shall be inserted after section 100A of the principal Law:

“Other defence
service before the
establishment of
the State.

100B. Where a person enlisted in Eretz Israel before the 5th Iyar, 5708 (14th May, 1948) for active, full-time service in the *notrut*** of the Government of Eretz Israel or in an organised unit which fought in Eretz Israel for Israel's independence; even though his service in that unit, or part thereof, may have been performed abroad, four fifths of the period of his active full-time service as aforesaid shall be added to his period of service as if such four fifths were a period of service, provided that he has made application to the Service Commissioner, at the time and in the manner prescribed by regulations, for recognition of such active full-time service.”

Applicability.

3. (a) Section 1 shall in respect of the time after the 20th Adar, 5733 (24th March, 1973) apply also to a person who retired from the State Service before its coming into force and to his survivors.

* Passed by the Knesset on the 2nd Tammuz, 5735 (11th June, 1975) and published in *Sefer Ha-Chukkim* No. 768 of the 10th Tammuz, 5735 (19th June, 1975), p. 128; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1175 of 5735, p. 218.

¹⁾ *Sefer Ha-Chukkim* of 5730, pp. 65 and 120 — *LSI* vol. XXIV, pp. 57 and 125; *Sefer Ha-Chukkim* of 5731, p. 107 — *LSI* vol. XXV, p. 106; *Sefer Ha-Chukkim* of 5733, pp. 78, 80, 82, 200 and 255 — *LSI* vol. XXVII, pp. 73, 77, 78, 218 and 294.

** Guard service under the Police Ordinance (Tr).

(b) Section 2 shall in respect of the time subsequent to its coming into force apply also to a person who retired from the State Service before its coming into force and to his survivors.

YITZCHAK RABIN
Prime Minister

YEHOSHUA RABINOVITZ
Minister of Finance

EFRAYIM KATZIR
President of the State

(No. 59)

TELEGRAPHIC PRESS MESSAGES ORDINANCE
(AMENDMENT) LAW, 5735—1975 *

Amendment of
section 1.

1. In the Telegraphic Press Messages Ordinance¹⁾ (hereinafter referred to as "the Ordinance"), the definition of "telegraph office" in section 2 shall be deleted.

Amendment of
section 3.

2. In section 3 of the Ordinance —
- (1) proviso (a) shall be replaced by the following proviso:
"(a) such period shall not extend beyond eighty-four hours from the time when such message was received by a telegraphic instrument maintained at the Post Office or at some other place by authority of the Minister of Communications; and when such instrument has printed such message with the date of its receipt, the same shall be *prima facie* evidence that such message was indeed received by such instrument at such date;"
 - (2) the word "and" at the end of proviso (b) shall be deleted;
 - (3) proviso (c) shall be deleted.

Amendment of
section 5.

3. In section 5 of the Ordinance —
- (1) the marginal note shall henceforth read "Presumptions";
 - (2) the words "In any prosecution under this Ordinance" in the opening passage shall be replaced by the words "In any proceeding under this Ordinance";
 - (3) paragraph (c) shall be replaced by the following paragraph:
"(c) was intended to be received at the address of the person publishing the message or supplying it for publication or of some other person on his behalf by means of a telegraphic instrument maintained at the Post Office or at some other place by authority of the Minister of Communications";
 - (4) the subsection mark "(1)" shall be inserted after the figure "5" and the following subsection shall be added:

* Passed by the Knesset on the 7th Tammuz, 5735 (16th June, 1975) and published in *Sefer Ha-Chukkim* No. 769 of the 17th Tammuz, 5735 (26th June, 1975), p. 130; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1091 of 5734, p. 36.

¹⁾ *Laws of Palestine* vol. II, p. 1401 (English Edition).

"(2) For the purposes of this Ordinance, a newspaper bearing the date of its publication is presumed to have been published at that date. A newspaper ordinarily distributed in the morning is presumed to have been published at 06.00 hours, and a newspaper ordinarily distributed at midday is presumed to have been published at 11.00 hours."

4. Section 6 of the Ordinance shall be replaced by the following **Replacement of section 6.**
section.

"Criminal and civil liability.

6. (1) A person who contravenes the provisions of this Ordinance shall be liable to a fine of 10,000 pounds.

(2) Any publication in contravention of this Ordinance shall be a civil wrong within the meaning of the Civil Wrongs Ordinance (New Version) ¹⁾".

5. In the Schedule to the Criminal Procedure Law, 5725—1965 ²⁾, the following paragraph shall be added after paragraph (10): **Amendment of Criminal Procedure Law.**

"(11) offences under the Telegraphic Press Messages Ordinance."

YITZCHAK RABIN
Prime Minister

AHARON UZAN
*Minister
of Communications*

EFRAYIM KATZIR
President of the State

¹⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 10, p. 266; *NV* vol. II, p. 5.

²⁾ *Sefer Ha-Chukkim* of 5725, p. 161; *LSI* vol. XIX, p. 158.

(No. 60)

GOVERNMENT COMPANIES LAW, 5735—1975 *

CHAPTER ONE: GENERAL PROVISIONS

Definitions.

1. (a) In this Law —

“Government company” means a company in which more than half of the voting power at general meetings or the right to appoint more than half the number of directors is held by the State or by the State together with a Government company or a Government subsidiary company;

“Government subsidiary company” means a company in which more than half of the voting power at general meetings or the right to appoint more than half the number of directors is held by a Government company, a Government subsidiary company or a Government company together with a Government subsidiary company;

“mixed company” means a company, other than a Government company, in which half or less than half of the voting power at general meetings or the right to appoint half or less than half the number of directors is held by the State;

“appointment of director” includes election or designation in any other manner;

“the Ministers” means the Minister of Finance together with the Minister designated under this Law as responsible for the affairs of the company;

“the Committee” means the Finance Committee of the Knesset;

“the Authority” means the Government Companies Authority established by this Law;

“basic documents” means the memorandum of association and rules of association of a company.

(b) For the purposes of the definitions in subsection (a), it is immaterial whether the shares conferring voting power or a right to appoint directors are held directly, or indirectly through an agent or trustee.

* Passed by the Knesset on the 15th Tammuz, 5735 (24th June, 1975) and published in *Sefer Ha-Chukkim* No. 770 of the 25th Tammuz, 5735 (4th July, 1975), p. 132; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1067 of 5733, p. 317.

2. Subject to the provisions of this Law, the Companies Ordinance¹⁾ shall apply to a Government company and the terms in this Law shall have the meanings assigned to the same terms in the Companies Ordinance.

Application of
of Companies
Ordinance.

3. The basic documents cannot derogate from the provisions of this Law.

Overriding
effect of
this Law.

4. (a) A Government company shall act in accordance with the business considerations by which a non-Government company is normally guided, unless the Government, with the approval of the Committee, prescribes other considerations for acting. This provision shall not apply to a Government company the basic documents of which prohibit the distribution of profits.

Guidelines for
Government
company.

(b) Where one of the objects of a Government company is to provide the public with commodities or services on a non-profit basis, the Government may decide that in pursuit of this object the company shall act in accordance with rules binding upon a person who carries out a public function under any law.

CHAPTER TWO: ESTABLISHMENT OF GOVERNMENT COMPANY AND CONVERSION OF COMPANY INTO GOVERNMENT COMPANY

5. (a) The establishment of a Government company requires a decision of the Government. The decision shall be taken upon the proposal of a Minister submitted to the Government together with an opinion from the Authority.

Establishment
of Government
company.

(b) Where the Government has decided to establish a Government company, the Minister of Finance shall bring the decision to the knowledge of the Committee, indicating the sources from which investments in the company are to be financed and attaching the Authority's opinion.

(c) The Government shall prescribe rules for its examination of proposals for the establishment of Government companies and directives for the drawing up of the Authority's opinions. Such rules and directives shall be published in *Reshumot*.

6. In a decision to establish a Government company, the Government shall determine, *inter alia* —

Subjects to be
dealt with in
the
Government's
decision.

(1) the objects of the company, the structure of its share capital and the rights attached to different classes of shares;

¹⁾ *Laws of Palestine* vol. I, p. 161 (English Edition).

- (2) the total number of directors and the number of directors on behalf of the State;
- (3) the Minister responsible for the affairs of the company.

Registration of company.

7. A company the basic documents of which show it to be a Government company shall not be registered unless a certificate by the Authority has been submitted to the Registrar of Companies attesting that the Government has decided to establish the company and that the basic documents conform with the Government's decision. Where a certificate as aforesaid has been submitted, the Registrar shall classify the company as a Government company.

Conversion of company into Government company.

8. (a) A transaction by the State as a result of which a non-Government company becomes a Government company requires a decision of the Government, and sections 5 and 6 shall apply *mutatis mutandis*.

(b) Where rights in a non-Government company which are capable of converting it into a Government company are obtained by the Government otherwise than by way of a transaction, such company, shall become a Government company after six months unless within that time the Government decides that the State shall waive or transfer those rights. In the absence of such a decision, the Government shall, within those six months, determine the particulars referred to in section 6, and the Minister of Finance shall bring them to the knowledge of the Committee.

(c) Where a non-Government company has become a Government company, the Authority shall submit to the Registrar of Companies a certificate attesting such fact, indicating the Minister responsible for the affairs of the company.

Purchase of minority shares.

9. (a) Where a company has become a Government company under section 8, the State shall purchase the shares of the other shareholders who so desire, except redeemable preference shares.'

(b) Within one month after a company becomes a Government company, the Authority shall notify the shareholders concerned of their right under this section, in the manner prescribed in the basic documents of the company for the giving of notice, and within three months after receipt of the notification a shareholder may notify the Authority that he desires the State to purchase all or part of his shares. The Ministers may extend the times with the approval of the Committee.

(c) The price of the shares shall be their value immediately before the company became a Government company. In the absence of

agreement between the parties, such value shall be determined by a person appointed in that behalf by the President of the District Court of Jerusalem, and the Authority shall notify his determination to the shareholder. The price shall, unless otherwise agreed upon, be paid upon the transfer of the shares to the State.

(d) Within fourteen days after the Authority has notified him of the determination of the value of his shares under subsection (c), a shareholder may withdraw his notification under subsection (b).

(e) The provisions of this section shall also apply, *mutatis mutandis*, where the Government has decided as specified in section 4(a) or 15.

10. The Government shall make no investment in a Government company save with the approval of the Committee.

Investments
in Government
company.

11. (a) Decisions of a Government company in the following matters require the approval of the Government:

Decisions
requiring
Government
approval.

- (1) a change in the objects of the company;
- (2) an increase of the registered share capital;
- (3) a change in the rights attached to the shares;
- (4) an allotment of shares of the company, or consent to a transfer of shares where consent is required under the basic documents, if such an allotment or transfer will materially change the balance of power between members of the company or confer upon a new member 10 per cent or more of the nominal value of the share capital or of the voting power in the company or the right to appoint a director;
- (5) the issue of redeemable preference shares;
- (6) the issue of debentures convertible into shares and the conversion into shares of debentures issued without conversion rights or of a loan received by the company;
- (7) the conversion of the company from a non-private company into a private company or *vice versa*;
- (8) a reorganisation or voluntary winding-up of the company, a compromise, an arrangement or amalgamation with another company;
- (9) the establishment of a company, alone or with others, and the acquisition of shares in an existing company, except the acquisition of shares on the stock exchange by a company the ordinary business of which includes acquisition as aforesaid;

(10) an act as shareholder in a Government subsidiary company with respect to one of the matters referred to in paragraphs (1) to (9);

(11) an undertaking to effect one of the acts referred to in paragraphs (1) to (10).

(b) Government approval under subsection (a) shall be decided upon on a proposal of the Ministers, submitted to the Government with the opinion of the Authority. The Minister of Finance shall bring the Government's decision to the knowledge of the Committee. The provisions of section 5(c) shall also apply to approval under this section.

(c) Where the Government has approved a decision on any of the matters referred to in subsection (a), the Authority shall give the company a certificate to such effect. A copy of the certificate shall be submitted to the Registrar of Companies.

(d) Where a decision on any of the matters referred to in subsection (a) requires registration under the Companies Ordinance, the Registrar of Companies shall not register it unless a copy of the said certificate has been submitted to him.

Company
ceasing to be
Government
company.

12. Where a Government company has become a non-Government company, the Authority shall submit a certificate to such effect to the Registrar of Companies.

Certificates
of the
Authority
and appeal.

13. (a) A certificate of the Authority under section 7, 8, 11 or 12 shall be *prima facie* evidence of what is stated therein.

(b) A person who considers himself aggrieved by a certificate of the Authority under section 8 or 12 and who alleges that the company has not become a Government company or that the Government company has not become a non-Government company, as the case may be, may appeal to the District Court of Jerusalem. The period of appeal and the appeal procedure shall be prescribed by the Minister of Justice by regulations.

Winding-up
of Government
company.

14. (a) The Government may bring about the voluntary winding-up of a Government company or the sale of shares held in it by the State if one of the following appears to it to be the case:

- (1) the objects of the company have been achieved or cannot be achieved or cannot be achieved economically or efficiently;
- (2) the objects of the company have been assigned to a statutory authority or another Government company.

(3) it is desirable that the objects of the company should be pursued by a body other than a Government company.

(b) A proposal for a decision under this section shall be submitted to the Government after consultation with the Authority and with the board of directors of the company concerned.

(c) Where the Authority is of the opinion that for one of the reasons specified in subsection (a) the winding-up of a Government company or the sale of the shares held in it by the State should be brought about, and no Minister proposes this to the Government, the Authority shall express its opinion in a reasoned memorandum to the Minister of Finance and to the Government.

15. (a) The Government may bring about the amalgamation of two or more Government companies if it appears to it that their objects are essentially coincident or complementary or may be achieved more economically or more efficiently by one company. Amalgamation of Government companies.

(b) The provisions of section 14 (b) and (c) shall also apply, *mutatis mutandis*, to this section.

CHAPTER THREE: DIRECTOR

16. In this chapter, "director" means a director on behalf of the State in a Government company. Definitions.

17. (a) The following are not qualified to be directors: Restrictions.

(1) a Minister, a Deputy Minister and a Member of the Knesset;

(2) an employee of the company and a person engaged in its service, except the general manager and an elected representative of the employees of the company; for this purpose, the chairman of the board of directors shall not be regarded as an employee of the company;

(3) a member of the public whose other business may, in the opinion of the Minister, create a conflict of interests with his task as a director of that company;

(4) the director and employees of the Authority, except if the company is in the process of winding-up or of liquidation of its business.

(b) A person shall not be a director in more than two companies, except in cases prescribed by the Minister of Finance by regulations in consultation with the Authority and with the approval of the Committee.

(c) The Minister of Finance may, in consultation with the Authority and with the approval of the Committee, prescribe by regulations—

- (1) provisions as to the qualifications of a director;
- (2) how many directors shall be members of the public and how many shall be State employees;
- (3) rules according to which an elected representative of the employees of a company shall be designated as a director and the kinds of companies in which such a director shall serve.

(d) The number of directors who are State employees shall not exceed two thirds of the total number of directors appointed as representatives of the Government.

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| Appointment. | 18. (a) A director shall be appointed by the Ministers after consultation with the Authority.
(b) The letter of appointment shall be delivered to the director by the Ministers and a copy thereof shall be delivered to the company through the Authority.
(c) The appointment shall be effective from the date of delivery of the letter of appointment to the company, unless another date is prescribed therein. |
| Remuneration and expenses. | 19. The Minister of Finance may, in consultation with the Authority and with the approval of the Committee, make regulations as to the remuneration and expenses payable to a director. |
| Duty to give information. | 20. (a) Notwithstanding any other law, a director shall give the Ministers and the Authority, at their or its request, information concerning the affairs of the company and on his activities in it.
(b) Where a director becomes aware of a matter of the company which, <i>prima facie</i> , discloses an infringement of any law or of moral standards, he shall without delay bring the same to the knowledge of the chairman of the board of directors, the Ministers, the Authority and the State Comptroller. |
| Period of tenure. | 21. A director shall be appointed for a period not exceeding three years from the coming into effect of the appointment. A director who has ceased to hold office may be reappointed. |
| Termination of tenure. | 22. (a) A director shall cease to hold office before the expiration of the period for which he was appointed if —
(1) he has resigned by delivering a letter of resignation to the Ministers; the Ministers may delay the coming into effect |

- of the resignation by not more than one month; or
- (2) he has been absent from four consecutive meetings of the board of directors or from six meetings within a year, unless the Ministers, after consultation with the Authority, have declared by notice to the company that the absence was for just cause; or
- (3) he is unable to carry out his functions and the Ministers, after consultation with the Authority, have so notified the company; or
- (4) he has been convicted of an offence which, in the opinion of the Attorney-General, involves moral turpitude or necessitates discontinuance of his tenure; or
- (5) one of the circumstances disqualifying a person from being director exists in his case;
- (6) the Ministers, after consultation with the Authority, consider that he does not properly fulfil his task and remove him from office by notice to the company,

(b) Where a director was appointed while being a State employee or an employee of another Government company and he ceases to be an employee as aforesaid, he shall cease to hold office on the day when the Authority so notifies the company; but the Ministers may, after consultation with the Authority, reconfirm his appointment.

23. Where a director is suspected of an offence which in the opinion of the Attorney-General involves moral turpitude, the Ministers may suspend him by notice to the company, and they may appoint a substitute for him for the period of his suspension. Suspension.

CHAPTER FOUR: BOARD OF DIRECTORS

ARTICLE ONE: CHAIRMAN OF BOARD OF DIRECTORS

24. (a) The board of directors of a Government company shall elect one of its members as its chairman; the election shall require the approval of the Ministers after consultation with the Authority. But the Government may appoint the chairman of the board of directors from among the members thereof if it deems it necessary so to do. Election.

(b) The general manager of a company shall not be chairman of the board of directors.

25. Notwithstanding any other law, the chairman of the board of directors shall deliver to the Ministers and to the Authority, once in six months and at any time at their or its request, a written report on the activities of the company and the work of the board of directors. Duty to make report.

ARTICLE TWO: WORK OF THE BOARD OF DIRECTORS

Times of meetings.

26. (a) Meetings of the board of directors of a Government company shall take place according to the requirements of the company but at least once in two months, unless the Ministers, after consultation with the Authority, prescribe other times according to the nature of the company's business.

(b) The board of directors shall hold a special meeting if the Ministers, the Authority or a director so request or requests. The meeting shall be held within seven days from the date of the request unless it has been requested that it be held within a shorter time. The meeting shall deal with the matters specified in the request and its decisions shall forthwith be brought to the knowledge of the Ministers and the Authority.

Convening and agenda of meeting.

27. (a) The chairman of the board of directors shall convene meetings of the board and shall, subject to the provisions of section 26, prescribe the time, place and agenda thereof.

(b) Invitations to meetings of the board of directors shall also be delivered to the Authority. The Authority may send to each meeting a representative, who may take part in the meeting and whose status thereat shall be that of a director, except that he shall not be counted in the quorum and shall have no voting rights.

Quorum and majority.

28. Unless otherwise provided in the basic documents of the company, a quorum at meetings of the board of directors shall be a majority of the members thereof including at least one director on behalf of the State, decisions shall be passed by a majority of the votes of those taking part in the voting, and in the event of an equality of votes the chairman shall have a casting vote.

Committees.

29. (a) The board of directors may set up from among its members permanent and *ad hoc* committees.

(b) The provisions of section 27(b) shall also apply to meetings of a committee.

(c) The summings-up of a committee shall be regarded as recommendations to the board of directors, which may adopt, vary or reject them.

Delegation of powers.

30. (a) The board of directors may delegate any of its powers to one or several or a committee of its members or to the general manager, except the powers under section 32 and a power in respect

of which the Government has decided or the Ministers have notified the company that it shall not be delegated.

(b) Where the board of directors has delegated any power to a committee, it may direct that section 29(c) shall not apply thereto.

31. The Minister of Finance may, upon the recommendation of the Authority, prescribe rules of procedure for the work and deliberations of a board of directors, either for Government companies generally or for particular categories thereof. Determination of procedure.

ARTICLE THREE: FUNCTIONS OF THE BOARD OF DIRECTORS

32. (a) Without prejudice to its other functions, the board of directors shall — Mandatory matters.

- (1) determine the general policy of the company within the scope of its objects, and its financial activities;
- (2) determine each year —
 - (a) the annual budget of the company, the manner of its implementation and the use of the resources at the company's disposal;
 - (b) the company's plan of operations for that year and its long-range plans;
 - (c) the company's establishment of employees and the persons engaged in its service;
- (3) follow up continuously the implementation of the company's policy, plans and budgets;
- (4) determine, in accordance with rules prescribed by the Government and with its approval, the pay, social security conditions, benefits, gratuities and other conditions of employment of the general manager, the deputy general manager and the assistant general managers, the departmental managers, the financial manager, the internal controller, the secretary of the company and other office-holders designated in that behalf by the Ministers after consultation with the Authority (all the aforementioned hereinafter collectively referred to as "the senior officials") and of other employees of the company;
- (5) approve, on the recommendation of the general manager, the appointment of senior officials in accordance with the establishment;
- (6) consider the draft financial reports of the company and the comments of the auditors upon them and, after approval

of the financial reports, consider each item in respect of which the auditor has expressed a reservation, made an observation or refrained from expressing an opinion;

(7) approve the grant of loans and deposit of moneys which deviate from the ordinary course of the company's business;

(8) consider any matter which the Minister or the Authority have or has requested to be put on the agenda or of which the general manager has given notice under section 41;

(b) The Minister of Finance may, on the recommendation of the Authority, prescribe rules for the drawing up of the budgets and plans referred to in subsection (a) (2) either for Government companies generally or for particular categories thereof.

Financial reports.

33. (a) The board of directors shall each year see to the drawing up of the following reports:

(1) a balance-sheet;

(2) a profit-and-loss account, including the purposes to which profits are to be applied;

(3) a report of the company's resources and the manner of their use;

(4) in the case of a company which has a subsidiary company — consolidated financial reports unless, in the opinion of the board of directors and the Authority, the character of the activities of the companies or the date of the drawing up of their financial reports does not permit the same.

(b) The Minister of Finance may require a Government company to draw up an additional financial report and may prescribe a date for its submission.

(c) A decision of the board of directors as to the application of the profits of the company shall require the approval of the Authority. Where the Authority objects to the decision of the board of directors, the issue shall be referred to the Ministers for determination.

(d) The provisions of this section shall not derogate from the provisions of any other law as to the drawing up of financial or other reports.

Submission of documents.

34. (a) The chairman of the board of directors shall submit to the Ministers and the Authority —

(1) drafts of the budget and plans referred to in section 32(a)(2), and drafts of the reports referred to in section 33(a), one month before the date for consideration thereof unless

the Ministers, in consultation with the Authority, have prescribed a shorter period;

(2) the documents referred to in paragraph (1), immediately after the board of directors has approved them;

(3) a copy of the minutes of meetings of the board of directors, within two weeks from the meeting concerned.

(b) The documents referred to in subsection (a) shall also be submitted to the State Comptroller, as well as to the Committee at its request.

(c) The Ministers may direct in respect of a particular Government company that any of the documents referred to in subsection (a) shall be kept as they may direct and shall only be delivered to persons indicated in their direction, and the Minister of Defence may so direct if he considers that reasons of State security so require; a direction under this subsection shall not derogate from the provision of subsection (b).

35. (a) Where the chairman of the board of directors becomes aware of any matter of the company which, *prima facie*, discloses an infringement of any law or of moral standards or any other similar defect, he shall without delay bring such matter to the knowledge of the Ministers, the State Comptroller and the Authority, unless they have been notified thereof under section 20(b), and shall without delay convene a meeting of the board of directors for deliberation and the determination of modes of action; but the board of directors shall not decide upon the matter before the said authorities have been given a period of fourteen days to express their opinion.

Duty to
notify and
restriction on
decisions.

(b) The provisions of this section shall not derogate from a duty of notification under any other law.

36. (a) The board of directors may, whenever it deems it necessary —

Obtaining
information.

(1) request of the general manager of a subsidiary of the company information as to any matter which in its opinion relates to the affairs of the subsidiary company;

(2) request of the auditor and the internal controller of a company or of a subsidiary thereof a report as to that company.

(b) Copies of a report delivered to the board of directors under subsection (a) (2) shall be delivered to the general manager and the Authority.

CHAPTER FIVE: GENERAL MANAGER

- Appointment.** 37. (a) The board of directors of a Government company shall appoint the general manager; the appointment shall require the approval of the Ministers, given after consultation with the Authority:
Provided that the Government may appoint the general manager if it deems it necessary so to do.
(b) A Minister, a Deputy Minister or a Member of the Knesset shall not be the general manager of a Government company.
- Declaration of property.** 38. A person who has been appointed general manager of a Government company shall, at such time and in such manner and form as are prescribed by regulations, declare the assets, liabilities and sources of income of himself, his spouse who lives with him and his children who are supported by him. He shall also declare as aforesaid any material changes in these data.
- Functions.** 39. The general manager is responsible for the day-to-day conduct of the affairs of the company within the framework of the budget and plans determined under section 32(a)(2) and of the decisions of the board of directors.
- Powers.** 40. (a) The general manager shall have all the powers that may be conferred on a manager under the Companies Ordinance and the basic documents of the company, except the powers vested by this Law in the board of directors or any other authority.
(b) The general meeting may limit or restrict the powers of the general manager, and so may the board of directors. A decision to do so shall be submitted to the Registrar of Companies and the Authority.
- Duty to report.** 41. (a) The general manager shall without delay notify the chairman of the board of directors of any material matter of the company which concerns the functions of the board of directors. If the matter exceeds, or is likely to exceed, what has been determined by the board of directors under section 32(a), or is one of the matters enumerated in section 35, the chairman of the board of directors shall without delay convene a meeting thereof and shall place the notification before it.
(b) The general manager shall deliver to the board of directors, at the times prescribed by it, a report on the day-to-day activities of the company.

42. (a) The general manager shall cease to hold office if —

Termination
of tenure.

- (1) he resigns by delivering a letter of resignation to the chairman of the board of directors; or
- (2) the Government removes him from office; or
- (3) the board of directors removes him from office by decision passed by a majority of the votes of those taking part in the voting; or
- (4) the board of directors finds, during the first year of his tenure, that he is not suited for his functions; or
- (5) the board of directors finds that he is permanently unable to carry out his functions; or
- (6) he is convicted of an offence which, in the opinion of the Attorney-General, involves moral turpitude or necessitates discontinuance of his tenure; or
- (7) he becomes disqualified for his post according to the Companies Ordinance or any other law; or
- (8) the company is wound up.

(b) The tenure of the general manager shall terminate —

- (1) in the case of resignation, three months from the date of delivery of the letter of resignation, unless the board of directors prescribes an earlier date;
- (2) in any of the cases envisaged in subsection (a) (2) to (5), on the date prescribed in the decision;
- (3) in the case envisaged in subsection (a) (6), upon delivery of notice to the chairman of the board of directors;
- (4) in the case of the company being wound up, upon the commencement of the winding-up.

(c) Where the tenure of the general manager has terminated, the board of directors may appoint an acting general manager pending the appointment of a general manager under section 37.

43. (a) The board of directors may suspend a general manager if it sees reason to suspect that he has committed a criminal offence which has caused damage to the company, and it shall suspend him if an information has been filed against him for an offence which in the opinion of the Attorney-General justifies his suspension.

(b) Where the general manager has been suspended, the board of directors may appoint an acting general manager for the period of his suspension.

CHAPTER SIX: HOLDERS OF SPECIAL OFFICES

ARTICLE ONE: AUDITOR

Appointment and remuneration.

44. (a) The appointment of an auditor for a Government company shall require the approval of the Authority.

(b) A member of the Knesset shall not be an auditor of a Government company and shall not be a partner in a partnership, or a shareholder in a body corporate, which is an auditor of a Government company.

(c) The Minister of Finance, together with the Minister of Justice, may, with the approval of the committee, prescribe rules as to —

- (1) the modes of appointing, and of annulling the appointment of, an auditor of a Government company;
- (2) conditions and qualifications for the appointment;
- (3) the apportionment of appointments to Government companies among qualified auditors;
- (4) the length of time that an auditor may serve with a Government company;
- (5) the remuneration of auditors of Government companies.

Duty to report.

45. Notwithstanding anything provided in any other law, the auditor of a Government company shall, at the request of the board of directors, the Ministers or the Authority, deliver to it or them information as to the affairs of the company, carry out a special inspection with the company and deliver to it or them a report of the results thereof.

Replacement.

46. A Government company shall not annul the appointment of an auditor during his period of tenure unless the Authority has given him an opportunity to be heard before it and has approved the annulment.

ARTICLE TWO: LEGAL ADVISERS

Appointment and remuneration.

47. (a) The appointment of a legal adviser to a Government company shall require the approval of the Authority.

(b) A Member of the Knesset shall not be a legal adviser to a Government company and shall not be a partner in a partnership, or a shareholder in a body corporate, which is a legal adviser to a Government company.

(c) The Minister of Finance, together with the Minister of Justice, may, with the approval of the Committee, prescribe rules as to —

- (1) the modes of appointing, and of annulling the appointment of, a legal adviser to a Government company;
- (2) conditions and qualifications for the appointment;
- (3) the apportionment of appointments to Government companies among qualified advocates;
- (4) the length of time that an advocate may serve as a legal adviser to a Government company;
- (5) the remuneration of legal advisers to Government companies.

ARTICLE THREE: INTERNAL CONTROLLER

48. The board of directors of a Government company shall appoint an internal controller for the company unless the Authority certifies that the volume or character of the company's activities does not necessitate the appointment of an internal controller. Appointment.

49. (a) The board of directors shall prescribe the functions and powers of the internal controller. Powers and status.

(b) The internal controller shall be subordinate to the chairman of the board of directors and the general manager and shall submit his reports and proposals to the board of directors.

ARTICLE FOUR: REPRESENTATIVE OF THE STATE AT GENERAL MEETING

50. (a) The Minister shall appoint a representative of the State to take part in and vote at the general meeting of a Government company by virtue of the shares the State holds therein. Appointment and instructions.

(b) Notice of the date of a general meeting shall be given to the Authority at least two weeks in advance unless the Authority has agreed to a shorter period.

(c) The Ministers may, after consultation with the Authority, instruct the representative how to vote at the general meeting.

CHAPTER SEVEN: GOVERNMENT COMPANIES AUTHORITY

51. There is hereby established a "Government Companies Authority". Establishment of authority.

52. (a) The functions of the Authority shall be carried out by the Director of the Authority. Director of authority.

(b) The Director of the Authority shall be appointed by the Government upon the proposal of the Minister of Finance. Notice

of the appointment shall be published in *Reshumot*. The duty of announcing the vacancy under section 19 of the State Service (Appointments) Law, 5719—1959¹⁾, shall not apply to the appointment.

Advisory
Committee.

53. (a) The Minister of Finance shall appoint an Advisory Committee to the Director of the Authority. Notice of the appointment and composition of the Committee shall be published in *Reshumot*.

(b) The Director of the Authority shall consult with the Advisory Committee on matters relating to Government companies generally or to particular categories thereof.

Functions of
Authority.

54. The Authority shall —

- (1) advise the Government, through the Minister of Finance and the Ministers, on matters relating to Government companies;
- (2) in accordance with directives from the Government, deal with matters common to all Government companies or to particular classes thereof;
- (3) follow up and assist in the implementation of the State Comptroller's recommendations relating to Government companies;
- (4) advise and assist Government companies in the conduct of their business;
- (5) follow up continuously the activities of each Government company, the implementation of its objects, the course of its business, its financial position and its wage policy and communicate its findings to the Ministers;
- (6) examine the reports submitted to it by a Government company and the material on which they are based and make its comments thereon to the company and the Ministers;
- (7) deal with and assist in the establishment, winding-up and amalgamation of Government companies, as well as in compromise settlements and arrangements and the reorganisation and the sale of shares thereof;
- (8) carry out, in respect of a Government company, any function entrusted to it by the Government or the Ministers;
- (9) carry out any other function assigned to it by this Law.

Obtaining
information.

55. For the purpose of carrying out its functions, the Authority may request of a director-on-behalf-of-the-State or the general manager of a Government company, and through him of any person employed by or engaged in the service of the company, information and material

¹⁾ *Sefer Ha-Chukkim* of 5719, p. 86; *LSI* vol. XIII, p. 87.

on the affairs of the company and may inspect records and documents of the company.

56. (a) The Authority shall deliver a report on its activities to the Government, through the Minister of Finance, and to the Committee, at the request of each, but at least once a year. Duty to report.

(b) The Authority shall once a year deliver to the Minister of Finance a report on Government companies, setting out, in respect of each, the rights of the State therein, the principal objects thereof, the holders of office therein and the main content of its last financial reports. The Minister of Finance shall bring the report before the Committee.

CHAPTER EIGHT: SUBSIDIARY, MIXED AND FOREIGN COMPANIES

57. This Law shall apply to a Government subsidiary company in like manner as it applies to a Government company, subject to the following provisions: Application of Law to subsidiary companies.

- (1) the Minister responsible for the affairs of the parent company is also the Minister responsible for the affairs of the subsidiary company;
- (2) a decision of a subsidiary company requiring the approval of the Government under section 11 shall be brought before the Ministers through the parent company for the purpose of obtaining the said approval, and a document which a subsidiary company has to submit to the Ministers, the Authority or some other addressee shall be submitted through the parent company;
- (3) a director of a subsidiary company on behalf of the parent company shall be appointed by the board of directors of the parent company; the appointment shall require the approval of the Ministers given after consultation with the Authority;
- (4) information which a director of a subsidiary company has to give under section 20 shall also be given to the chairman of the board of directors of the parent company;
- (5) a letter of resignation of a director of a subsidiary company shall also be delivered to the chairman of the board of directors of the parent company, and notice by the Ministers under section 22(a)(2) to (6) shall also be given to the parent company.

Application
of Law to
mixed
companies.

58. (a) The following provisions shall also apply, *mutatis mutandis*, to a mixed company:

- (1) sections 5 and 6, for the purpose of the establishment of the company;
- (2) section 8, for the purpose of the conversion of a non-Government company into a mixed company;
- (3) section 14, for the purpose of the sale of shares in the company held by the State;
- (4) Chapter Three, for the purposes of directors-on-behalf-of-the-State;
- (5) section 50 (a) and (c), for the purpose of the representation of the State at a general meeting of a mixed company;
- (6) sections 54(1) and 56(b), for the purposes of the Authority; for the purpose of carrying out its functions, the Authority may request of a director-on-behalf-of-the-State in a mixed company information and material on the affairs of the company.

(b) The Authority shall examine any information and material received by it concerning a mixed company and shall make its comments to the Ministers and to a director-on-behalf-of-the-State.

(c) The provisions of subsection (a)(2) and (3) shall not apply to the purchase and sale of shares on the stock exchange.

Application
of provisions
to foreign
company.

59. (a) The following provisions shall also apply, *mutatis mutandis*, to a company incorporated outside Israel (hereinafter referred to as "a foreign company"):

- (1) sections 5 and 6, in respect of the establishment of a foreign company which, if it were established in Israel, would be a Government company or a Government subsidiary company;
- (2) section 8, in respect of the conversion of a foreign company into a company which, if it were an Israeli company, would be a Government company or a Government subsidiary company;
- (3) sections 17 to 23, in respect of the directors-on-behalf-of-the State of a foreign company, in so far as those sections are not repugnant to the basic documents of the company or to the laws of the country in which it is incorporated.

(b) A representative of the State at a general meeting of a foreign company shall, with regard to matters referred to in section 11(a), vote only in accordance with instructions from the Ministers. They

shall submit the proposed decision to the Government as provided in section 11(b) and shall issue instructions in accordance with its determination.

CHAPTER NINE: APPLICATION OF LAW

60. The provisions of this Law shall also apply, *mutatis mutandis*, to companies without a share capital and bodies corporate other than companies, except statutory bodies, if the State controls or participates in them to the extent specified in section 1(a) in respect of a Government company. Application to bodies other than share companies.

61. (a) For the purposes of this Law, there shall also be regarded as a Government company — Application to certain bodies.

(1) the National Water Authority, within the meaning of section 46 of the Water Law, 5719—1959¹⁾;

(2) a company in which half the voting power at general meetings or the right to appoint half the number of directors is held by the State and at least one quarter of the voting power or the right to appoint at least one quarter of the number of directors is held by a local authority or a company controlled by it.

(b) For the purposes of the establishment of a company referred to in subsection (a)(2), the proposal referred to in section 5(a) shall be submitted after consultation with the Minister of the Interior.

62. This Law shall not apply to a company acting as a council for agricultural production or marketing. Inapplicability to agricultural councils.

63. The provisions of this Law shall not apply, wholly or in part — Inapplicability in special cases.

(1) to a company in respect of which the Government, with the approval of the Committee, has decided that reasons of State security, foreign relations or international trade relations so require;

(2) to a foreign company engaged in a kind of activity in respect of which the Government, with the approval of the Committee, has decided that reasons as aforesaid require that the said provisions shall not apply to a company engaged therein.

¹⁾ *Sefer Ha-Chukkim* of 5719, p. 166; *LSI* vol. XIII, p. 173.

CHAPTER TEN: MISCELLANEOUS PROVISIONS

Saving of powers of State Comptroller.	64. Nothing in this Law shall derogate from the functions or powers assigned to the State Comptroller by the State Comptroller Law (Consolidated Version), 5718—1958 ¹⁾ , or any other law.
Saving of State Property Law.	65. This Law shall not derogate from the provisions of the State Property Law, 5711—1951 ²⁾ .
Powers not delegable.	66. The powers of the Ministers under this Law are not delegable.
Notification of suspicion of offence.	67. Where the Ministers have received information under this Law disclosing a suspicion that a criminal offence has been committed, they shall notify the Attorney-General accordingly.
Penalties.	<p>68. (a) A director on behalf of the State who knowingly contravenes the provisions of section 20, a general manager of a Government company or Government subsidiary company who knowingly contravenes the provisions of section 41 and a representative of the State who does not comply with instructions given him under sections 50(c), 58(a)(5) or 59(b) shall be liable to imprisonment for a term for one year or a fine of 20,000 pounds.</p> <p>(b) For the purposes of subsection (a), it shall be immaterial whether the offence is committed in or outside Israel, and the courts in Israel shall be competent to try a person even if he committed the offence abroad.</p>
Amendment of the Penal Law Amendment (Public Servants) Law.	<p>69. In the Penal Law Amendment (Public Servants) Law, 5717—1957 ³⁾, the following paragraph shall be added after section 1(10):</p> <p>“(11) a director on behalf of the State of a Government company, Government subsidiary company or mixed company, within the meaning of the Government Companies Law, 5735—1975, and a person employed by or engaged in the service of a company as aforesaid.”.</p>
Transitional provisions.	70. (a) A person who before the coming into force of this Law was appointed director on behalf of the State of a Government company, a Government subsidiary company, a mixed company or a foreign

¹⁾ *Sefer Ha-Chukkim* of 5718, p. 92; *LSI* vol. XII, p. 107.

²⁾ *Sefer Ha-Chukkim* of 5711, p. 52; *LSI* vol. V, p. 45.

³⁾ *Sefer Ha-Chukkim* of 5717, p. 88; *LSI* vol. XI, p. 89.

company shall cease to hold office not later than eighteen months after the coming into force of this Law unless he is reappointed under the provisions of this Law.

(b) A member of the Knesset who immediately before the coming into force of this Law holds one of the offices which this Law debars a Member of the Knesset from holding may continue holding it as long as he is a Member of the Eighth Knesset.

(c) This Law shall not affect any contract entered into by a Government company before its coming into force.

71. The Minister of Finance is charged with the implementation of this Law and may make regulations as to any matter relating to its implementation. **Implementation and regulations.**

72. This Law shall come into force upon the expiration of six months from its adoption by the Knesset. **Commencement.**

YITZCHAK RABIN
Prime Minister

YEHOSHUA RABINOVITZ
Minister of Finance

EFRAYIM KATZIR
President of the State

(No. 61)

EMERGENCY REGULATIONS (EMERGENCY WORK
VOLUNTEERS) (INSURANCE) (EXTENSION OF VALIDITY)
LAW, 5735—1975 *

Extension
of validity.

1. The validity of the Emergency Regulations (Emergency Work Volunteers) (Insurance), Law, 5727—1967¹⁾, is hereby extended until the 27th Tevet, 5736 (31st December, 1975).

Commencement.

2. This Law shall come into force on the 21st Tammuz, 5735 (30th June, 1975).

YITZCHAK RABIN
Prime Minister

MOSHE BARAM
Minister of Labour

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 16th Tammuz, 5735 (25th June, 1975) and published in *Sefer Ha-Chukkim* No. 770 of the 25th Tammuz, 5735 (4th June, 1975), p. 145; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1192 of 5735, p. 385.

¹⁾ *Kovetz Ha-Takkanot* of 5727, p. 2607; *Sefer Ha-Chukkim* of 5728, p. 24—*LSI* vol. XXII, p. 25; *Sefer Ha-Chukkim* of 5729, p. 34—*LSI* vol. XXIII, p. 40; *Sefer Ha-Chukkim* of 5730, p. 106—*LSI* vol. XXIV, p. 110; *Sefer Ha-Chukkim* of 5732, p. 114—*LSI* vol. XXVI, p. 131; *Sefer Ha-Chukkim* of 5734, p. 92—*LSI* vol. XXVIII, p. 94.

(No. 62)

NAMES (AMENDMENT) LAW, 5735—1975 *

1. In the Names Law, 5716—1956¹⁾ (hereinafter referred to as “the principal Law”), the words “or the surnames of both parents” shall be inserted after the words “the surname of the mother” in section 3. Amendment of section 3.

2. The following section shall be inserted after section 9 of the principal Law: Addition of section 9A.

“Determination of father's first name. 9A. Where the first name of a person's father is not known, the first name of his mother's father shall be regarded as the first name of his father. Where the first name of his mother's father is not known either, the Minister of the Interior may decide upon a first name which shall be regarded as the first name of that person's father.”.

3. In section 12 of the principal Law, the words “and a minor of whose parents one has changed his surname to that of the other shall thereby receive the joint surname” shall be added at the end. Amendment of section 12.

4. Section 17 of the principal Law shall be re-marked as section 17(a) and the following subsection shall be added thereafter: Amendment of section 17.

“(b) Where a person used the new name before the coming into force of this Law and that name was entered in a public document within the meaning of the Evidence Ordinance (New Version), 5731—1971²⁾, the Minister of the Interior may prescribe that the change of name shall have effect from the date on which the person began to use that name.”.

5. Section 19 of the principal Law shall be replaced by the following section: Replacement of section 19.

* Passed by the Knesset on the 22nd Tammuz, 5735 (1st July, 1975) and published in *Sefer Ha-Chukkim* No. 771 of the 2nd Av, 5735 (10th July, 1975), p. 148; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1140 of 5734, p. 281.

¹⁾ *Sefer Ha-Chukkim* of 5716, p. 94; *LSI* vol. X, p. 95.

²⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 18, p. 421; *NV* vol. II, p. 198.

"Register of
Name Changes.

19. The choice of a name, and the change of a name, under sections 6 to 14 shall be recorded in a "Register of Name Changes", which shall be open to inspection by the public."

Amendment of
section 25.

6. In section 25 of the principal Law, paragraph (1) shall be replaced by the following paragraph:

"(1) the keeping and inspection of a Register of Name Changes;"

Addition of
section 27.

7. The following section shall be added after section 26 of the principal Law:

"Application.

27. This Law shall only apply to a person registered in the Population Register under the Population Registry Law, 5725—1965¹⁾).

YITZCHAK RABIN
Prime Minister

YOSEF BURG
*Minister of the
Interior*

EFRAYIM KATZIR
President of the State

¹⁾ *Sefer Ha-Chukkim* of 5725, p. 270; *LSI* vol. XIX, p. 288.

(No. 63)

SERVICES TAX (BANKING INSTITUTIONS AND INSURANCE
COMPANIES) (AMENDMENT No. 3) LAW, 5735—1975 *

Amendment of section 2. 1. In section 2 of the Services Tax (Banking Institutions and Insurance Companies) Law, 5733—1973¹⁾ (hereinafter referred to as “the principal Law”) —

(1) the expression “1973 and 1974” in subsection (a) shall be replaced by the expression “1973 to 1975”;

(2) the words “and ... in respect of the tax year 1974” in subsection (b) shall be replaced by the words “and ... in respect of the tax years 1974 and 1975”.

Amendment of section 4. 2. In section 4(a) of the principal Law, the following paragraph shall be added at the end:

“(3) A person liable to services tax in respect of the tax year 1975 shall, on the 10th July and 10th September of that year, make advance payments, each at the rate of 2 per cent of the amount of the income, within the meaning of section 2, for the preceding tax year, and on the 10th December make an advance payment of 2½ per cent of the said amount.”.

YITZCHAK RABIN
Prime Minister

YEHOSHUA RABINOVITZ
Minister of Finance

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 28th Tammuz, 5735 (7th July, 1975) and published in *Sefer Ha-Chukkim* No. 772 of the 9th Av, 5735 (17th July, 1975), p. 150; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1179 of 5735, p. 278.

¹⁾ *Sefer Ha-Chukkim* of 5733, p. 147 — *LSI* vol. XXVII, p. 162; *Sefer Ha-Chukkim* of 5734, p. 60 — *LSI* vol. XXVIII, p. 58; *Sefer Ha-Chukkim* of 5735, p. 31 — *supra*, p. 37.

(No. 64)

ENCOURAGEMENT OF CAPITAL INVESTMENTS
(AMENDMENT No. 12) LAW, 5735—1975 *

Amendment of section 94. 1. In the Encouragement of Capital Investments Law, 5719—1959¹, the expression “the 22nd Tammuz, 5735 (1st July, 1975)” in section 94 (a)(1) shall be replaced by the expression “the 29th Adar Bet, 5736 (31st March, 1976)”.

YITZCHAK RABIN
Prime Minister

YEHOSHUA RABINOVITZ
Minister of Finance

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 28th Tammuz, 5735 (7th July, 1975) and published in *Sefer Ha-Chukkim* No. 772 of the 9th Av, 5735 (17th July, 1975), p. 150; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1190 of 5735, p. 380.

¹ *Sefer Ha-Chukkim* of 5719, p. 234 — *LSI* vol. XIII, p. 258; *Sefer Ha-Chukkim* of 5735, p. 83 — *supra*, p. 103.

(No. 65)

NATIONAL INSURANCE (AMENDMENT No. 17) LAW,
5735—1975 *

1. In the National Insurance Law (Consolidated Version), 5728—1968¹⁾ (hereinafter referred to as “the principal Law”), the term “family allowance” shall wherever occurring be replaced by the term “children’s pension**”. Replacement of term.
2. In section 5 of the principal Law, in the definition of “child”, the words “and the term “parent” shall be construed accordingly” shall be added after paragraph (4). Amendment of section 5.
3. In section 9 of the principal Law, the words “under items 1 to 4 of Table IV” shall be replaced by the words “under section 21”. Amendment of section 9.
4. In section 11 of the principal Law — Amendment of section 11.
 - (1) in subsection (a), the expression “subsection (c)” shall be replaced by the words “this article” and the words “at the rate stated in Table III as a percentage of the average wage” shall be replaced by the words “at the rate of 16 per cent of the average wage”;
 - (2) the following subsection shall be inserted after subsection (a):

“(a1) Where an insured person as referred to in subsection (a) has dependants, he shall be paid for them, in addition to his pension, a dependants’ allowance at a rate as stated hereunder:

 - (1) for a spouse as referred to in section 17(1) or (3), 8 per cent of the average wage;
 - (2) for each of his first two children, 5 per cent of the average wage.”;
 - (3) in subsection (d), the words “stated in Table III” shall be replaced by the words “specified in subsections (a) and (a1)”.

* Passed by the Knesset on the 2nd Av, 5735 (10th July, 1975) and published in *Sefer Ha-Chukkim* No. 773 of the 12th Av, 5735 (20th July, 1975), p. 152; the Bill and an Explanatory Note were published in *Haiza’ot Chok* No. 1190 of 5735, p. 371.

¹⁾ *Sefer Ha-Chukkim* of 5728, p. 108 — *LSI* vol. XXII, p. 114; *Sefer Ha-Chukkim* of 5735, p. 102 — *supra*, p. 129.

** The somewhat awkward expression “children’s pension” has been chosen for reasons of consistency in rendering the original, so as to avoid terminological complications (Tr.).

Amendment of section 12A. 5. In section 12A of the principal Law, the words "under section 11(a)" shall be replaced by the words "under section 11(a) and (a1)".

Amendment of section 21. 6. In section 21 of the principal Law —
(1) subsection (a) shall be replaced by the following subsections:
“(a) Where an insured person has died, the Institute shall pay a grant as provided in section 23 or a monthly survivors’ pension at a rate as stated hereunder:
(1) 16 per cent of the average wage —
(a) to a widow who has children with her;
(b) to a widower who has children with him, so long as they are with him;
(c) to a widow or widower who immediately before the death of the insured person was incapable of supporting herself or himself, so long as she or he is so incapable;
(d) to a widow or widower who is fifty years of age or over;
(2) 12 per cent of the average wage to a widow or widower who is forty years of age or over but under fifty years of age and who meets none of the requirements of paragraph (1)(a) to (c).
(a1) A widow or widower who has children with her or him shall be paid by the Institute, so long as the children are with her or him, an allowance at the rate of 5 per cent of the average wage for each of the first two children.
(a2) Where an insured person has left children and there is no widow or widower entitled to an allowance for them, the rates of the pension shall be as follows:
(1) subject to paragraph (2), if the children have a parent, a pension shall be paid at the rate of 10 per cent of the average wage where there is only one child and 7½ per cent of the average wage for each of the first two children;
(2) if the children have no parent or the parent lives permanently abroad, a pension at the rate of 10 per cent of the average wage shall be paid for each child.”;
(2) in subsection (d), the words “stated in Table IV” shall be replaced by the words “specified in subsection (a), (a1) and (a2)”.

Amendment of section 23. 7. In section 23 of the principal Law —
(1) subsection (a) shall be replaced by the following subsection:

- “(a) A widow under forty years of age who is not entitled to a pension or whose right to a pension has ceased shall be paid by the Institute a grant of an amount equal to a survivors’ pension at the rate stated in section 21(a)(1), multiplied by thirty-six.”;
- (2) in subsection (b), the closing passage, beginning with the words “and the Institute shall pay her”, shall be deleted.
8. In section 24 of the principal Law, the words “under Table IV” shall be replaced by the words “under section 21”. Amendment of section 24.
9. In section 28 of the principal Law, the words “under item 5 of Table IV” shall be replaced by the words “under section 21 (a1) and (a2)”. Amendment of section 28.
10. In section 54 of the principal Law, the closing passage of subsection (b), beginning with the words “For the present purpose”, shall be deleted. Amendment of section 54.
11. In section 90 of the principal Law, in the definition of “orphan” — Amendment of section 90.
- (1) the words “an orphan being” shall be inserted after the word “means”;
- (2) the closing passage, beginning with the words “and to or for whom” shall be replaced by the words “and by right of whose parent a survivors’ pension or dependant’s pension is payable”.
12. In section 101 of the principal Law, the closing passage of subsection (b), beginning with the words “For the present purpose” shall be deleted. Amendment of section 101.
13. The heading of Chapter Five of the principal Law shall be replaced by the following heading: Replacement of heading of Chapter Five.
- “CHAPTER FIVE: CHILDREN’S INSURANCE”
14. In section 104 (a) of the principal Law — Amendment of section 104.
- (1) the definition of “insured person” shall be replaced by the following definition:
- “insured person” means —
- (1) a person insured under Chapter Two;
- (2) an individual living in Israel who is temporarily absent from Israel for a period which in the opinion of an officer of

the Institute empowered in that behalf is reasonable and not inconsistent with his assertion that he lives in Israel and who is not insured under Chapter Two, but excluding a housewife;"

(2) in the definition of "child", the passage beginning with the words "provided that such child" and ending with the words "from another source" shall be replaced by the words "provided that such child is in Israel and under eighteen years of age".

Replacement of section 105. 15. Section 105 of the principal Law shall be replaced by the following section:

"Right to children's pension.

105. An insured parent is entitled to a monthly children's pension under this chapter in respect of each child."

Amendment of section 106. 16. The following shall be inserted at the beginning of section 106(b) of the principal Law: "A child who has two parents shall be counted as the child of the insured father unless he is only with the mother."

Replacement of section 109. 17. Section 109 of the principal Law shall be replaced by the following section:

"Rates of pension.

109. (a) The monthly children's pension shall be —
(1) one pension point in respect of each of the first two children counted as children of the parent concerned;
(2) one pension point and a quarter in respect of each child in excess of the first two children counted as children of the parent concerned.

"Pension point" has the meaning assigned to this term in section 33A of the Income Tax Ordinance¹⁾.

(b) The Minister may, after consultation with the Minister of Finance and with the approval of the Labour Affairs Committee of the Knesset, vary, by order, the amounts referred to in subsection (a), having regard to fluctuations in wages."

Repeal of section 109A. 18. Section 109A of the principal Law is hereby repealed.

¹⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 6, p. 120 — *LSI* vol. I, p. 145.

19. In section 114 of the principal Law, the words "after... accrues" shall be replaced by the words "in which... accrues". Amendment of section 114.

20. In section 115 of the principal Law, the words "or twenty-fifth ... as the case may be" shall be deleted. Amendment of section 115.

21. Section 116 of the principal Law shall be replaced by the following section: Replacement of section 116.

"Pension exempt from taxes. 116. A children's pension under section 109 shall not be regarded as income for the purposes of the Income Tax Ordinance or for the purpose of fixing other compulsory payments and imposts."

22. (a) Chapter Six of the principal Law is hereby repealed.

Repeal of Chapter Six.

(b) Notwithstanding the provision of subsection (a), the children's pension payable to an employee for a first and second child shall be paid by his employer in respect of a period prescribed by the Minister by order, and the provisions of sections 118, 118A, 120, 121, 122, 123, 125 and 231 (a) (7) and the regulations made thereunder shall remain in force, *mutatis mutandis*, in respect of that period. Where an employee is paid in respect of that period a pension smaller than the full children's pension, the Institute shall make up the difference on the application of the employee or on its own motion, as may be prescribed by regulations.

(c) For the purposes of subsection (b), the Minister may, notwithstanding the provisions of section 118, prescribe by regulations to which of the insured spouses, and by whom, the pension shall be paid where one of the spouses is insured otherwise than as an employee.

23. Section 127K of the principal Law is hereby repealed.

Repeal of section 127K.

24. In section 127Y (a) (3) of the principal Law, the words "for the purposes of this subparagraph, "invalid" includes a person whose degree of invalidity is less than 50 p.ct." shall be added at the end of subparagraph (c). Amendment of section 127Y.

25. In section 127KK of the principal Law —

Amendment of section 127KK.

(1) the expression "20 p.ct." in subsection (a) shall be replaced by the expression "25 p.ct.";

(2) subsection (b) shall be replaced by the following subsection:

"(b) if the invalid has dependants, he shall, in addition to a

single person's full pension, be paid a dependant's allowance for them as follows:

- (1) for a spouse whose income does not exceed the amount specified in item 1 of Table II, 12 p.ct. of the average wage;
- (2) for a parent, as defined in section 74 (a) (3), wholly supported by him, 10 p.ct. of the average wage;
- (3) for each of his two children, 5 p.ct. of the average wage; for this purpose, "child" has the meaning assigned to this term in paragraphs (1) to (3) of the definition of "child" in section 5."

**Addition of
section 127ZZ1.**

26. The following section shall be inserted after section 127ZZ of the principal Law:

"Financing of activities for development of services to invalids.

127ZZ1. The Institute shall, in consultation with the Council, finance activities aimed at the development of services for the benefit of invalids, but so that the amount of the annual expenditure for such services does not exceed 5 p.ct. of the estimated amount of invalid insurance contributions collected annually."

**Amendment of
section 127AAA.**

27. In section 127AAA of the principal Law, in the definition of "wage", the words "an allowance under Chapter Six and compensation" shall be replaced by the word "compensation".

**Repeal of
section 132.**

28. Section 132 of the principal Ordinance is hereby repealed.

**Amendment of
section 139.**

29. In section 139 of the principal Law, subsections (b) and (c) shall be replaced by the following subsections:

"(b) The Institute may set off —

(1) against monetary benefits due from it to the person entitled or to any other person by right of the person entitled the following amounts only:

(a) contributions;

(b) advance payments received by the person entitled to a benefit from the Institute on account of benefits;

(c) amounts erroneously or improperly paid by the Institute to the person entitled;

(2) against children's pension due to the person entitled or to any other person by the right of the person entitled income

tax to which the person entitled is liable under the Income Tax Ordinance: Provided that no set-off shall be made that would reduce the income of a person, calculated on a monthly basis, to less than the relevant amount specified in section 8 of the Wage Protection Law, 5718—1958.

(c) Where the person entitled to a pension, other than a children's pension, is not insured, the Institute shall not set off contributions against the pension in excess of half the amount thereof.

(d) The amount of income tax set off as provided in subsection (b)(2) shall be transferred to the Treasury to the credit of the income tax account of the person entitled to the pension.”.

30. The following section shall be inserted after section 139 of the principal Law: Addition of section 139A.

“Withholding payment of children's pension.

139A. Where the person entitled to a pension has not submitted a return of his income to the Institute under this Law and the regulations thereunder or to the Assessing Officer under the Income Tax Ordinance and the regulations thereunder, the Institute may, in accordance with rules prescribed by the Minister in consultation with the Minister of Finance and with the approval of the Labour Affairs Committee of the Knesset, withhold payment of the whole or part of the children's pension. When the return is submitted as aforesaid, the Institute shall pay the amounts withheld.”.

31. In section 140 of the principal Law —

Amendment of section 140.

(1) the opening passage shall be replaced by the following opening passage: “Where the Institute has erroneously or improperly paid a monetary benefit or any payment to which it is liable under any law, the following provisions shall apply:”;

(2) paragraph (3) shall be replaced by the following paragraph:

“(3) an amount deducted or received under this section otherwise than in favour of the Institute shall be returned by the Institute to the agency which finances the payment.”.

32. In section 142 of the principal Law, the words “and times” shall be inserted after the words “the mode”. Amendment of section 142.

Amendment of section 143. 33. In section 143(d) of the principal Law, paragraph (1) shall henceforth read:

“(1) a children’s pension;”.

Amendment of section 157. 34. In section 157 of the principal Law —

(1) the words “maternity and large families’ ” in subsection (a) shall be replaced by the words “and maternity”;

(2) subsection (d) shall be replaced by the following subsection:
“(d) Children’s insurance contributions shall be paid for an insured person as defined in section 104 (a)(1).”.

Amendment of section 167. 35. In section 167(a) of the principal Law, the expression “(d)” shall be inserted after the expression “(c)”.

Amendment of section 169. 36. In section 169 of the principal Law —

(1) the expression “(d)” shall be inserted before the expression “(d1)” in subsections (b), (b1) and (c);

(2) paragraph (1) of subsection (e) shall be deleted.

Amendment of section 171. 37. In section 171 of the principal Law, the words “and in respect of all or any contributions,” shall be inserted after the words “in respect of all or any insured persons”.

Amendment of section 188. 38. In section 188(a) of the principal Law, the words “or the amount of the employees’ children’s allowance under Chapter Six” shall be deleted.

Addition of section 196A. 39. The following section shall be inserted after section 196 of the principal Law:

“Power to request official information.

196A. (a) Notwithstanding anything provided in any other law, an officer of the Institute empowered in that behalf by the Board may request any employee of a public body to furnish him with any particular required for the purposes of this Law known or available to him; but an employee as aforesaid shall not by virtue of this section be required to disclose particulars he is bound to keep secret under the Statistics Ordinance (New Version), 5732—1972¹⁾, the Postal

¹⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 24, p. 500; *NV* vol. II, p. 281.

Bank Law, 5711—1951¹⁾, or the Bank of Israel Law, 5714—1954²⁾.

(b) For the purposes of this section, “public body” means the State, a local authority, a company in the management of which the Government participates and any other body subject to the inspection of the State Comptroller.”.

40. In section 217 of the principal Law —
(1) in subsection (a)(2), the words “from large families’ insurance contributions” shall be replaced by the words “from children’s insurance contributions”;
(2) in subsection (c), the words “Where the rate of contributions has been varied under section 159(b)” shall be deleted. Amendment of section 217.
41. In section 230(a) of the principal Law, paragraph (7) shall be deleted. Amendment of section 230.
42. In section 231(a) of the principal Law, paragraph (7) shall be deleted. Amendment of section 231.
43. Tables III, IV, VIII and IX of the principal Law are hereby repealed. Repeal of Tables III, IV, VIII and IX.
44. In Table X of the principal Law —
(1) items 4 and 5 shall be replaced by the following item:
- | Item | Branch of Insurance | Per Cent of Income or Wage | Deduction from Wage for the Purposes of Section 161(c), in Per Cent |
|------|---------------------|----------------------------|---|
| “4 | Children’s | 3.4 | —”; |
- (2) item 7 shall be deleted.

¹⁾ *Sefer Ha-Chukkim* of 5711, p. 219; *LSI* vol. V, p. 138.

²⁾ *Sefer Ha-Chukkim* of 5714, p. 192; *LSI* vol. VIII, p. 163.

Replacement of Table XIV. 45. Table XIV of the principal Law shall be replaced by the following table:

"Table XIV
(Section 217)
Treasury Allocation to Institute

Item	Basis for Calculation	Rate
1	Old-Age insurance and survivors' insurance contributions	15 p.ct.
2	Children's insurance contributions	100 p.ct."

Amendment of Discharged Soldiers (Reinstatement in Employment) Law. 46. In section 40(b 1) of the Discharged Soldiers (Reinstatement in Employment) Law, 5709—1949¹⁾ (hereinafter referred to as "the Soldiers' Law"), the following paragraph shall be inserted after paragraph (2):

"(2A) The provisions of section 116 and Chapter Seven of the National Insurance Law (Consolidated Version), 5728—1968, shall apply *mutatis mutandis* to grants payable to soldiers or to members of their families under paragraph (2)."

Commencement. 47. This Law shall have effect from the 22nd Tammuz, 5725 (1st July, 1975).

Transitional provisions. 48. The aggregate amount of pensions payable by the Institute to a person entitled, including benefits by virtue of section 200 and grants under section 40(b 1) of the Soldiers' Law, shall not in consequence only of the changes introduced by this Law be less than the aggregate amount which was so payable immediately before the date from which this Law has effect.

YITZCHAK RABIN
Prime Minister

MOSHE BARAM
Minister of Labour

EFRAIM KATZIR
President of the State

¹⁾ *Sefer Ha-Chukkim* of 5709, p. 13 — *LSI* vol. III, p. 10; *Sefer Ha-Chukkim* of 5730, p. 121; *LSI* vol. XXIV, p. 126.

(No. 66)

INCOME TAX ORDINANCE (AMENDMENT) (5718—1958)
(AMENDMENT) LAW, 5735—1975 *

1. In section 23 of the Income Tax Ordinance (Amendment) Law, Repeal. 5718—1958 ¹⁾, paragraph (2) shall be repealed as from the tax year 1975.

YITZCHAK RABIN YEHOSHUA RABINOVITZ
Prime Minister *Minister of Finance*

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 2nd Av, 5735 (10th July, 1975) and published in *Sefer Ha-Chukkim* No. 773 of the 12th Av, 5735 (20th July, 1975), p. 158; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1187 of 5735, p. 315.

¹⁾ *Sefer Ha-Chukkim* of 5718, p. 197; *LSI* vol. XII, p. 222.



משרד המשפטים
מסמך זה הינו העתק שנסרק בשלמותו ביום ובשעה המצוינים ,
בסריקה ממוחשבת מהימנה מהמסמך המצוי בתיק,
בהתאם לנוהל הבדיקות במשרד המשפטים.
על החתום

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משרד המשפטים (חתימה מוסדית).

(No. 67)

LAND APPRECIATION TAX (AMENDMENT No. 6) LAW,
5735—1975 *

- Amendment of section 6. 1. In section 6 of the Land Appreciation Tax Law, 5723—1963¹⁾ (hereinafter referred to as "the principal Law"), the closing passage of subsection (b), beginning with the words "the acquisition value after the addition of the additions to the latter" shall be replaced by the words "the balance of the acquisition value, within the meaning of section 47".
- Amendment of section 14. 2. In section 14 of the principal Law —
(1) in the marginal note, the words "Calculation of tax" shall be replaced by the words "Calculation of appreciation";
(2) in subsection (a), the words "the tax payable" shall be replaced by the words "the appreciation" and the words "of the tax to which the association would have been liable" shall be replaced by the words "of the appreciation which would have accrued to the association";
(3) in subsection (b), the words "the tax" shall be replaced by the words "the appreciation";
(4) in subsection (d), the words "the additions" shall be deleted.
- Amendment of section 21. 3. In section 21 of the principal Law —
(1) in subsection (a), the closing passage, beginning with the words "plus the expenses deductible", shall be deleted;
(2) in subsection (b), the words "plus the additions" at the end of paragraphs (1) and (2) shall be deleted.
- Repeal of section 27. 4. Section 27 of the principal Law is hereby repealed.

* Passed by the Knesset on the 2nd Av, 5735 (10th July, 1975) and published in *Sefer Ha-Chukkim* No. 773 of the 12th Av, 5735 (20th July, 1975), p. 159; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1150 of 5735, p. 46.

¹⁾ *Sefer Ha-Chukkim* of 5723, p. 156 — *LSI* vol. XVII, p. 193; *Sefer Ha-Chukkim* of 5725, p. 40 — *LSI* vol. XIX, p. 41; *Sefer Ha-Chukkim* of 5727, p. 105 — *LSI* vol. XXI, p. 102; *Sefer Ha-Chukkim* of 5728, p. 181 — *LSI* vol. XXII, p. 209; *Sefer Ha-Chukkim* of 5731, p. 80 — *LSI* vol. XXV, p. 76; *Sefer Ha-Chukkim* of 5735, p. 2 — *supra*, p. 3.

5. In section 39 of the principal Law —
(1) in paragraph (1), the words “other than expenditure as aforesaid reckoned as part of the acquisition value under section 27” shall be deleted;
(2) at the end of the section, the words “all exclusive of any amount permitted as an addition under section 21(a)” shall be deleted.

Amendment of section 39.
6. In section 40 of the principal Law, the words “additions and” shall be deleted.

Amendment of section 40.
7. In section 42 of the principal Law —
(1) in subsection (a), the words “and additions” shall be deleted;
(2) in subsection (b), the words “and additions” and the words “addition or” shall be deleted.

Amendment of section 42.
8. In section 43 of the principal Law, the words “an addition or deduction” shall be replaced by the words “a deduction”.

Amendment of section 43.
9. In section 44 of the principal Law, the words “as an addition such amounts permitted to be added under section 21” shall be replaced by the words “as a deduction such amounts”, the words “and there shall further be allowed as an addition such additional tax” shall be replaced by the words “and such additional tax” and the words “or paid the addition” shall be deleted.

Amendment of section 44.
10. In section 45 of the principal Law, the words “as an addition or deduction” shall be replaced by the words “as a deduction” and the words “added or” shall be deleted.

Amendment of section 45.
11. Sections 47 and 48 of the principal Law shall be replaced by the following sections:

Replacement of certain sections.

“Definitions.

- 47. In this chapter —
“index” means the consumer price index published from time to time on behalf of the Central Bureau of Statistics, and in respect of the period prior to the year 1951 means the index determined by the Minister of Finance with the approval of the Finance Committee of the Knesset; but a person who while being a non-resident, within the meaning of the Income Tax Ord-

nance¹⁾, legally acquired real estate rights or real estate association rights with foreign currency may ask that the rate of exchange of the currency with which they were acquired be regarded as the index;

"depreciation" means the amounts deductible in respect of property under section 21 of the Income Tax Ordinance, plus the amounts deducted from the original cost thereof for income tax purposes;

"adjusted depreciation" means the total amount of the depreciation multiplied by the index for the day of the sale and divided by the index for the middle day of the period in which the depreciation accumulated, plus, where additional depreciation has been allowed for income tax purposes under the Income Tax (Additional Depreciation Allowance on Business Property) Law, 5718—1958²⁾, or the Income Tax (Additional Depreciation Allowance on Business Property) Law, 5724—1964³⁾, the accumulated additional depreciation multiplied by the index for the day of the sale and divided by the index for the middle day of the period in which the additional depreciation accumulated;

"balance of acquisition value" means the acquisition value after addition of the amounts permitted to be deducted under section 39 and after deduction of the depreciation;

"adjusted acquisition value" means the acquisition value on the day of the acquisition, plus half the amount of such taxes and compulsory payments permitted to be deducted under section 39 as were paid in respect of the property from the day of the acquisition of the right therein until the year of the sale (less taxes paid in the year preceding the day of the sale in respect of earlier years), multiplied by the in-

¹⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 6, p. 120 — *NV* vol. I, p. 145; *Sefer Ha-Chukkim* of 5735, p. 168 — *infra*, p. 215.

²⁾ *Sefer Ha-Chukkim* of 5718, p. 168; *LSI* vol. XII, p. 186.

³⁾ *Sefer Ha-Chukkim* of 5724, p. 84; *LSI* vol. XVIII, p. 74.

deducted from the index for the day of the sale and divided by the index for the day of the acquisition, plus the amounts permitted to be deducted under section 39 (less taxes and compulsory payments), multiplied by the index for the day of the sale and divided by the index for the day of completion of the improvement or expenditure, as the case may be, and in the case of property depreciable for income-tax purposes, after deduction of the adjusted depreciation;

"inflationary surplus" means such part of the appreciation as is equal to the amount by which the adjusted acquisition value exceeds the balance of the acquisition value;

"real appreciation" means the appreciation less the inflationary surplus;

"loss upon the sale of a real estate right" means the amount by which the balance of the acquisition value exceeds the sale value.

48. (a) Upon the sale of a real estate right or the performance of a real estate association act within two years from the day of the acquisition, the whole of the appreciation shall be regarded as real appreciation. Upon a sale or performance as aforesaid during the third year, the inflationary surplus shall be calculated as if the day of the acquisition were later than the actual day of acquisition by a number of months equal to double the number of whole months from the day of the sale to the expiration of three years from the actual date of acquisition. Early sale.

(b) The provisions of subsection (a) shall not apply to the sale of an individual dwelling, to expropriation or to the sale of a right which devolved upon the seller by way of inheritance.

48A. (a) A body of persons shall be liable to tax on real appreciation at the rate of 61 p.ct. Tax on appreciation.

(b) An individual shall be liable to tax on real appreciation at the rates set out in section 121 of the Income Tax Ordinance, and for this purpose, the appreciation shall be regarded as the seller's only income.

(c) The tax on the inflationary surplus shall be 10 p.ct., and this rate shall also be the rate for the purposes of the assessment under the Income Tax Ordinance.

(d) The tax on land appreciation shall in no case exceed 50 p.ct.; but where, in the case of the sale of a real estate right or the performance of a real estate association act, the date of the acquisition was in or before the tax year 1948, the tax shall not exceed 12 p.ct. of the appreciation, and where the day of the acquisition was in one of the tax years 1949 to 1960, the tax shall not exceed 12 p.ct. of the appreciation, plus 1 p.ct. *per annum* from the tax year 1949 to the year of the acquisition.

(e) (1) The seller may ask that the tax on real appreciation payable under this Law shall be calculated as follows: a sixth part of the real appreciation shall be added to his chargeable income, as determined in the last final assessment for the purposes of income tax or in accordance with what is due under a return submitted subsequently under section 131 of the Income Tax Ordinance and containing the highest income, whichever is more, and the difference between the tax due after the addition of the appreciation as aforesaid and the income tax due before the addition thereof shall be multiplied by six.

(2) Where after making the assessment under section 91(d) of the Income Tax Ordinance it appears that the amount due under that assessment is greater than the amount of tax due under subsection (d), the seller shall pay linking differentials, and interest, within the meaning of section 159A (a) of the Income Tax Ordinance, on the difference between the tax with which he has been charged under paragraph (1) and the tax due under subsection (d) for the period from the time for the payment of the tax under this Law to the day of actual payment.

Appreciation
a part of the
chargeable
income.

48B. Appreciation, as determined under this Law, shall, for the purposes of the rates of the tax and of tax credits, be regarded as part of the income chargeable with income tax in the year in which the sale was made, and the provisions of section 91(a), (b), (d) and (e) of the Income Tax Ordinance shall apply thereto. A person liable to tax under this Law shall include the appreciation, as determined in the assessment or upon contestation, objection or appeal, as the case may be, in the return submitted by him under section 131 of the Income Tax Ordinance; however —

(1) the tax due under this Law shall be regarded as an advance payment on account of income tax unless the seller produces a certificate from the Assessing Officer that any amount is to be

deducted from the amount of appreciation for the set-off of losses or that any amount is to be credited against the tax as a credit under the Income Tax Ordinance; in this case, the Director shall adjust the tax accordingly and the provisions of this Law shall apply to the collection of the advance payment;

(2) upon a sale, or a real estate association act, the time for payment of the tax on which is prescribed by section 51 or 52, such time shall also be regarded as the time for payment for the purposes of the Income Tax Ordinance.”

12. Section 49 of the principal Law shall be replaced by the following section: Replacement
of section 49.

“Tax exemption
and tax
reduction
upon sale of
individual
dwelling.

49. (a) The sale of all the real estate rights an individual has in his individual dwelling shall be exempt from tax where the sale value does not exceed 500,000 pounds.

(b) The following provisions shall apply where the sale value exceeds 500,000 pounds:

(1) the seller shall be credited with an amount of 500,000 pounds plus half the difference between 500,000 pounds and the sale value up to a million pounds, divided by the sale value;

(2) in the case of an individual dwelling the right in which is shared by several persons, the credit under paragraph (1) shall be granted to each of them in the proportion of his share;

(3) if on the 15th March preceding a particular tax year it appears that the average index for the period preceding that date was by not less than 10 p.ct. higher than the basic index, the amounts of 500,000 and a million pounds shall be adjusted accordingly;

(4) where the seller proves that within one year before or one year after the sale he acquired another dwelling for himself to live in, the acquisition value of which is not less than the sale value of his individual dwelling, the payment of the tax shall be

deferred until the sale of the other dwelling; tax deferred as aforesaid shall be paid in the event of the other dwelling being sold without another dwelling for the seller to live in being acquired within one of the said periods;

(5) where the acquisition value of the other dwelling is less than the sale value of the person's individual dwelling, such proportional part of the tax as is equal to the amount of the tax multiplied by the amount by which the sale value exceeds the acquisition value as aforesaid, divided by the amount of the appreciation, shall not be deferred.

(c) For the purposes of subsection (b)(4), a person shall be deemed to have acquired another dwelling within one year before or after the sale of his individual dwelling if within that period —

(1) he paid for the acquisition of the other dwelling 50 p.ct. of the consideration he received for the sale of his individual dwelling or of the price of the other dwelling or of the cost of the other dwelling being built by him, or

(2) he began building the other dwelling or received possession thereof or received an irrevocable power of attorney to register it in his name.

(d) The Minister of Finance may, with the approval of the Finance Committee of the Knesset, make regulations providing that the acquisition of rights designated by him shall be regarded as the acquisition of another dwelling.

(e) (1) Where, in the opinion of the Director, the consideration paid upon the sale of an individual dwelling was influenced by existing or prospective possibilities of building on an area larger than the total floor space of the dwelling, the sale price thereof shall

be the amount that might be expected to be realised upon the sale thereof by a willing seller to a willing purchaser without building possibilities as aforesaid, and the balance of the value shall be regarded as the sale of another real estate right; the acquisition value of that right shall be an amount which bears the same proportion to the acquisition value of the whole right, less betterment taxes paid in respect of that right, as the part of the sale value relating to that right, plus betterment taxes paid in respect thereof, bears to the whole sale value.

(2) The provision of paragraph (1) shall not apply where, in the opinion of the Director, the influence on the sale price is the result of existing building possibilities and the total floor space of the dwelling is 80 p.ct. or more of the area permitted to be built on.

(f) In this section, "the tax" does not include the additional tax to which an individual is liable under section 9."

13. The following section shall be inserted after section 49 of the principal Law: Addition of section 49A.

"Special rate in the case of expropriation.

49A. (a) Upon the sale of a real estate right by way of expropriation, credit shall be granted against the tax to which the seller is liable, as follows:

<i>Portion of Tax</i>	<i>Credit</i>
The first 1,000 pounds	100 p.ct.
The next 1,000 pounds	75 p.ct.
The next 1,000 pounds	66 $\frac{2}{3}$ p.ct.
Any additional amount	50 p.ct.

(b) In this section, "the tax" does not include the additional tax to which an individual is liable under section 9.

(c) Upon the sale of a real estate right shared by several persons, credit shall be granted to each of them in the proportion of his share."

**Transitional
provisions.**

14. (a) Where a real estate right was sold, or a real estate association act performed, by any person between the 29th Adar, 5735 (12th March, 1975) and the date of publication of this Law, and full control, direct or indirect, remained with such person or his relative, then, if no tax has been paid in respect of such sale or act or the tax paid was less than 12 p.ct. of the appreciation, the seller or performer of the act shall be liable to 12 p.ct. of the appreciation unless he requests that the sale or act not be regarded as a sale or association act for the purposes of this Law, in which case, upon a sale or association act being made or performed in respect of that right by the person who acquired it during the said period in the said manner, the tax shall be calculated as if the person from whom the right was originally acquired were liable to it.

(b) Where a seller or performer of an act is liable to tax under subsection (1), the tax shall be payable within thirty days from the date of publication of this Law.

YITZCHAK RABIN
Prime Minister

YEHOSHUA RABINOVITZ
Minister of Finance

EFRAYIM KATZIR
President of the State

(No. 68)

ENCOURAGEMENT OF INDUSTRY (TAXES)
(AMENDMENT No. 4) LAW, 5735—1975 *

1. In section 2 of the Encouragement of Industry (Taxes) Law, 5729—1969¹⁾ (hereinafter referred to as “the principal Law”) — Amendment of section 2.

- (1) the words “in respect of certain assets” shall be added at the end of the marginal note;
- (2) the words “An industrial company” in subsection (a) shall be replaced by the words “A company to which section 49(1) or (2) applies and which operates vessels or aircraft”.

2. In section 3(b) of the principal Law, the closing passage, beginning with the words “and for the purposes” shall be deleted. Amendment of section 3.

3. The following section shall be inserted after section 4 of the principal Law: Addition of section 4A.

“Depreciation allowance on property acquired in or after 1975.

4A. An industrial company which proves to the satisfaction of the Assessing Officer that it acquired a new business asset in or after the tax year 1975 shall be entitled in respect of that asset to an annual depreciation allowance at the rate of 50 per cent.”.

4. The words “For the purposes of section 23 of the Ordinance” shall be inserted at the beginning of section 5 of the principal Law. Amendment of section 5.

5. Chapter Five of the principal Law is hereby repealed as from the tax year 1975. Repeal of Chapter Five.

6. In section 49 of the principal Law, the words “except, for the purposes of paragraphs (1) and (2), the provisions of section 4A”, shall be inserted after the words “The provisions of this Law relating to an industrial company”. Amendment of section 49.

* Passed by the Knesset on the 2nd Av, 5735 (10th July, 1975) and published in *Sefer Ha-Chukkim* No. 773 of the 12th Av, 5735 (20th July, 1975), p. 164; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1189 of 5735, p. 366.

¹⁾ *Sefer Ha-Chukkim* of 5729, p. 232 — *LSI* vol. XXIII, p. 253; *Sefer Ha-Chukkim* of 5730, p. 152 — *LSI* vol. XXIV, p. 160; *Sefer Ha-Chukkim* of 5734, pp. 63 and 76 — *LSI* vol. XXVIII, pp. 67 and 80.

Transitional
provisions.

7. (a) In respect of assets to which section 2 of the principal Law applied prior to its amendment by this Law, the balance not yet deducted shall be deducted in two equal instalments in the tax years 1975 and 1976: Provided that the depreciation allowance for the tax year 1975 shall not be less than the amount to which the industrial company would have been entitled in respect of those assets had that section not been amended.

(b) The following provisions shall apply for the purposes of section 5:

(1) (a) Notwithstanding the provisions of section 127 of the Income Tax Ordinance, the chargeable income of an industrial company from its industrial undertaking shall, in the tax years 1975 and 1976, be charged with income tax at the rate of 28 per cent;

(b) the provisions of section 20 of the principal Law, as before the repeal of that section by this Law, relating to chargeable income entitled to a reduced rate of tax under section 19 of the principal Law, as before the repeal of that section, shall apply to chargeable income charged with reduced tax under subsection (a);

(2) the repeal of Chapter Five shall not release an industrial company which paid reduced tax under section 19 of the principal Law, as before the repeal of that section by this Law, from the requirements of that section, and section 21 shall continue to apply thereto as if it had not been repealed;

(3) Notwithstanding the provision of section 88(b) of the Income Tax Ordinance (Amendment No. 22) Law, 5735—1975¹⁾, a transition charge at the rate of 1½ per cent only shall be due on the chargeable income of an industrial company from its industrial undertaking.

YITZCHAK RABIN
Prime Minister

YEHOSHUA RABINOVITZ
Minister of Finance

EFRAYIM KATZIR
President of the State

¹⁾ *Sefer Ha-Chukkim* of 5735, p. 168; *infra*, p. 215.

(No. 69)

DEFENCE LOAN (APPROVED UNDERTAKINGS)
(AMENDMENT) LAW, 5735—1975 *

1. In section 1 of the Defence Loan (Approved Undertakings) Law, 5734—1974 ¹⁾ (hereinafter referred to as “the principal Law”), the definition of “privileged income” shall be replaced by the following definition: Amendment of section 1.

“privileged income” means —

(1) income to which section 47 of the Encouragement of Capital Investments Law, 5719—1959 ²⁾, applies, other than income from dividend of a non-resident and other than income from dividend payable out of dividend which a company has received from an approved undertaking and in respect of which it has made a loan under this Law;

(2) income to which sections 5 and 6 of the Israel Corporation Ltd. Law, 5729—1969 ³⁾, or sections 6 and 7 of the Encouragement of Investments (Large-Capital Companies) Law, 5734—1974 ⁴⁾, apply;”.

2. Section 2 of the principal Law shall be replaced by the following section: Replacement of section 2.

“Imposition
and rate
of loan.

2. The recipient of privileged income shall make to the State a defence loan (hereinafter referred to as “the loan”) —

(1) for the tax year 1974 — at the rate of 7 per cent;

(2) for the tax year 1975 and subsequent tax years — at the rate of 17½ per cent in the case of an individual and at the rate of 19 per cent in the case of a body of persons.”.

* Passed by the Knesset on the 2nd Av, 5735 (10th July, 1975) and published in *Sefer Ha-Chukkim* No. 773 of the 12th Av, 5735 (20th July, 1975), p. 165; the Bill and an Explanatory Note were published in *Hatzaot Chok* No. 1187 of 5735, p. 314.

¹⁾ *Sefer Ha-Chukkim* of 5734, p. 67; *LSI* vol. XXVIII, p. 64.

²⁾ *Sefer Ha-Chukkim* of 5719, p. 234; *LSI* vol. XIII, p. 258.

³⁾ *Sefer Ha-Chukkim* of 5729, p. 149; *LSI* vol. XXIII, p. 162.

⁴⁾ *Sefer Ha-Chukkim* of 5734, p. 18; *LSI* vol. XXVIII, p. 16.

Amendment of section 5. 3. In section 5(b) of the principal Law, after the words "transfers by operation of law", there shall be inserted the words "and except for transfers to shareholders from a company which has made a loan in respect of dividend received from an approved undertaking".

Application. 4. Sections 1 and 3 shall apply in respect of the tax year 1975 and subsequent tax years.

YITZCHAK RABIN
Prime Minister

YEHOSHUA RABINOVITZ
Minister of Finance

EFRAYIM KATZIR
President of the State

(No. 70)

ENCOURAGEMENT OF CAPITAL INVESTMENTS
(AMENDMENT No. 13) LAW, 5735—1975 *

1. In the Encouragement of Capital Investments Law, 5719—1959¹⁾ (hereinafter referred to as “the principal Law”), the expression “and of section 2(a)” in section 43A (a) shall be replaced by the expression “and of sections 2(a) and 4A”. Amendment of section 43A.
2. In section 45 of the principal Law, after the words “shall be granted” in the opening passage there shall be inserted the words “in respect of any investment, property or enterprise the creation of which is the subject of a project approved by the 29th Adar Bet, 5736 (31st March, 1976)”. Amendment of section 45.

YITZCHAK RABIN YEHOSHUA RABINOVITZ
Prime Minister *Minister of Finance*

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 2nd Av, 5735 (10th July, 1975) and published in *Sefer Ha-Chukkim* No. 773 of the 12th Av, 5735 (20th July, 1975), p. 166; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1189 of 5735, p. 368.

¹⁾ *Sefer Ha-Chukkim* of 5719, p. 234 — *LSI* vol. XIII, p. 258; *Sefer Ha-Chukkim* of 5735, p. 150 — *supra*, p. 188.

(No. 71)

ENCOURAGEMENT OF SAVING, INCOME-TAX
REDUCTIONS AND GUARANTEE OF LOANS
(AMENDMENT No. 3) LAW, 5735—1975 *

Amendment of section 5. 1. In the Encouragement of Saving, Income-Tax Reductions and Guarantee of Loans Law, 5716—1956 ¹⁾, the expression “25 per cent” shall wherever appearing be replaced by the expression “35 per cent”.

YITZCHAK RABIN YEHOSHUA RABINOVITZ
Prime Minister *Minister of Finance*

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 2nd Av, 5735 (10th July, 1975) and published in *Sefer Ha-Chukkim* No. 773 of the 12th Av, 5735 (20th July, 1975), p. 166; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1187 of 5735, p. 316.

¹⁾ *Sefer Ha-Chukkim* of 5716, p. 52 — *LSI* vol. X, p. 49; *Sefer Ha-Chukkim* of 5717, p. 156 — *LSI* vol. XI, p. 168; *Sefer Ha-Chukkim* of 5734, p. 56 — *LSI* vol. XXVIII, p. 51.

(No. 72)

INCOME TAX ORDINANCE (AMENDMENT No. 22) LAW,
5735—1975 *

1. In section 1 of the Income Tax Ordinance ¹⁾, (hereinafter referred to as “the Ordinance”) — Amendment of section 1.

(1) the definition of “chargeable income” shall be replaced by the following definitions **:

““income” means the aggregate amount of the income of a person from the sources specified in sections 2 and 3, together with amounts in respect of which any law provides that they shall be treated as income for the purposes of this Ordinance;

“chargeable income” means the income remaining after the deductions, set-offs and exemptions permitted by any law;

“Linkage differentials” means any amount added to the principal of a loan, within the meaning of the Interest Law, 5171—1957 ²⁾, in consequence of linkage to the currency exchange rate, the consumer price index or some other index and includes exchange rate differentials;

“exchange rate differentials” means any amount added to the principal of a loan in consequence of a change in the currency exchange rate, such principal being a deposit in foreign currency or a loan repayable in foreign currency;”;

(2) the following definition shall be inserted after the definition of “company”:

““month” includes a fraction of a month”;

(3) the following definitions shall be inserted after the definition of “non-resident”:

““income from personal exertions” includes —

(1) a pension payable by a former employer;

* Passed by the Knesset on the 2nd Av, 5735 (10th July, 1975) and published in *Sefer Ha-Chukkim* No. 774 of the 12th Av, 5735 (20th July, 1975), p. 168; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1188, of 5735, p. 324.

¹⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 6, p. 120 — *NV* vol. I, p. 145; *Sefer Ha-Chukkim* of 5735, p. 42 — *supra*, p. 49.

²⁾ *Sefer Ha-Chukkim* of 5717, p. 50; *LSI* vol. XI, p. 46.

** The rearrangement of the definitions in the translation of section 1 of the principal Law in accordance with the English alphabet has been disregarded in this translation of the amending Law — Tr.

- (2) a pension payable by a benefit (pension) fund, by reason of employment or by virtue of membership for not less than five years, to a person most of whose chargeable income in the five years preceding the commencement of the payment of the pension was from personal exertions;
 - (3) a pension payable to the survivors of a person by virtue of his entitlement to a pension as referred to in paragraph (1) or (2);
 - (4) a taxable pension payable by the National Insurance Institute;
- “preferred loans” means loans, or deposits under a savings scheme, the interest on which is wholly or in part exempt from tax under any law, unless otherwise provided in that law;”;
- (4) the following definition shall be inserted after the definition of “business”:
- “acceptable books” means account-books which the Assessing Officer has neither refused to accept nor rejected or as to which, after he had refused to accept or rejected them, a committee under section 146 or the Court set aside his decision;”.

Amendment of section 2. 2. In section 2 of the Ordinance —

- (1) paragraph (2) shall be replaced by the following paragraph:
- “Employment. (2) (a) gains and profits from employment; any benefit or allowance given to an employee by his employer; payments made to an employee to cover his expenses, including payments for keeping a vehicle or telephone, journeys abroad or the acquisition of professional literature or of clothing, but not including payments as aforesaid permitted to an employee as expenses; the value of the use of a vehicle placed at an employee's disposal; all these irrespective of whether they are given in money or money's worth, to the employee, directly or indirectly, or to another for his benefit;
- (b) the Minister of Finance shall, with the approval of the Finance Committee of the Knesset, determine the value of the use of a vehicle placed at the employee's disposal as aforesaid;”;

(2) in paragraph (4), the words "and interest or discounts" shall be replaced by the words "interest, linkage differentials or discounts", and the marginal note shall be amended to read "Dividend, interest and linkage differentials".

3. In section 3 of the Ordinance —

Amendment of
section 3.

(1) the following subsection shall be inserted after subsection (d):

"(e) Amounts paid by an employer for his employee to a supplementary training fund, in limits prescribed in a collective agreement, within the meaning of the Collective Agreements Law, 5717—1957¹⁾, shall be regarded as work income of the employee at the time he receives them; amounts paid by an employer beyond limits as aforesaid shall be regarded as work income of the employee at the time they are paid to the fund.";

(2) in subsection (g), the words "or expended any amounts which according to section 32(11) are not deductible" shall be inserted after the words "designated as deductible";

(3) in subsection (h), the words "including, in the case of a debenture not relating to a preferred loan, linkage differentials" shall be inserted after the words "on a debenture";

(4) the following subsection shall be inserted after subsection (h):

"(i) (1) Where a person realises a right received in the past to acquire any property or service, and at the time of realisation there is a difference between the price normally payable for such property or service and the price paid by that person, or where a person receives a loan, whether it is given directly or indirectly to him in person or to another for his benefit, and such loan is interest-free or bears a lower rate of interest than the Minister of Finance has determined for this purpose with the approval of the Finance Committee of the Knesset either generally or for particular categories of loans or for loans for specific purposes, then the difference shall be regarded —

(a) where the right or loan was given in connection with an employee-employer relationship — as work income;

(b) where the right or loan was received from

¹⁾ *Sefer Ha-Chukkim* of 5717, p. 63; *LSI* vol. XI, p. 58.

someone to whom the person receiving it supplies services—as income within the meaning of section 2(1), unless that person proves that it was not given in connection with services supplied by him.

(2) The tax on a difference in realising a right as aforesaid shall, on the application of the assessee, be calculated as if such difference were income received in equal annual instalments over a period extending from the time of the conferment of the right until the time of its realisation, but not exceeding six years ending with the year of the realisation.”.

Amendment of
section 5.

4. In section 5(4) of the Ordinance —

- (1) in subparagraph (a), the expression “linkage differentials” shall be inserted after the word “interest”;
- (2) in subparagraph (b), the words “and linkage differentials” shall be inserted after the words “and interest”.

Amendment of
section 9.

5. In section 9 of the Ordinance —

- (1) in paragraph (2), the words “or linkage differentials” shall be inserted after the words “or interest”;
- (2) in paragraph (5), the words “Provided that the deduction under section 36 shall be reduced by the amount of his income as aforesaid” shall be deleted;
- (3) in paragraph (6), the words “within the meaning of these terms in section 36(b)” shall be deleted and the following shall be added at the end:

“For this purpose —

“war injuries” means any illness, aggravation of illness or injury which occurred to an individual in the period of his service in consequence of military service within the meaning of the Invalids (Pensions and Rehabilitation) Law (Consolidated Version), 5719—1959¹⁾, or in consequence of war service within the meaning of the Invalids (War against the Nazis) Law, 5714—1954²⁾, or in circumstances entitling him to a benefit under the Invalids (Nazi Persecution) Law, 5717—1957³⁾;

¹⁾ *Sefer Ha-Chukkim* of 5719, p. 276; *LSI* vol. XIII, p. 315.

²⁾ *Sefer Ha-Chukkim* of 5714, p. 76; *LSI* vol. VIII, p. 63.

³⁾ *Sefer Ha-Chukkim* of 5717, p. 103; *LSI* vol. XI, p. 111.

“border injury” has the same meaning as in the Border Victims (Benefits) Law, 5717—1956¹⁾;

“enemy-inflicted injury” has the same meaning as in the Victims of Hostile Action (Pensions) Law, 5730—1970²⁾;

(4) in paragraph (7A) (b) (2), the expression “8,000 pounds” shall be replaced by the expression “10,000 pounds”;

(5) in paragraph (9), the expression “linkage differentials” shall be inserted after the expression “interest”;

(6) paragraphs (13) to (17) shall be replaced by the following paragraphs:

“Linkage differentials on preferred loans.

(13) linkage differentials, not being income under section 2(1), on preferred loans;

Exchange rate differentials on deposits.

(14) exchange rate differentials on any such foreign-currency deposit with a banking institution, being an authorised dealer within the meaning of regulation 3 of the Defence (Finance) Regulations, 1941³⁾, as was made by an individual —

(a) out of moneys received by him otherwise than as income within the meaning of section 2(1);

(b) out of moneys received by him as income within the meaning of section 2(1) if they have been on deposit for not less than one year: Provided that the exempted amount shall not exceed 100,000 pounds;

Exchange rate differentials on loans.

(15) exchange rate differentials on a loan made by a non-resident;

Employee's profits from supplementary training fund.

(16) interest, linkage differentials and other profits received by an employee, derived from an employer's payments to a supplementary training fund, within the limits of amounts prescribed in a collective agreement as referred to in section 3(e);

¹⁾ *Sefer Ha-Chukkim* of 5717, p. 22; *LSI* vol. XI, p. 19.

²⁾ *Sefer Ha-Chukkim* of 5730, p. 126; *LSI* vol. XXIV, p. 131.

³⁾ *P.G.* of 1941, Suppl. II, p. 1647 (English Edition).

Employee's
moneys from
benefit fund.

(17) moneys received by an employee, derived from an employer's payments to a benefit (pension) fund and not chargeable with tax under section 87;

Provided that in respect of payments made from the tax year 1964 onwards such moneys only shall be exempt as are derived from an employer's payments within the limits of amounts based on rates prescribed by regulations under section 47;

Other moneys
from benefit
fund.

(18) interest, linkage differentials and other profits received by an individual, derived from his payments to a benefit fund and not chargeable with tax under section 3(d) or 87;

Life
insurance.

(19) an amount received under a life insurance policy, except —

(1) an amount received by a person from insurance of the life of another not his relative within the meaning of section 88;

(2) an amount not exempt under paragraph (7A) or chargeable with tax under section 3 (d) or 87;

Reductions
granted by
employer to
employee.

(20) reductions obtained by an employee from his employer, to an aggregate amount not exceeding 720 pounds per year, upon the acquisition of goods from the employer's stock-in-trade or upon the receipt of services provided by the employer by way of business, as well as interest differentials, as referred to in section 3(i), to the said aggregate amount;

compensation.
Wage delay

(21) an amount received by an employee as wage delay compensation under the Wage Protection Law, 5178—1958¹⁾, for a period in excess of 30 days, in the limits of an amount of linkage differentials and interest within the meaning of section 159A(a)).”.

Repeal of
section 10.

6. Section 10 of the Ordinance is hereby repealed.

¹⁾ *Sefer Ha-Chukkim* of 5718, p. 86; *LSI* vol. XII, p. 100.

7. In section 11 of the Ordinance, the words "exemption from or reduction of" shall be replaced by the words "reduction of". Amendment of section 11.

8. Section 12 of the Ordinance is hereby repealed. Repeal of section 12.

9. Section 15 of the Ordinance shall be replaced by the following section: Replacement of section 15.

"State loan. 15. The Minister of Finance may, with the approval of the Finance Committee of the Knesset, direct that the interest and linkage differentials payable on a loan charged on the revenue of the State shall be exempt from tax either generally or as far as they are payable to non-residents."

10. In section 16 of the Ordinance, the words "and that linkage differentials payable on bonds as aforesaid shall be wholly or partly exempt from tax" shall be added at the end of paragraph (1). Amendment of section 16.

11. In section 17 of the Ordinance — Amendment of section 17.
(1) paragraph (1) shall be replaced by the following paragraph:

"Interest and linkage differentials. (1) sums payable as interest or linkage differentials on money borrowed by him, if the Assessing Officer is satisfied that they are payable on capital used in obtaining the income, except exchange rate differential paid by a company to a non-resident having control within the meaning of section 32 (9);";

(2) paragraph (10) shall be re-numbered as paragraph (12) and the following paragraphs shall be inserted before it:

"Interest and linkage differentials in respect of tax. (10) interest and linkage differentials paid in respect of tax to which an assessee — except an assessee required to keep account-books who did not keep acceptable books — is liable;

Expenses incidental to payment of tax. (11) (a) expenses in connection with the preparation of returns and the handling of tax matters in any assessment or appeal proceedings; but if a court or a committee on the acceptability

of books finds that the appeal or objection was vexatious and that there was no reasonable justification for filing it, no legal expenses incidental thereto shall be deductible; where legal expenses were awarded to the assessee, the amount of expenses awarded shall be deducted from the amount of expenses claimed by him;

(b) expenses as referred to in this paragraph shall not be deductible in connection with any business or vocation in respect of which no account-books were kept or where the return is not based on account-books.”.

Amendment of section 18. 12. In section 18(b) of the Ordinance, the words “or interest” shall be replaced by the words “interest or linkage differentials”.

Amendment of section 19. 13. The following section shall be inserted after section 18 of the Ordinance:

“No deduction allowed for interest or linkage differentials on loans for the acquisition of preferred loans.

19. (a) In this section —

“preferred loans” means preferred loans the linkage differentials on which are not income, within the meaning of section 2(1), of the recipient and includes certificates of participation in an investment trust fund under the Joint Investment Trust Law, 5721—1961¹⁾, but does not include compulsory loans, or a voluntary loan under the War Loan Law, 5734—1973²⁾, so long as the certificates of the said loans are not negotiable;

“average value of preferred loans” means the aggregate amount of the highest balances

¹⁾ *Sefer 'Ha-Chukkim* of 5721, p. 84; *LSI* vol. XV, p. 79.

²⁾ *Sefer 'Ha-Chukkim* of 5734, p. 3; *LSI* vol. XXVIII, p. 3.

of preferred loans — according to the acquisition prices — which an assessee held on any day of any month of the year, divided by twelve;

“adjusted loan” means the amount of any loan received by the assessee, multiplied by the number of days he had such loan, divided by 360;

“earmarked loans” —

(1) in the case of a company —

means the amount of adjusted loans in any tax year, up to the amount of the average value of the preferred loans in that year;

(2) in the case of an individual —

means such amount of adjusted loans in any tax year as is in excess of the balance of the cost price, within the meaning of section 88, of the property used by him in producing his income, up to the amount of the average value of the preferred loans in that year;

“interest” includes linkage differentials.

(b) There shall not be allowed for deduction under section 17 (1) 22 per cent of the amount of earmarked loans received by the assessee: Provided that instead, if the assessee or the Assessing Officer so opts, there shall not be allowed for deduction under section 17 (1) the interest on the aggregate of adjusted loans in the tax year, beginning with the loans bearing the highest rates of interest, up to the amount of the earmarked loans.

(c) Where a person has received a loan as security for which he has charged compulsory loan certificates, he shall not be permitted to deduct under section 17(1) such part of the interest on the loan as is equal to the amount of linkage accumulated on the compulsory loan, save from the time the compulsory loan becomes a preferred loan.”.

14. Section 20 of the Ordinance is hereby repealed.

Repeal of
section 20.

Amendment of section 24. 15. In section 24 of the Ordinance, the following shall be added at the end of subsection (c):

"Provided that an amount equal to an inflationary surplus, within the meaning of section 88, on which tax is paid at the rate of 10 per cent shall be deducted from the cost price; this deduction shall also be taken into account for the purposes of the definition of "cost price" in section 88."

Amendment of section 28. 16. In section 28 of the Ordinance —

(1) the closing passage of subsection (a), beginning with the words "such person's total income", shall be replaced by the words "such person's total chargeable income from other sources in that tax year";

(2) subsection (b) shall be replaced by the following subsection:

"(b) Where the loss cannot be wholly set off in the tax year in question, the amount of loss not set off shall be carried forward to the subsequent years in succession and shall be set off against his total chargeable income for those years from any business or vocation including capital profit from any business or vocation; however, if the loss can be set off in one of these years, it shall not be set off in the following year.";

(3) subsections (c) and (d) shall respectively be remarked as subsections (d) and (e) and the following subsection shall be inserted before them:

"(c) Notwithstanding the provisions of subsections (a) and (b), a loss shall, on the application of the assessee, not be set off under this section against a capital profit which is an inflationary surplus.";

(4) subsections (e) and (f) shall respectively be re-marked as subsections (f) and (g), the expression "(c) and (d)" appearing in each of them shall be replaced by the expression "(d) and (e)", and the following subsection shall be inserted after them:

"(h) In this section, "chargeable income" and "capital profit" include appreciation within the meaning of the Land Appreciation Tax Law, 5723—1963¹⁾ (such appreciation hereinafter referred to as "land appreciation")."

Amendment of section 32. 17. In section 32 of the Ordinance —

(1) paragraph (8) is hereby repealed;

¹⁾ *Sefer Ha-Chukkim* of 5723, p. 156; *LSI* vol. XVII, p. 193.

(2) the following paragraph shall be added at the end:

"(11) expenses in respect of a benefit granted by an employer to his employees which cannot be attributed to a particular employee, except expenses proved not to be by their nature intended for granting a personal benefit to an employee; expenses, within the limits of amounts prescribed by regulations under section 31, for maintaining a car maintained by an employer and used by his employees and the enjoyment of the use of which cannot be attributed to a particular employee; non-deductible expenses as aforesaid shall not be regarded as work income of the employees."

18. Section 33 of the Ordinance shall be replaced by the following **Replacement of section 33.**

"Restriction on deductions and set-offs by reason of unacceptable books.

33. (a) The Assessing Officer may refuse to allow the deduction of expenses on the basis of accounts submitted by an assessee who has not kept acceptable books and may thereupon assess the expenses to the best of his judgment.

(b) Where the books of an assessee required to keep books in a particular tax year have been found unacceptable under aggravating circumstances, no deductions or set-offs shall be allowed in that year for bad debts or losses and no losses shall be recognized for that year.

(c) Where an assessee required to keep books in a particular tax year has not kept books, or has kept books but has not based his return on them, no deductions or set-offs shall be allowed in that year for depreciation, interest, bad debts or losses and no loss shall be recognized for that year."

19. The title of Chapter Three of Part Three of the Ordinance shall be amended to read "Deductions, Credits and Children's Pensions". **Change of title of chapter.**

20. The following section shall be inserted before section 34 of the Ordinance: **Addition of section 33A.**

"Definitions.

33A. In this chapter—

"credit point" means an amount of 1,200 pounds in respect of any tax year, linked to an index as

referred to in section 120A and set off against the tax for that year;

"pension point" means an amount of 100 pounds in respect of any month, linked to an index as referred to in section 120A."

Replacement of section 34.

21. Section 34 of the Ordinance shall be replaced by the following section:

"Credit in case of resident.

34. Two credit points shall be brought into account in calculating the tax of an individual who was resident in Israel in the tax year."

Replacement of section 35.

22. Section 35 of the Ordinance shall be replaced by the following section:

"Credit in case of *oleh*.*

35. (a) In calculating the tax of an *oleh* there shall be brought into account —

1) one quarter of a credit point in respect of each of the first eighteen months after his *aliya**;

2) one sixth of a credit point in respect of each of the next twelve months;

3) one twelfth of a credit point in respect of each of the next twelve months.

(b) The said credit shall be granted for a tax year falling wholly or partly within the said forty-two months, according to the number of months that the *oleh* resided in Israel in that year, and shall only be granted the first time that he has become an *oleh*. Upon his application, a consecutive period of absence from Israel of not less than six months and not more than three years shall not be included in the count of the forty-two months.

(c) in this section, "*oleh*" means a person holding an *oleh's* visa or *oleh's* certificate under the Law of Return, 5710—1950¹⁾, a person entitled to a visa or certificate as aforesaid and

* *Oleh* (plural: *olim*) and *aliya*, mean, respectively, an immigrant, and immigration, to Israel under the Law of Return, 5710—1950; but see the definition of *oleh* below. (Tr.)

¹⁾ *Sefer Ha-Chukkim* of 5710, p. 159; *LSI* vol. IV, p. 114.

holding a visa and permit of temporary residence under the Entry into Israel Law, 5712—1952¹⁾, and a person belonging to a category of persons in respect of whom the Minister of Finance has prescribed that they shall be treated as *olim* for the present purpose, but does not include a person whose Israeli nationality has terminated under section 10(d) of the Nationality Law, 5712—1952²⁾.”.

23. Sections 35A, 36 and 36A of the Ordinance are hereby repealed. Repeal of sections 35A, 36 and 36A.

24. Section 37 of the Ordinance shall be replaced by the following Replacement of section 37.
section:

“Credit in respect of wife.

37. One credit point shall be brought into account in calculating the tax of an individual resident in Israel who has proved to the satisfaction of the Assessing Officer that he had, in the tax year, a wife living with him or maintained by him.”.

25. Section 38 of the Ordinance shall be replaced by the following Replacement of section 38.
section:

“Credit in case of working wife.

38. (a) Where the chargeable income of an individual resident in Israel includes income of his wife, and it is proved to the satisfaction of the Assessing Officer that such income of the wife was obtained by her personal exertions from any business or vocation or from employment, then, in addition to the credit point under section 37, half a credit point shall be brought into account in calculating his chargeable income if he is not entitled to a pension point under section 40(a) and three quarters of a credit point if he is entitled to a pension point as aforesaid.

(b) Notwithstanding the provisions of subsection (a), where the wife's income does not exceed four times the amount of the fractional credit points concerned, it shall not be included in calculating the chargeable income of the husband, and the said

¹⁾ *Sefer Ha-Chukkim* of 5712, p. 354; *LSI* vol. VI, p. 159.

²⁾ *Sefer Ha-Chukkim* of 5712, p. 146; *LSI* vol. VI, p. 50.

fractional credit point shall not be brought into account in calculating his tax.”.

Replacement of section 39. 26. Section 39 of the principal Law shall be replaced by the following section:

“Credit in respect of wife who helps her husband.

39. One quarter of a credit point shall in addition to the credit point under section 37 be brought into account in calculating the tax of an individual resident in Israel whose wife helped him for at least 24 hours each week during nine months of the tax year in obtaining his income from any business or vocation.”.

Replacement of section 40. 27. Section 40 of the Ordinance shall be replaced by the following section:

“Pension and credit points in respect of children.

40. (a) An individual resident in Israel is entitled to one pension point in respect of his first two children and to one point and a quarter in respect of each additional child. The pension points shall be paid by the National Insurance Institute under the National Insurance Law (Consolidated Version), 5728—1968 ¹⁾.

(b) (1) Where an individual had children who at the beginning of the tax year were under eighteen years of age and were maintained by him, but he is not entitled to a credit point under section 37, then, in calculating his tax, in addition to the pension points under subsection (a), one credit point shall be brought into account in respect of every two children who are with him, and in the case of an only child or an odd number of children, also in respect of the only or last child. This provision shall not apply to an individual who but for the provisions of section 66 (a)(2) would be entitled to a credit under section 37.

(2) Where parents live separately and the maintenance of their children is shared between them, the father shall be entitled to

¹⁾ Sefer Ha-Chukkim of 5728, p. 108; LSI vol. XXII, p. 114.

one credit point or a fraction thereof according to his share in the cost of their maintenance so long as he is not entitled to a credit point under paragraph (1).".

28. Section 41 of the Ordinance shall be replaced by the following Replacement of section 41.
section:

"Woman who was married during part of the year.

41. A woman who was married during part of the tax year shall, for the purpose of calculating the tax to which she is liable, be entitled —

(1) in respect of the period in which she was unmarried — to one twelfth of the credit points under section 34 and 40(b), multiplied by the number of months that she was unmarried;

(2) in respect of the period in which she was married — to one twelfth of the credit points under section 66, multiplied by the number of months that she was married."

29. Sections 42 to 43 of the Ordinance are hereby repealed, sections 44A and 45 thereof shall be re-numbered as sections 42 and 43, and the following section shall be inserted thereafter: Repeal, amendments of numbering and addition of section.

"Credit in respect of special medical expenses.

44. (a) In calculating the chargeable income of an individual resident in Israel who in the tax year made payments for medical treatment of himself or of a member of his family in respect of whom he is entitled to credit points under section 37 or pension points under section 40, a tax credit shall be allowed of an amount as specified hereunder:

- (1) an amount equal to 25 per cent of the amounts paid by him in excess of 2,000 pounds or in excess of 5 per cent of his chargeable income, whichever is less, but no credit shall be allowed under this paragraph in respect of amounts in excess of $12\frac{1}{2}$ per cent of his chargeable income or in excess of 7,000 pounds, whichever is less;
- (2) an amount equal to 35 per cent of such part of the amounts paid by him as is in excess of $12\frac{1}{2}$ per cent of his chargeable income.

(b) A credit as referred to in subsection (a) shall also be granted in respect of expenditure for the maintenance of a completely paralysed, permanently bedridden, blind or mentally unsound child, wife or parent in a special institution and in respect of a retarded child.

(c) A credit under this section shall not be allowed —

(1) save in accordance with a receipt proving the expenditure;

(2) to a person required to keep account-books who did not do so,

(3) in respect of expenditure for kinds of medical treatment designated for this purpose by the Minister of Finance after consultation with the Minister of Health and with the approval of the Finance Committee of the Knesset; the Minister of Finance may so designate kinds of treatment for the purpose of each of the paragraphs of subsection (a)."

Amendment of section 45A. 30. In section 45A of the Ordinance, the words "if he is a resident" shall be added at the end of paragraph (1).

Amendment of section 47. 31. In section 47 (a)(1) of the Ordinance, the words "income of an individual, after deduction of the amounts specified in sections 17 to 29" shall be replaced by the words "chargeable income of an individual, before any deduction under this section or under section 47A" and the expression "42,000 pounds" shall be replaced by the expression "50,000 pounds".

Amendment of section 47A. 32. In section 47A of the Ordinance, the expression "50 per cent" shall be replaced by the expression "75 per cent" and the words "Provided that the deduction shall not exceed the chargeable income prior to the deduction" shall be added at the end.

Amendment of section 56. 33. In section 56 of the Ordinance, the words "to deductions under sections 37, 40 and 41" shall be replaced by the words "to credit points under section 37 or to pension points under section 40".

Amendment of section 57. 34. In section 57 of the Ordinance, the words "deductions and tax credits under shall be allowed" shall be deleted.

35. Section 58 of the Ordinance shall be replaced by the following section: Replacement of section 58.

"Credit points for children. 58. A *kibbutz* shall be entitled to the credit points to which its members would be entitled under section 38 if the children were maintained by them."

36. Section 59 of the Ordinance is hereby repealed.

Repeal of section 59.

37. In section 66 of the Ordinance, subsection (a) shall be replaced by the following subsection: Amendment of section 66.

"(a) Notwithstanding the provisions of section 65, a married woman or her husband may require that a separate calculation shall be made of the tax on her income from personal exertions in any business or vocation or from employment: Provided that in relation to income as aforesaid being a pension a separate calculation shall be made if such pension is paid in respect of work income in relation to which she was entitled to a separate calculation or if in the last five years preceding the commencement of the payment of the pension she was entitled to a separate calculation in relation to the income by virtue of which the pension is paid. The following provisions shall apply to the separate calculation:

- (1) both the husband and the wife shall be entitled to the deductions, credits and credit points under sections 34, 35, 45A, 47 and 47A and the tax reduction under section 11;
- (2) there shall be no entitlement to credit points under sections 37 to 39;
- (3) only the husband shall be entitled to pension points under section 40(a), and in calculating the tax of the wife one credit point shall be brought into account in respect of every two children and in the case of an only child or an odd number of children, also in respect of the only or last child."

38. In section 67 of the Ordinance, the words "and a deduction under section 38 and an additional deduction of 750 pounds shall be allowed" shall be replaced by the words "and the provisions of section 38 shall apply to the husband". Amendment of section 67.

39. In section 69 of the Ordinance —

- (1) paragraph (1) shall be replaced by the following paragraph:
"(1) what deductions and credits may be allowed to such individual;"

Amendment of section 69.

(2) the words "to whom any such deductions shall apply" in paragraph (2) shall be replaced by the words "to whom any such deductions or credits shall apply".

Amendment of
section 88.

40. In section 88 of the Ordinance —

(1) the following definition shall be inserted after the definition of "trading stock":

"index" means the consumer price index published from time to time on behalf of the Central Bureau of Statistics and, in respect of the period before the year 1951, means the index determined by the Ministry of Finance with the approval of the Finance Committee of the Knesset; however, a person who, while a non-resident, lawfully acquired any property with foreign currency may request that the rate of exchange at which the property was acquired be regarded as the index;"

(2) in the definition of "cost price", the closing passage, beginning with the words "Provided" shall be replaced by the words "provided that they were not deductible in the past in calculating the chargeable income of the assessee (such expenses hereinafter referred to as improvement or maintenance expenses, as the case may be)";

(3) the following definitions shall be inserted after the definition of "cost price":

"adjusted cost price" means the cost price less the improvement expenses and half the maintenance expenses, multiplied by the index on the date of sale and divided by the index on the date of acquisition, plus the expenses of any improvement, multiplied by the index on the date of sale and divided by the index on the date of completion of the improvement, and, in the case of depreciable property, after deduction of the adjusted depreciation;

"date of acquisition" means the day on which, in any manner whatsoever, the property came into the hands of the assessee or the assessee became entitled to it, whichever is earlier; and if the property came into his hands, or he became entitled to it, by way of a gift before the 3rd Nisan, 5728 (1st April, 1968), or even thereafter if it came into his hands by way of a gift exempt from tax under section 97(a)(4) or (5), "date of acquisition" means the day on which the property came into the hands of the last acquirer who acquired it otherwise than by way of a gift exempt from tax;

"depreciation" means the amounts deductible in relation to any property under section 21, and the amounts deducted from chargeable income in respect of the cost price of the property;

"adjusted depreciation" means the aggregate amount of depreciation, multiplied by the index for the date of sale and divided by the index for the middle day of the period in which the depreciation accumulated; and where an additional depreciation has been allowed under the Income Tax (Additional Depreciation Allowance on Business Property) Law, 5718—1958¹⁾, the Income Tax (Additional Depreciation Allowance on Business Property) Law, 5724—1964²⁾, or the Encouragement of Industry (Taxes) Law, 5729—1969³⁾, there shall be added the accumulated additional depreciation, multiplied by the index for the date of sale and divided by the index for the middle day of the period in which the additional depreciation accumulated;"

- (4) the definition of "balance of cost price" shall be replaced by the following definition:

"balance of cost price" means the cost price of any property after deduction of the amounts of depreciation;"

- (5) the following definition shall be inserted after the definition of "capital profit":

"inflationary surplus" —

(1) means the part of the capital profit equal to the amount by which the adjusted cost price exceeds the balance of the cost price;

(2) upon the sale of any property, being goodwill or a right of possession of immovable property, for the acquisition of which no payment was made, means the part of the capital profit equal to the amount of the capital profit, multiplied by the difference between the index for the date of sale and the index for the middle day of the period from the commencement of the accrual of the goodwill or the commencement of the possession of the immovable property until the date of sale and divided by the index for the date of sale;

(3) upon the sale of any goodwill for the acquisition of which payment was made, the inflationary surplus shall be calcu-

¹⁾ *Sefer Ha-Chukkim* of 5718, p. 168; *LSI* vol. XII, p. 186.

²⁾ *Sefer Ha-Chukkim* of 5724, p. 84; *LSI* vol. XVIII, p. 74.

³⁾ *Sefer Ha-Chukkim* of 5729, p. 232; *LSI* vol. XXIII, p. 253.

lated in accordance with paragraph (1) in respect of such part of the consideration as is equal to the adjusted cost price, and in accordance with paragraph (2) in respect of the balance of the consideration;

"real capital profit" means the capital profit less the inflationary surplus;"

Replacement of
section 90.

41. Section 90 of the Ordinance shall be replaced by the following section:

"Early sales.

90. (a) Upon the sale of any property within one year from the date of acquisition, the whole of the capital profit shall be regarded as real capital profit; upon a sale during the second year, the inflationary surplus shall be calculated as if the date of acquisition were later than the actual date of acquisition by a number of months equal to the number of whole months from the date of sale to the expiration of two years from the actual date of acquisition.

(b) The provisions of subsection (a) shall not apply to a sale being an expropriation, a sale of property received by inheritance or a sale of property for the purpose of replacement as mentioned in section 96."

Replacement of
section 91.

42. Section 91 of the Ordinance shall be replaced by the following section:

"Tax on
capital profit.

91. (a) A body of persons shall be liable to tax at the rate of 61 per cent on a real capital profit.

(b) An individual shall be liable to tax at a rate as specified in section 121 on a real capital profit. The capital profit shall be regarded as the highest portion of his chargeable income.

(c) The tax on the inflationary surplus shall be 10 per cent.

(d) (1) the assessee shall, within thirty days from the date of receipt of a capital profit, make an advance payment at the rate of 30 per cent thereof or, with the consent of the Assessing Officer after the assessee has shown reasonable grounds for believing that the tax leviable on the capital profit will not reach 30 per cent, at a lower rate.

- (2) If within thirty days as aforesaid the assessee files a detailed return of the capital profit, the amount of the advance payment shall be equal to the amount of tax due according to such return.
- (3) If the assessee does not make the whole or part of the advance payment in due time, or if he makes an advance payment under paragraph (2) and it subsequently appears that the tax due from him exceeds the tax he has paid, he shall, from the expiration of the said thirty days until the date of payment, pay linkage differentials and interest, within the meaning of section 159A (a), as well as a fine as provided in section 190, in respect of the amount not paid under paragraph (1) or in respect of the difference between the amount paid under paragraph (2) and the amount due or 30 per cent of the capital profit, whichever is less.
- (4) A person liable to pay linkage differentials and a fine under paragraph (3) shall not, in respect of the same amounts and periods, be liable to the payments referred to in sections 187 and 190.
- (e) (1) On the application of the assessee, the tax on a real capital profit shall be calculated as if the profit had accrued in equal annual instalments over a period not exceeding six years, ending with the year in which the profit accrued; but for the purposes of determining the advance payments under sections 174 to 181, the income in each year of the said period shall be deemed increased by the annual instalment.
- (2) No compulsory loans shall be raised from a capital profit the tax on which has been calculated as aforesaid.
- (f) The tax on a capital profit shall in no case exceed 50 per cent thereof; but in the case of property acquired up to the tax year 1948 the

tax shall not exceed 12 per cent of the profit, and in the case of property acquired in the tax years 1949 to 1960 the tax shall not exceed 12 per cent plus one per cent in respect of each year from the tax year 1949 to the year of the acquisition.

(g) The tax leviable on a capital profit upon the expropriation of any property shall be half of the tax due according to subsections (a) to (f).”.

Amendment of section 92. 43. In section 92 of the Ordinance —

(1) subsection (a) shall be replaced by the following subsection:

“(a) The amount of a capital loss a person had in a particular tax year and which, had it been a capital profit, would have been chargeable with tax shall first be set off against the real capital profit, and each pound of the balance shall be set off against three-and-a-half pounds of the inflationary surplus. For this purpose, appreciation and loss, within the meaning of the Land Appreciation Tax Law, 5723—1963, shall be deemed to be capital profit or capital loss, as the case may be.”;

(2) the words “tax on capital profit only” in subsection (b) shall be replaced by the words “capital profit” — within the meaning of subsection (a) — only”.

Addition of section 94A.

44. The following section shall be inserted after section 94 of the Ordinance:

“Sale of loan together with shares.

94A. Where an unlinked loan made to a company by a shareholder therein is sold not earlier than three years after it is made, together with shares or other rights he has in that company, the consideration for the loan shall be taken to be such part of the aggregate consideration for the shares and the loan as is equal to the adjusted cost price of the loan. If upon the sale of the shares a capital loss arises as a result of a calculation as aforesaid, it shall be set off, pound for pound, against the capital profit from the loan.”.

Amendment of section 95.

45. In section 95 of the Ordinance, the words “and the date of acquisition of the property shall be regarded as the date on which it

was acquired by the person who sold it to the company" shall be added at the end of subsection (b).

46. In section 96 of the Ordinance, the words "and he may do so in respect of the whole capital profit or in respect only of the real capital profit" shall be inserted after the words "be regarded as capital profit". Amendment of section 96.

47. In section 97 of the Ordinance — Amendment of section 97.
(1) in subsection (a), paragraph (3) shall be repealed, and the closing passage, beginning with the words "for this purpose", shall be deleted;
(2) in subsection (b), the expression "9(16)" shall be replaced by the expression "35(c)".

48. In section 101 of the Ordinance, the words "interest at the rate of 15 per cent *per annum*" shall be replaced by the words "linkage differentials and interest within the meaning of section 159A(a)". Amendment of section 101.

49. In section 108 of the Ordinance, the closing passage, beginning with the words "Provided that in the case of any individual" shall be deleted. Amendment of section 108.

50. The following shall be inserted after section 120 of the Ordinance: Addition of Part Six "A".

"PART SIX "A": LINKAGE OF INCOME CEILINGS;
CREDIT POINTS, PENSION POINTS AND SOCIAL
CONCESSIONS

Definitions.

120A. In this part —

"index" means the consumer price index published from time to time on behalf of the Central Bureau of Statistics;

"average index" means the average index for the period from December to February or from June to August, as the case may be;

"basic index" means the average index for the period from April to June, 1975, and thereafter means the average index according to which an adjustment to the index was last made in pursuance of section 120B;

"social concessions" means the amount of exemption of a retirement gratuity or death gratuity under section 9(7A), the amount exempt

under section 9(20), an entitling pension within the meaning of section 9A(a), the amount exempt under section 9A(b), the amount specified in section 9A(c) and entitling income within the meaning of section 47.

Linkage.

120B. Income ceilings and the amounts of credit points and pension points (all hereinafter referred to as "the amounts") and social concessions shall be adjusted to the increase of the index:

Provided that in respect of income ceilings and social concessions the Minister of Finance may, with the approval of the Finance Committee of the Knesset, prescribe that they shall only be adjusted to part of the increase of the index.

The adjustment shall be made as follows:

- (1) if on the 15th March preceding a particular tax year or on the 15th September in any tax year it appears that the average index for the preceding period exceeds the basic index by not less than 10 per cent, the amounts shall be adjusted accordingly from the 1st April or the 1st October of that year, as the case may be;
- (2) if no adjustment under paragraph (1) was made in a particular tax year, but on the 15th March it appeared that the average index for the preceding period exceeded the basic index by not less than 5 per cent, the amounts shall be adjusted accordingly in respect of the following year;
- (3) if on the 15th March preceding a particular tax year it appeared that the average index exceeded the basic index, the social concessions shall be adjusted accordingly;
- (4) the Minister of Finance may, with the approval of the Finance Committee of the Knesset, prescribe rules for the rounding-off of each of the amounts."

Replacement of
section 121.

51. Section 121 of the Ordinance shall be replaced by the following section:

"Rates of tax
in the case of
an individual.

121. (a) The tax on the income of an individual shall be as follows:

- (1) on every pound of the first 66,000 pounds — 35 agorot;
- (2) on every pound of the next 12,000 pounds — 45 agorot;
- (3) on every pound of the next 24,000 pounds — 50 agorot;
- (4) on every additional pound — 60 agorot.

(b) Notwithstanding the provision of subsection (a)(1), the rate of tax on the first 36,000 pounds of income derived from personal exertions or from house property shall be 25 agorot on every pound:

Provided that such income from house property as is subject to a reduced rate of tax as aforesaid — which shall for this purpose be regarded as the last income — shall be diminished by the amount by which the total income of the assessee exceeds 36,000 pounds.

The said reduced rate shall not apply to income for which the keeping of account-books is required but for which no acceptable account-books have been kept."

52. Sections 122 and 123 of the Ordinance are hereby repealed.

Repeal of
sections 122
and 123.

53. In section 124 of the Ordinance —

Amendment of
section 124.

- (1) the expression "section 121" shall be replaced by the expression "sections 121, 126 and 127" and the expression "32½ per cent" shall be replaced by the expression "35 per cent";
- (2) the words "Where the assessee is a body of persons, half of the 35 per cent shall be regarded as income tax and half as company tax" shall be added at the end.

54. In section 125B of the Ordinance, the expression "50 per cent" shall be replaced by the expression "45 per cent".

Amendment of
section 125B.

55. In section 126(a) of the Ordinance, the figure "42" shall be replaced by the figure "40".

Amendment of
section 126.

56. In section 127(a) of the Ordinance, the figure "30" shall be replaced by the figure "35".

Amendment of
section 127.

**Amendment of
section 128.**

57. In section 128 of the Ordinance, subsections (a) and (b) shall be replaced by the following subsections :

“(a) in this section, “special income” means income for which a special rate of tax is prescribed by any law unless such law prescribes a division of the tax into income and company tax.

(b) Part of the tax on special income, up to an amount equal to 35 per cent of that income, shall, for the purposes of section 127, be regarded as income tax and the remainder as company tax not deductible in calculating the income tax on that income; for this purpose —

(1) land appreciation shall be treated as special income;

(2) the whole of the tax paid on a capital profit or on appreciation shall be deemed to have been paid on the whole thereof.”.

**Amendment of
section 130.**

58. In section 130 of the Ordinance —

(1) subsection (a) shall be re-marked as subsection (a)(1) and the words “or at such later date as the Commissioner may prescribe either generally or in respect of a particular class of assessee” shall be added at the end thereof;

(2) the following paragraph shall be inserted after subsection (a)(1):

“(2) On the application of an assessee, the Commissioner may, on such conditions and for such period as he may prescribe, approve a variation of the provisions applicable to him; if the Commissioner rejects the application, the assessee may, within three months, lodge objection with a committee established under section 146 (hereinafter referred to as “books acceptability committee”).”;

(3) the closing passage of subsection (b) beginning with the word “but” shall be replaced by the words “if the deviations from the directions or the defects found in the account-books are material to the ascertainment of income”;

(4) subsection (c) shall be re-marked as subsection (j) and the following subsections shall be inserted before it:

“(c) Where the Assessing Officer refuses to accept accounts as referred to in subsection (b) or rejects account-books because of defects as aforesaid found therein, he shall send the assessee a notice to such effect, setting out the reasons for his decision.

(d) (1) Objection to a decision of the Assessing Officer under subsection (c) may be lodged with the books acceptability committee within thirty days from date of receipt of the notice.

(2) The period from the date of lodging objection under paragraph (1) until receipt of the decision of the committee shall not be included in the computation of the periods referred to in sections 145 and 152 (c).

(e) Where an objection lodged under subsection (d) has been dismissed, the account-books shall be regarded as unacceptable for the purposes of an appeal against the assessment.

(f) An order under section 152(b) based on non-acceptance or rejection of books shall not be issued before notice thereof has been sent to the assessee under subsection (c) or before the time for lodging objection to the decision of the Assessing Officer has elapsed or, where objection has been lodged, before the books acceptability committee has given its decision thereon.

(g) The lodging of objection under this section shall not serve in lieu of contestation under section 150.

(h) Where no objection is lodged under subsection (d), an appeal against the decision of the Assessing Officer under subsection (c) may be filed in the District Court together with an appeal under section 153.

(i) The provisions of subsections (c) to (f) shall apply also to a decision of the Commissioner under section 147.”.

59. Section 131 of the Ordinance shall be replaced by the following Replacement of section 131.
section:

“Who must
make a
return.

131. (a) The following shall submit a return:

(1) an individual resident in Israel who at the beginning of the tax year had completed his eighteenth year; notwithstanding the provisions of section 65, the return of a married man shall not include the income of his wife if she has submitted a separate return of her income or if he attaches to his return a declaration signed by her that she will file a separate return;

- (2) a married woman who has declared under paragraph (1) that she will make a separate return of her income;
- (3) an individual resident in Israel who at the beginning of the tax year had not yet completed his eighteenth year if he had in that year a chargeable income of an amount not less than 7,200 pounds or some other amount prescribed for this purpose by the Minister of Finance;
- (4) an individual non-resident who had a chargeable income in the tax year;
- (5) a body of persons which had an income in the tax year;
- (6) any person required to do so by the Assessing Officer, even if he does not have to submit a return according to paragraphs (1) to (5).

(b) The return shall specify the income which the person making it had in the year to which it relates and all the particulars required for the purposes of this Ordinance in respect of that income and shall be accompanied —

- (1) if it is based on a complete set of accounts kept by double-entry — by a balance-sheet and profit-and-loss account;
- (2) if it is based on a set of accounts other than as referred to in paragraph (1) — by particulars of the calculation on which the declared income is based;
- (3) if it is not based on account-books — by a detailed estimate of turnover, expenses and percentage of profit, or by documents or other data on which the declared income is based.

(c) A return under subsection (a)(5) shall be certified by an auditor, within the meaning of the Auditors Law, 5715—1955¹⁾, and adjusted by him for the purposes of the tax:

Provided that in the case of a body of

¹⁾ *Sefer Ha-Chukkim* of 5715, p. 26; *LSI* vol. IX, p. 27.

persons which is a cooperative society affiliated to an audit union the return may be certified and adjusted for the purposes of the tax by an audit union official duly registered with the Registrar of Cooperative Societies.

(d) The Minister of Finance may prescribe by order the form of the certification and adjustment referred to in subsection (c).

(e) Where a person has not attached documents as specified in subsection (b) to the return or where the return submitted by a person has not been certified and adjusted as provided in subsection (c), such person shall, for the purposes of sections 145(b) and 158A(c), be deemed not to have submitted a return unless he has submitted documents as aforesaid at another date permitted him by the Assessing Officer.”.

60. In section 132 of the Ordinance —

Amendment of
section 132.

(1) the closing passage of subsection (a), beginning with the words “specifying the income” shall be deleted;

(2) the words “and is accompanied by a balance-sheet and profit-and-loss account” in subsection (b)(1) shall be deleted.

61. Section 134 of the Ordinance is hereby repealed.

Repeal of
section 134.

62. In section 135 of the Ordinance, the words “to a deduction under section 37, 40 and 41” in paragraph (1) shall be replaced by the words “to credit points or pension points: Provided that such person shall not have to include the capital and property of his wife in the return if he has attached thereto a declaration signed by her that she will submit a separate return of her capital and property; in this case, she shall submit a return as aforesaid at the same date.”.

Amendment of
section 135.

63. Section 146 of the Ordinance shall be replaced by the following section:

Replacement of
section 146.

“Books
acceptability
committees.

146. (a) (1) The Minister of Finance shall, in consultation with the Minister of Justice, appoint persons of whom the Commissioner shall form committees on the acceptability of account-books.

(2) Each committee as aforesaid shall consist of three members. Its chairman shall be a member of the public, expert in accountancy, and the two other members shall be auditors of whom only one shall be an employee of the State or of another national institution.

(3) Notice of appointments as aforesaid shall be published in *Reshumot*.

(b) Upon an objection to a decision of the Assessing Officer under section 130(c) or of the Commissioner under section 147 in respect of the acceptability of account-books, the Assessing Officer or Commissioner shall have to justify his decision.

(c) When dealing with an objection to a decision of the Commissioner under section 130(a)(2), the committee may confirm or set aside the Commissioner's decision or give a different decision, as it may see fit.

(d) When dealing with an objection to a decision of the Assessing Officer under section 130(c) or of the Commissioner under section 147 in respect of the acceptability of account-books, the committee may do one of the following:

(1) confirm the decision of the Assessing Officer; in this case, it may declare that the books are unacceptable under aggravating circumstances;

(2) set aside the decision of the Assessing Officer and direct him to accept the books, either because they contain no defects or deviation from the Commissioner's directions, or because the defects or deviation they contain are or is immaterial to the determination of the assessee's income.

(e) The decision of the committee on an objection under section 130(a)(2)(d) or (h) shall be final, but the committee may refer a legal question to the District Court for an opinion.

(f) The committee shall be competent to collect evidence for the purpose of exercising its powers under this Ordinance.

(g) The committee may award costs of an objection, including the fee of the assessee's representative and travelling expenses and loss-of-working time allowance of witnesses.

(h) The Minister of Justice may make regulations as to the procedure of the committee, and he may also prescribe the fees payable in respect of proceedings before it and the remuneration of its members."

64. In section 150 of the Ordinance, the word "fifteen" shall be replaced by the word "thirty". Amendment of section 150.

65. The following section shall be inserted after section 150 of the Ordinance: Addition of section 150A.

"Hearing of contestation. 150A. The person who made an assessment shall not hear a contestation thereof."

66. In section 155 of the Ordinance, the closing passage beginning with the words "has dealt with all the receipts and payments of his business by such method, and in such manner, as the Commissioner has prescribed for the purpose" shall be replaced by the words "has kept acceptable books or, in the case of an appeal under section 130(h), if the account-books have been examined by an auditor and his opinion on the financial reports based thereon contains no reservation, or a reservation which in the opinion of the Court is immaterial to the matter of the acceptability of the books, the Assessing Officer or the Commissioner, as the case may be, shall have to justify his decision". Amendment of section 155.

67. The following shall be inserted after section 158 of the Ordinance: Addition of Chapter Two "A".

"CHAPTER TWO "A": HEARING OF ARGUMENTS AND STATEMENT OF REASONS WHERE ASSESSMENT BASED ON ASSESSING OFFICER'S JUDGMENT

Hearing of arguments and statement of reasons.

158A. (a) An assessment according to the Assessing Officer's best judgment, under section 145, or an order under section 152, shall not be made unless the assessee has been given a reasonable opportunity to be heard.

(b) In the notice of an assessment referred to in subsection (a) and in an order referred to therein, the Assessing Officer shall, in addition to the reasons for non-acceptance of the return or the contestation, specify the manner in which the assessment was made.

(c) The provisions of subsections (a) and (b) shall not apply where the assessee has not submitted a return as provided in section 131.”.

Replacement of section 159A. 68. Section 159A of the Ordinance shall be replaced by the following section:

“Refund of excess tax in consequence of return.

159A. (a) In this section, “linking differentials and interest” means an addition to the amount in question in accordance with the rate of increase of the consumer price index during the relevant period and a further addition of 4 per cent *per annum* to the linked amount, or interest at the rate of 15 per cent *per annum* for the said period on the amount in question, whichever is more.

(b) Where a person has paid tax for a particular tax year, whether by way of deduction or in any other manner, in excess of the amount to which he is liable according to a return submitted under section 131 and the return is based on account-books or, if he is not required to keep account-books, on appropriate documents, he shall have the excess refunded to him within sixty days from the day on which he submitted the return, unless in the last tax year in respect of which an assessment was made upon him his account-books were found unacceptable and he does not prove, to the satisfaction of the Assessing Officer, that the ground for the non-acceptability of the books did not exist in the year in respect of which the refund is requested.

(c) The refund shall, in respect of the period from the expiration of the tax year or from the date of payment, whichever is later, until the expiration of six months from the relevant one of the aforesaid dates or until the expiration of the month in which the assessee submitted the return, whichever is later, be made with the addition of interest at the

rate of 15 per cent *per annum*. In the case of a person to whom a special period of assessment applies, the expiration of the special period of assessment shall be substituted for the expiration of the tax year.

(d) In respect of the period from the expiration of the period for the payment of interest under subsection (c) until the date of the refund, the latter shall be made with the addition of linkage differentials and interest. For this purpose, the last index published before the refund shall be taken to be the index for the end of the period.

(e) Where after any amounts have been refunded to an assessee under this section it appears that they were not due to him, those amounts minus linkage differentials and interest, shall be regarded as tax due from him from the expiration of the tax year to which the return relates on the basis of which they were refunded.”

69. In section 160(a) of the Ordinance, the closing passage, beginning with the words “to demand that the excess be refunded to him”, shall be replaced by the words “to have the excess refunded to him —

Amendment of
section 160.

(1) in respect of the period from the date of submission of the return or from the date of payment, whichever is later, until the expiration of six months from the date of submission of the return or until the 27th Tevet, 5736 (31st December, 1975), whichever is later — with the addition of interest at the rate of 15 per cent *per annum*;

(2) in respect of the period from the expiration of the period for the payment of interest under paragraph (1) until the date of the refund — with the addition of linkage differentials and interest, within the meaning of section 159A(a).”

70. The following section shall be inserted after section 160 of the Ordinance:

Addition of
section 160A.

“Linkage
differentials
and interest
on refund of
excess payments
to be income.

160A. Linkage differentials and interest, within the meaning of section 159A(a), received by an assessee under section 159A(b) or 160 shall be included in his chargeable income for the tax year in which they are received.”

Amendment of
section 161.

71. In section 161 of the Ordinance, subsection (a) shall be replaced by the following subsection:

- (a) (1) An authorised dealer, within the meaning of the Defence (Finance) Regulations, 1941, who received from a non-resident interest on a debenture or dividend on shares for, or to the credit of, a resident shall deduct tax at source at the rate of 25 per cent.
- (2) A body of persons resident in Israel which pays to, or to the credit of, a non-resident interest on debentures or dividend on shares shall deduct tax at source at the rate of 25 per cent.
- (3) A body of persons resident in Israel which pays to a resident in Israel dividend on shares or interest on debentures shall deduct tax at source at the rate of 35 per cent or at a lower rate prescribed by any law.
- (4) A person required to make a deduction as aforesaid shall within seven days from the day on which the interest or dividend is received, pay the amounts deducted by him to the Assessing Officer, accompanied by a return thereof; he shall also, upon making the deduction, give the recipient of the interest or deduction or the person for whom or to whose credit it is received a certificate indicating the amounts paid or received and the tax deducted.
- (5) in this section —
“tax” does not include company tax;
“interest” includes linkage differentials not exempt from tax.

Amendment of
section 180.

7. In section 180 of the Ordinance —

- (1) the words “Provided that he shall not exempt as aforesaid a person required to keep account-books who does not do so” shall be added at the end of subsection (a);
- (2) the following subsection shall be added after subsection (b):
“(c) Where an individual kept account-books in the tax year and in the year preceding it but did not and was not required to keep account-books in the year which served as basis for the determination of the advance payments in the tax year, and the tax to which he is liable for the preceding tax year, according to the return submitted by him which is based on account-books, is lower than the amount of the advance payments, the amount of the advance payments to which he is liable in respect of the tax year shall be reduced to the amount of the tax to which he is liable according to the return.”.

73. In section 181B of the Ordinance, the words "or which expended amounts in respect of expenses which according to section 32(11) are not deductible" shall be inserted after the words "designated as deductible".

Amendment of
section 181B.

74. In section 185 of the Ordinance —

Amendment of
section 185.

(1) the words "such interest as the Court has determined" in paragraph (1) shall be replaced by the words "interest and linkage differentials, within the meaning of section 159A(a)";

(2) the words "such interest as the Court has determined" in paragraph (2) shall be replaced by the words "such linkage differentials and interest as aforesaid, unless the Court otherwise prescribes".

75. In section 186 of the Ordinance, the words "interest at the rate of 9 per cent *per annum*" shall be replaced by the words "linkage differentials and interest, within the meaning of section 159A(a)".

Amendment of
section 186.

76. Section 187 of the Ordinance shall be replaced by the following section:

Replacement of
section 187.

"Payment of
interest and
linkage
differentials.

187. (a) (1) In respect of amounts of tax for a particular tax year which have not been paid by the expiration of that tax year, the assessee shall be charged with interest at the rate of 15 per cent *per annum* for the period from the expiration of that tax year until six months thereafter and with linkage differentials and interest, within the meaning of section 159A(a), for the period from the last-mentioned date until the date of payment. In the case of a person to whom a special period of assessment applies, the expiration of the special period of assessment shall be substituted for the expiration of the tax year.

(2) The provisions of this subsection shall apply also to a tax debt under section 159A(c).

(b) The provisions of subsection (a) shall not apply in respect of the following periods:

(1) a period beginning upon the expiration of two years from the expiration of the

tax year in respect of which the return was submitted and ending fifteen days after the date of delivery of the assessment for that year, even if the assessment was varied, amended or re-issued following an order made under section 147; for this purpose, "assessment" means an assessment under section 145 or, where made, an assessment under section 152.

(2) a period in respect of which interest is due under section 185(2) or 186."

Amendment of section 188. 77. In section 188 of the Ordinance, the following subsection shall be added at the end:

"(e) In this section, "month" means a whole month.

Replacement of section 189. 78. Section 189 of the Ordinance shall be replaced by the following section:

"Saving of criminal responsibility.

189. (a) The payment of a fine under section 188 or an increase of the rate of tax under section 191B shall not affect the criminal responsibility of a person under this Ordinance.

(b) Where a criminal action for non-submission of a return is brought against any person, he shall not be ordered to pay a fine under section 188 for that offence. If he has paid a fine as aforesaid, it shall be refunded to him; if he is acquitted, he shall be paid linkage differentials and interest, within the meaning of section 159A(a), from the date of payment of the fine until the date of the refund."

Amendment of section 191. 79. In section 191(d) of the Ordinance, the closing passage beginning with the words "Provided that", shall be deleted.

Replacement of section 191B. 80. Section 191B of the Ordinance shall be replaced by the following section:

"Increase of rates of tax for non-keeping of books.

191B. (a) An assessee who, being required to keep account-books for a particular tax year, does not do so, including a person who does not base his return on account-books, shall have the tax to which he is liable for that year increased by 10 per cent of the amount of the income in respect of

which he is required to keep accounts; and for every subsequent year in which he does not keep account-books as aforesaid, the tax shall be increased by 20 per cent of the amount of income as aforesaid.

(b) Where an assessee has had the tax for a particular tax year increased, the advance payments for the year in which the assessment for that tax year was made shall be increased by 20 per cent if the addition to the tax was 10 per cent, and by 40 per cent if the addition to the tax was 20 per cent:

Provided that if he also had the tax increased for the tax year according to which the advance payments were fixed, the rate of increase of the advance payment shall be reduced by twice the rate of the addition to the tax.

This provision shall not apply if the assessee proves, to the satisfaction of the Assessing Officer, that in the tax year in which the assessment as aforesaid was made he kept or was not required to keep account-books.”.

81. In section 192 of the Ordinance, the expression “191A and 191B” shall be replaced by the expression “and 191A”. Amendment of section 192.

82. In section 220 of the Ordinance, the words “four years” in the opening passage shall be replaced by the words “seven years”. Amendment of section 220.

83. The following section shall be added after section 244 of the Ordinance: Addition of section 245.

“Prohibition of reductions and concessions.

245. (a) No deductions or set-offs shall be allowed, and no exemptions, tax reductions or other concessions shall be granted, save as expressly provided by Law.

(b) Notwithstanding the provisions of subsection (a), the Minister of Finance may, with the approval of the Finance Committee of the Knesset, make regulations for the grant of concessions as aforesaid, but they shall expire three months from the date of publication: Provided that the Minister of Finance may, with approval as aforesaid, extend their validity until the expiration of the financial year in which they were published.”.

Commencement. 84. Sections 1, 2(1) and 3(2), section 5(6) in respect of the repeal of section 9(13) and (16) of the Ordinance, sections 6, 8, 14, 17(2) and 20 to 26, section 27 in respect of section 40(b) of the Ordinance, sections 28, 29 and 31, section 32 in respect of the increase of the rate and sections 33 to 39, 50 to 56 and 60 to 73 shall apply from the tax year 1975 onwards.

Scope of application and transitional provisions.

85. (a) Sections 2(2), 3(3), 4, 5(5), 11(1) and 48 and section 71 in respect of the definition of "interest" in section 161(a) (5) of the Ordinance shall apply to an accumulation of linkage differentials beyond the index for June, 1975, and to amounts added in consequence of any change in the rate of exchange from the 22nd Tammuz, 5735 (1st July, 1975) onwards.

(b) Section 3(4) shall, in respect of interest differentials, apply to interest for the period from the 22nd Tammuz, 5735 (1st July, 1975).

(c) Section 5 shall —

(1) in respect of the repeal of the provision of section 9(14) of the Ordinance — apply from the date of publication of this Law;

(2) in respect of the repeal of the provision of section 9(15) of the Ordinance — apply to interest for the period beginning on the 22nd Tammuz, 5735 (1st July, 1975);

(3) in respect of the repeal of the provision of section 9(17) of the Ordinance — apply to a soldier discharged after the 21st Tammuz, 5735 (30th June, 1975).

(d) Section 11(2) shall, in respect of section 17(10) of the Ordinance as enacted by this Law, apply to interest and linkage differentials for the period from the 22nd Tammuz, 5735 (1st July, 1975) onwards.

(e) Section 11(2) shall, in respect of the addition of section 17(11) to the Ordinance, apply to expenses in connection with income in the tax year 1975.

(f) Section 13 shall apply from the tax year 1975 onwards; but in the tax year 1975 —

(1) the average value of preferred loans shall, for the purpose of section 19(a) and (b) of the Ordinance, be calculated according to the balances from July until the expiration of the tax year;

(2) section 19(c) of the Ordinance shall apply to interest payable for the period from the 22nd Tammuz, 5735 (1st July, 1975) onwards.

(g) Section 16 shall apply to losses created in the tax year 1975 or thereafter.

(h) Section 18 shall apply from the tax year 1975 onwards; but in the tax year 1975, only such part of the expenses specified in section 33 of the Ordinance shall not be allowed for deduction as bears to the whole of such expenses the same proportion as the number of the months from July until the expiration of the tax year, or until the expiration of the special period of assessment, bears to twelve.

(i) Section 27 shall, in respect of section 40(a) of the Ordinance, apply from the 22nd Tammuz, 5735 (1st July, 1975) onwards.

(j) Sections 40 to 47 shall apply from the tax year 1975 onwards; however —

(1) an assessee to whom a capital profit accrued from sales between the 20th Nisan, 5738 (1st April, 1975) and the date of publication of this Law may request that the provisions of sections 88 to 97 of the Ordinance as in force prior to this Law shall apply to such capital profit, and if he so requests such capital profit shall be added to his income in the year 1974; if he does not so request, then, for the purposes of section 91(d) of the Ordinance as enacted by this Law, the date of publication of this Law shall be regarded as the day on which the capital profit accrued: Provided that only interest, and not linkage differentials and interest as provided in section 91(d)(3), shall be paid for the period until the 27th Tevet, 5736 (31st December, 1975);

(2) section 92 of the Ordinance as amended by section 43 of this Law shall apply also to a capital loss created before the publication of this Law and not yet set off.

(k) (1) Section 58(3) and (4) shall apply to assessments for the year 1973 and onwards, except —

(a) assessments issued before the publication of this Law and no longer open to contestation;

(b) assessments under section 145(a)(2) of the Ordinance issued before the publication of this Law unless the assessee, within thirty days from the date of publication of this Law, notifies his desire to lodge objection with a books acceptability committee.

(2) An order under section 152(b) of the Ordinance, in respect of an assessment for the tax year 1973 or 1974, based on unacceptability or rejection of books shall not be issued within thirty days from the date of publication of this Law.

(3) The Minister of Finance shall, in consultation with the Minister of Justice, make regulations as to the time for lodging objection and the modes of dealing therewith for the purposes of paragraph (1)(b).

(1) Section 59 shall apply from the tax year 1975 onwards: Provided that where a person would not be required to submit a return if section 131(a)(1) and (3) of the Ordinance had not been amended by this Law or would be exempt in pursuance of regulations under section 134 of the Ordinance if they had not been repealed, the requirement shall apply to him from the tax year 1977 onwards or from such earlier tax year as the Minister of Finance may prescribe either generally or in respect of particular classes of assessee.

(m) (1) Section 63 shall, in respect of the replacement of section 146 of the Ordinance, apply from the date of publication of this Law except if before the publication of this Law the assessee requested that his contestation under section 191(d) of the Ordinance be heard before an advisory committee or if, in the case of assessments made before the publication of this Law, he so requests within the time for the filing of contestation.

(2) The Minister of Finance may appoint committees under section 146, as in force before the enactment of a new version thereof by this Law, for the implementation of the provisions of paragraph (1).

(n) Section 64 shall apply to assessments for the tax year 1974 and onwards.

(o) Section 65 shall apply to assessments for the tax year 1975 and onwards.

(p) Section 68 shall apply to returns for the tax year 1974 and onwards; however —

(1) in the case of returns submitted before the publication of this Law the refund shall be made within sixty days from the date of publication;

(2) in respect of the period until the 27th Tevet, 5736 (31st December, 1975), only interest shall be paid on the amounts of the refund.

(q) Section 70 shall apply to interest and linkage differentials for the period from the 22nd Tammuz, 5735 (1st July, 1975).

(r) Section 72 shall apply to advance payments for the tax year 1976 and onwards.

(s) On a refund or payment under section 185 of the Ordinance, as amended by section 74, only interest shall be paid in respect of the period until the 27th Tevet, 5736 (31st December, 1975).

(t) Section 75 shall apply to the period from the 28th Tevet, 5736 (1st January, 1976); but the provisions of section 186 of the Ordinance, as in force before its amendment by this Law, shall continue to apply to amounts the payment of which was deferred before the date of publication of this Law, provided the assessee has fulfilled all the conditions of the deferment.

(u) (1) Section 187 of the Ordinance, as enacted by section 76 of this Law, shall apply from the 20th Nisan, 5735 (1st April, 1975) onwards; however —

(a) only interest shall be charged in respect of the period until the 27th Tevet, 5736 (31st December, 1975);

(b) in respect of assessments issued before the 1st Nisan, 5736 (1st April, 1976), interest shall be charged according to section 187 of the Ordinance, as in force before its amendment by the Income Tax Ordinance (Amendment No. 21) Law, 5735—1975¹;

(c) The obligation under section 187 of the Ordinance, as enacted by this Law, shall, in respect of the tax for the year 1974, apply from the date prescribed for the submission of the return for that year.

(2) For the purposes of section 187(b) of the Ordinance, as enacted by this Law, the 19th Nisan, 5735 (31st March, 1975) shall be regarded as the date of expiration of each of the tax years preceding the tax year 1975.

(v) Section 80 shall apply from the tax year 1975 onwards:

Provided that section 191B of the Ordinance shall not apply in the tax year 1975 to an assessee who kept books from the 26th Tishri, 5736 (1st October, 1975) onwards.

(w) Every provision of this Law relating to appreciation of immovable property shall apply to a sale from the 22nd Tammuz, 5735 (1st July, 1975) onwards.

86. A person who before the repeal of section 42(b) and (c) of the Ordinance by this Law was entitled to a deduction thereunder shall be entitled to one quarter of a credit point in the tax year 1975. The Minister of Finance may, with the approval of the Finance Com-
Special concession.

¹) *Sefer Ha-Chukkim* of 5735, p. 42; *supra*, p. 49.

mittee of the Knesset, extend the validity of this provision either generally or in respect of particular categories of persons entitled.

Commencement
of adjustment
to index.

87. No adjustment to the index under section 120B of the Ordinance shall be made before the 13th Adar Bet, 5736 (15th March, 1976).

Transition
charge.

88. (a) In the tax year 1975, a person shall be liable to a special charge (hereinafter referred to as a "transition charge") at a rate as set out hereunder:

- (1) an individual: 3 per cent of the amount of the tax to which he is liable, not including tax on dividend received from a body of persons which has paid a transition charge;
- (2) a body of persons: $2\frac{1}{2}$ per cent of the amount of its chargeable income.

(b) A transition charge shall not be leviable —

- (1) in respect of tax on income from interest in respect of which exemption or a reduction is granted by any law;
- (2) on chargeable income to which section 47 of the Encouragement of Capital Investments Law, 5719—1959¹⁾, applies.

(c) A transition charge shall be treated as tax to all intents and purposes.

YITZCHAK RABIN
Prime Minister

YEHOSHUA RABIOVITZ
Minister of Finance

EFRAYIM KATZIR,
President of the State

¹⁾ *Sefer Ha-Chukkim* of 5719, p. 234; *LSI* vol. XIII, p. 258.

(No. 73)

WAR LOAN (REPEAL) LAW, 5735—1975 *

1. The War and Procurement-Financing Loan Law, 5735—1975 ¹⁾, is hereby repealed. An amount paid on account of a loan under the said Law shall be deemed to have been paid on account of income tax for the tax year 1975. Repeal of War and Procurement-Financing Loan Law.
2. The War Loan (Land Appreciation) Law, 5735—1975 ²⁾, is hereby repealed with effect from the 22nd Tammuz, 5735 (1st July, 1975). Repeal of War Loan (Land Appreciation) Law.

YITZCHAK RABIN
Prime Minister

YEHOASHUA RABIOVITZ
Minister of Finance

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 2nd Av, 5735 (10th July, 1975) and published in *Sefer Ha-Chukkim* No. 774 of the 12th Av, 5735 (20th July, 1975), p. 194; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1187 of 5735, p. 315.

¹⁾ *Sefer Ha-Chukkim* of 5735, p. 110; *supra*, p. 139.

²⁾ *Sefer Ha-Chukkim* of 5735, p. 114; *supra*, p. 145.

(No. 74)

**RESERVE SERVICE (COMPENSATION) (AMENDMENT No. 9)
LAW, 5735—1975 ***

Amendment of section 1. 1. In the Reserve Service (Compensation) Law, 5719—1959 ¹⁾, in the definition of “minimum compensation” in section 1, the passage beginning with the words “and, if the reservist has children” and ending with the words “and the second child” shall be deleted.

Commencement. 2. This Law shall have effect from the 22nd Tammuz, 5735 (1st July 1975).

YITZCHAK RABIN
Prime Minister

MOSHE BARAM
Minister of Labour

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 2nd Av, 5735 (10th July, 1975) and published in *Sefer Ha-Chukkim* No. 774 of the 12th Av, 5735 (20th July, 1975), p. 194; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1190 of 5735, p. 379.

¹⁾ *Sefer Ha-Chukkim* of 5719, p. 306 — *LSI* vol. XIII, p. 350; *Sefer Ha-Chukkim* of 5734, p. 104 — *LSI* vol. XXVIII, p. 108.

(No. 75)

EMERGENCY REGULATIONS (PROTECTION OF
EDUCATIONAL INSTITUTIONS) (EXTENSION OF VALIDITY)
LAW, 5735—1975 *

1. The validity of the Emergency Regulations (Protection of Educational Institutions), 5734—1974¹⁾ (hereinafter referred to as “the Regulations”), as amended by the Schedule, is hereby extended until the 5th Elul, 5736 (31st August, 1976). Extension of validity.
2. The Minister of Education and Culture is charged with the implementation of the provisions of this Law. Implementation.
3. This Law shall have effect from the 21st Tammuz, 5735 (30th June, 1975). Commencement.

SCHEDULE

1. In regulation 4(c) of the Regulations, item (1) shall be replaced by the following items:
“(1) he is a soldier as defined in the Military Justice Law, 5715—1955²⁾, who, by reason of his service in the Army, is unable at that time to perform protection service, or
(1A) he is a police officer or a prison officer, within the meaning of the Police Ordinance (New Version), 5732—1971³⁾, or the Prisons Ordinance (New Version), 5732—1971⁴⁾, as the case may be, who, by reason of his service as such an officer, is unable at the time to perform protection service, or”.
2. The following regulation shall be inserted after regulation 11 of the Regulations:

* Passed by the Knesset on the 6th Av, 5735 (14th July, 1975) and published in *Sefer Ha-Chukkim* No. 775 of the 16th Av, 5735 (24th July, 1975), p. 196; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1191 of 5735, p. 183.

¹⁾ *Kovetz Ha-Takkanot* of 5734, p. 1902; *Sefer Ha-Chukkim* of 5735, p. 18 — *supra*, p. 25.

²⁾ *Sefer Ha-Chukkim* of 5715, p. 171; *LSI* vol. IX, p. 184.

³⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 17, p. 390; *NV* vol. II, p. 158.

⁴⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 21, p. 458; *N.V.* vol. II, p. 237.

"Mutual obligations of employee and employer.

11A. (a) An employer shall release an employee from work to enable him to fulfil a duty of protection service imposed on him under these Regulations.

(b) The employer shall pay the employee his full wage for the time that he is absent from work owing to the fulfilment of a duty of protection service imposed on him.

(c) The time that the employee is absent from work owing to the fulfilment of a duty of protection service imposed on him shall be made up for by way of extra hours or a different shift even if this involves a deviation from the Hours of Work and Rest Law, 5711—1951¹⁾. The employee shall not have to work more than two extra hours on any working-day.

(d) A certificate by the officer-in-charge attesting to the fulfilment of a duty of protection service shall be *prima facie* evidence thereof."

3. The following section shall be inserted after section 13 of the Regulations:

"Application to the State.

13A. For the purposes of these Regulations, the State shall be treated like any other employer."

YITZCHAK RABIN
Prime Minister

AHARON YADLIN
Minister of Education
and Culture

EFRAYIM KATZIR
President of the State

¹⁾ Sefer Ha-Chukkim of 5711, p. 204; LSI vol. V, p. 125.

(No. 76)

MILITARY JUSTICE (AMENDMENT No. 8) LAW, 5735—1975*

1. In section 25 of the Military Justice Law, 5715—1955¹⁾ (hereinafter referred to as “the principal Law”), the following subsection shall be added at the end: Amendment of section 25.

“(c) Notwithstanding the provisions of subsection (a), wherever in respect of an offence under the Traffic Ordinance²⁾ or an offence under any other enactment relating to traffic a particular penalty is prescribed as a mandatory penalty, a court martial shall impose that penalty.”.

2. In section 41 of the principal Law, subsection (b) shall be replaced by the following subsection: Amendment of section 41.

“(b) A non-military offence shall be prescribed as provided in section 7 of the Criminal Procedure Law, 5725—1965³⁾.”.

3. Section 42 of the principal Law shall be replaced by the following section: Replacement of section 42.

“Prescription of penalties. 42. The provisions of section 8 of the Criminal Procedure Law, 5725—1965, shall apply to a penalty imposed by a court martial either for a military or for a non-military offence: Provided that where the sentence requires confirmation the period of prescription of the penalty shall—except if enforcement has already begun but been interrupted—be reckoned from the date of confirmation.”.

4. In section 136 of the principal Law, subsection (b) shall be replaced by the following subsection: Amendment of section 136.

* Passed by the Knesset on the 13th Av, 5735 (21st July, 1975) and published in *Sefer Ha-Chukkim* No. 776 of the 23rd Av, 5735 (31st July, 1975), p. 198; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1161 of 5735, p. 130.

¹⁾ *Sefer Ha-Chukkim* of 5715, p. 171 — *LSI* vol. IX, p. 184; *Sefer Ha-Chukkim* of 5718, p. 122 — *LSI* vol. XII, p. 140; *Sefer Ha-Chukkim* of 5723, p. 120 — *LSI* vol. XVII, p. 143; *Sefer Ha-Chukkim* of 5724, p. 148 — *LSI* vol. XVIII, p. 140; *Sefer Ha-Chukkim* of 5729, p. 193 — *LSI* vol. XXIII, p. 208; *Sefer Ha-Chukkim* of 5730, p. 20 — *LSI* vol. XXIV, p. 19; *Sefer Ha-Chukkim* of 5732, p. 140 — *LSI* vol. XXVI, p. 157; *Sefer Ha-Chukkim* of 5734, p. 128 — *LSI* vol. XXVIII, p. 137.

²⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 7, p. 173; *NV* vol. I, p. 222.

³⁾ *Sefer Ha-Chukkim* of 5725, p. 164; *LSI* vol. XIX, p. 148.

“(b) For the purposes of the application of disciplinary law, an offence under any of the following shall be treated as a military offence:

- (1) the Safety Belt (Vehicles) Law, 5733—1973¹⁾, and the regulations thereunder;
- (2) regulations made under section 25 of the Defence Service Law, 5719—1959 (Consolidated Version)²⁾;
- (3) regulations under the Traffic Ordinance—other than regulations for the contravention of which a mandatory penalty is prescribed—designated by the Minister of Defence in consultation with the Minister of Justice.

Amendment of section 183. 5. In section 183(1) of the principal Law, the following subparagraph shall be added after subparagraph (d):

“(e) a traffic court martial”.

Amendment of section 187. 6. In section 187 of the principal Law, the following paragraph shall be added after paragraph (2):

“(3) appoint legally qualified military judges to act as traffic judges in traffic courts martial (hereinafter referred to as “traffic judges”).”.

Amendment of section 188. 7. In section 188 of the principal Law —

- (1) the words “two years” in paragraph (3) shall be replaced by the words “three years”;
- (2) the following paragraph shall be added after paragraph (3):
“(4) traffic judge — two years”.

Addition of article. 8. In Chapter Two of Part Four of the principal Law, the following shall be inserted after Article Five:

“ARTICLE FIVE “A”: TRAFFIC COURTS MARTIAL

Powers of traffic court martial. 209A.(a) In each jurisdictional district, there shall be a traffic court martial which shall be competent to try any soldier for traffic offences, that is to say —

- (1) an offence with which a traffic judge appointed for the purposes of the Traffic Ordinance is competent to deal, other than a felony and other than an offence under

¹⁾ *Sefer Ha-Chukkim* of 5733, p. 250; *LSI* vol. XXVII, p. 288.

²⁾ *Sefer Ha-Chukkim* of 5719, p. 286; *LSI* vol. XIII, p. 328.

section 218 of the Criminal Code Ordinance, 1936.¹⁾, committed in the course of using a vehicle;

(2) an offence under section 133 (non-compliance, or negligence in complying, with a provision of any of the orders enumerated therein) relating to a vehicle, military transport arrangements, or traffic;

(3) an offence under section 79(a) (improper use of Army property) relating to a vehicle.

(b) The powers of a traffic court martial shall not derogate from any other power to try traffic offences either under this Law or under any other enactment.

209B.(a) A traffic court martial shall hear cases by a single traffic judge. Single judge.

(b) A person appointed to be a legally qualified president of a court martial or a legally qualified military judge in a special court martial or a district court martial shall also be competent to act as a traffic judge.

209C. A traffic court martial shall not impose a penalty of imprisonment for a term exceeding one year, a penalty of reduction in rank where the accused holds the rank of *rav-samal* (appr.: sergeant major) or above or the penalty of expulsion from the Army. Limitation of penal powers.

209D. The president of a district court martial shall prescribe rules for the administration of the traffic court martial in his district.”. Rules of administration.

9. In section 214 of the principal Law, the expression “in section 215” shall be replaced by the expression “in sections 215 and 215A”. Amendment of section 214.

10. The following sections shall be inserted after section 215 of the principal Law: Amendment of section 215A and 215B.

“Appeal Court Martial consisting of single judge.

215A.(a) In an appeal against a judgment of a traffic court martial, the Appeal Court Martial shall, except in the cases enumerated in section 215B, consist of a single legally qualified judge.

(b) In an appeal as aforesaid by the prosecution, an Appeal Court Martial consisting of a single

¹⁾ P.G. of 1936, Suppl. I, p. 285 (English Edition).

Appeal Court
Martial
consisting of
three judges.

legally qualified judge shall not impose a penalty of actual imprisonment for a term exceeding six months.

215B. In an appeal against a judgment of a traffic court martial, the Appeal Court Martial shall consist of three judges, of whom at least one shall be legally qualified, if —

- (1) the President of the Appeal Court Martial so decides or
- (2) the Military Advocate General notifies the President of the Appeal Court Martial that he deems it necessary or
- (3) the judgment imposes a penalty of actual imprisonment for a term exceeding six months and, where the appeal is made by the accused, he requests that it shall be heard by three judges as aforesaid or
- (4) the judge who hears the appeal so decides.”.

Amendment of
section 243.

11. In section 243 of the principal Law, subsection (b) shall be replaced by the following subsections:

“(b) Where an information has been filed in a traffic court martial, a warrant of arrest against the accused may be issued —

- (1) for a period not exceeding thirty days by a traffic judge or a person competent to act as a traffic judge under section 209B(b);
- (2) for any period by the President of the District Court Martial.

(c) A warrant of arrest under subsection (a) or (b)(2) shall have effect until the termination of the proceedings in the instance in which it is issued unless it is cancelled before then.”.

Amendment of
section 251.

12. In section 251 of the principal Law, the words “other than a traffic court martial” shall be inserted after the words “a court martial”.

Addition of
section 282B.

13. The following section shall be inserted after section 282A of the principal Law:

“Information
in traffic
court martial.

282B. A military prosecutor may file an information in a traffic court martial on the strength of the evidence in his possession, without a direction from a military advocate.”.

14. In section 305A of the principal Law — Amendment of section 305A.
 (1) the word “district” in subsection (a) shall be deleted;
 (2) the word “district” in subsection (b) shall be deleted.
15. In section 327 of the principal Law, the following paragraph shall be added at the end: Amendment of section 327.
 “(f) This section shall not apply to proceedings in a traffic court martial.”.
16. In section 351 of the principal Law, the words “or traffic court martial” shall be inserted after the words “In a district court martial” in subsection (d). Amendment of section 351.
17. In Chapter Four of Part Five of the principal Law, the following shall be added at the end: Addition of article.

“ARTICLE THREE: PROCEEDINGS IN TRAFFIC COURT MARTIAL

Application of rules of procedure of district court martial.

412A.(a) The rules of procedure which apply in a district court martial shall, *mutatis mutandis* and subject to the provisions of this article, apply also in a traffic court martial.

(b) A traffic judge and a judge of the Appeal Court Martial who hear an appeal against a judgment of a traffic court martial shall, for the purpose of conducting the hearing, have all the powers of the presiding judge of a district court martial.

Summons.

412B.(a) Where an information has been filed, the accused shall be summoned by summons signed by the president of the district court martial or a person empowered by him in that behalf. The summons shall indicate the place and time of the hearing, notify the accused of his right to have the court summon witnesses for his defence, set out any other provision required for the holding of the trial and be accompanied by a copy of the information.

(b) The provisions of this section shall not derogate from the power of the court to postpone the trial for such reasons as it may think fit, and *inter alia*, in order to enable the accused to prepare his defence.

Designation and replacement of trial judges.

412C.(a) The president of the district court martial shall, generally or in respect of a particular matter or class of matters, designate the judge who is to deal with an information filed in a traffic court martial.

(b) Where a judge has been designated for a particular matter, the president of the district court martial may replace him with another judge so long as the taking of evidence has not begun.

(c) Where after the taking of evidence has begun the designated judge is unable to continue the hearing, the president of the district court martial shall transfer the matter to another judge, stating his reasons for doing so in writing. The judge to whom the matter has been transferred may continue the hearing from the point which his predecessor had reached or may take evidence anew.

Hearing in absence of military prosecutor.

412D. A court may try the accused in the absence of a military prosecutor, but this shall not prevent it from directing, at any stage of the hearing, that the military prosecutor shall appear nor shall it prevent the prosecutor from appearing if he sees fit to do so. Where the court directs the military prosecutor to appear, it shall inform the accused of his right to be represented by defence counsel.

Hearing in absence of accused.

412E.(a) A court may try the accused in his absence if he does not appear for trial and it is of the opinion that he has been duly summoned and that there is no justification for his non-appearance or if the accused has requested in writing that the trial be held in his absence; but the court shall not in any such case as aforesaid impose a penalty of actual detention or actual imprisonment for a term of more than two weeks or reduction in rank.

(b) Where a convicting judgment is given in the absence of the accused, the court may set it aside and try the accused again on the same information if he makes reasoned application therefor within fifteen days from the day on which notice of judgment is delivered to him. This provision shall

not apply where the case was heard in the absence of the accused at his request.

Notice of judgment.

412F. The president of the district court martial shall prescribe arrangements for a party to be served notice of a judgment given in his absence.”.

18. Section 418 of the principal Law shall be replaced by the following section: Replacement of section 418.

“Period for filing appeal.

418. The period for filing appeal is fifteen days from the day on which judgment is given. Where judgment is given in the absence of the accused or the prosecutor, the period for filing appeal shall, in respect of the party in whose absence judgment is given, be reckoned from the day on which notice of the judgment is served on him.”.

19. The following section shall be inserted after section 435 of the principal Law: Addition of section 435A.

“Appeal against judgment of traffic court martial.

435A. (a) The provisions of this article shall, *mutatis mutandis* and subject to the provisions of this section, apply also to the filing and hearing of an appeal against a judgment of a traffic court martial.

(b) The President of the Appeal Court Martial or a legally qualified military judge thereof empowered by him in that behalf shall, generally or in respect of a particular matter or class of matters, designate the judge who is to sit in an appeal coming before a single judge under section 215A.

(c) Notwithstanding the provisions of section 434, the court which hears the appeal may do so in the absence of the parties even if one or more of them requests or request that it be heard in his or their presence. Where it has been decided to hear the appeal in the absence of the parties, the court may set the respondent a time for filing his answer in writing if it is of the opinion that it is necessary so to do in the interest of justice, and it may hear and determine the appeal without hearing the parties, entirely on the strength of the material brought before it in writing.

(d) Where the appeal is heard in the absence of the parties, the court shall not convict the accused of an offence of which he had been acquitted or increase the term of actual detention or actual imprisonment imposed by the judgment appealed against and shall not impose a penalty of actual detention or actual imprisonment or reduction in rank unless it had been imposed by the judgment appealed against.”

Amendment of
section 436.

20. In section 436(1) of the principal Law, the words “or traffic court martial” shall be inserted after the words “special court” in subparagraph (e).

Addition of
section 444A.

21. The following section shall be inserted after section 444 of the principal Law:

“Sentence of
traffic court
martial.

444A. (a) The preceding provisions of this chapter, except section 441(a), shall not apply to a sentence of a traffic court martial or a sentence in an appeal against a judgment of a traffic court martial.

(b) The C.G.S. in respect of a sentence in an appeal against a judgment of a traffic court martial, and the chief of a jurisdictional district in respect of a sentence of a traffic court martial in his district, may, within thirty days from the day on which the judgment becomes final —

- (1) mitigate the penalty, also if the whole or part thereof was imposed conditionally;
- (2) quash an order to pay compensation or reduce the amount thereof;
- (3) replace the whole or part of a penalty of imprisonment or detention with a conditional penalty;
- (4) replace the whole or part of the penalty of disqualification for receiving or holding a driving licence with a penalty of conditional disqualification.”

Addition of
section 488A.

22. The following section shall be inserted after section 488 of the principal Law:

"Written statement as evidence in traffic court martial.

488A. (a) A traffic court martial and an appeal court martial which hears an appeal against a judgment of a traffic court martial may admit as evidence a person's written statement purporting to be signed by him if his signature has been authenticated by an advocate, a police officer, a military policeman or any other soldier of or above the rank of *samal*.

(b) The court shall not admit a statement as aforesaid if the accused or the prosecutor requests that the person who made the statement shall appear as a witness in court."

23. In section 489 of the principal Law, the following subsection shall be added at the end: Amendment of section 489.

"(c) The following provisions shall apply to the carrying out of a convicting judgment of a traffic court martial:

(1) it shall be carried out upon becoming final;

(2) notwithstanding the provision of paragraph (1), a judgment imposing imprisonment shall be carried out upon being read and a judgment imposing detention or confinement to camp or ship shall be carried out upon being read but not before coming to the knowledge of the commander of the sentenced person, all unless the court or the chief of the jurisdictional district otherwise directs."

24. The following section shall be inserted after section 489 of the principal Law: Addition of section 489A.

"Commencement of period of disqualification.

489A. Section 42 of the Traffic Ordinance shall also apply, *mutatis mutandis*, in traffic courts martial. The power to make regulations under that section shall, for the purposes of traffic courts martial, vest in the Minister of Defence."

25. Section 492 of the principal Law shall be re-marked as section 492(a) and the following subsection shall be added thereafter: Amendment of section 492.

"(b) A judgment imposing imprisonment given by an appeal court martial in an appeal against a judgment of a traffic court martial shall be carried out upon being read, and a judgment imposing detention or confinement to camp or ship shall be carried out upon being read but not before coming to the knowledge of the

commander of the sentenced person, all unless the court or the C.G.S. otherwise directs.”.

Amendment of
section 512.

26. In section 512 of the principal Law, the words “and its carrying out begun” shall be replaced by the words “or does not require confirmation and its carrying out has begun”.

Repeal.

27. There are hereby repealed —

- (1) section 548(3) of the principal Law;
- (2) the Emergency Regulations (Traffic Offences — Military Personnel), 5709—1949¹⁾ (hereinafter referred to as “the Regulations”).

Transitional
provisions.

28. (a) The Regulations shall continue to apply to an information filed thereunder before the coming into force of this Law.

(b) Where an offence became prescribed before the coming into force of this Law but the time specified in respect thereof in the provision referred to in section 41(b) of the principal Law, as amended by this Law, has not yet elapsed, the provisions of this Law shall not invalidate its prescription.

(c) Where a penalty did not become prescribed before the coming into force of this Law, the provisions of section 42 of the principal Law, as enacted by this Law, shall apply to its prescription.

Commencement.

29. This Law shall come into force three months after its publication in *Reshumot*.

YITZCHAK RABIN
Prime Minister

SHIMON PERES
Minister of Defence

EFRAYIM KATZIR
President of the State

¹⁾ *Sefer Ha-Chukkim* of 5719, p. 300; *LSI* vol. XIII, p. 346.

(No. 77)

DEVELOPMENT LOAN (AMENDMENT No. 13) LAW,
5735—1975 *

1. In section 1 of the Development Loan Law, 5720—1960¹⁾ (hereinafter referred to as "the principal Law"), the expression "5,500 million pounds" shall be replaced by the expression "9,000 million pounds". Amendment of section 1.
2. In section 6(2) of the principal Law, the expression "25 per cent" shall be replaced by the expression "35 per cent". Amendment of section 6.

YITZCHAK RABIN YEHOShUA RABINOVITZ
Prime Minister Minister of Finance

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 13th Av, 5735 (21st July, 1975) and published in *Sefer Ha-Chukkim* No. 776 of the 23rd Av, 5735 (31st July, 1975), p. 204; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1182 of 5735, p. 287.

¹⁾ *Sefer Ha-Chukkim* of 5720, p. 47 — *LSI* vol. XIV, p. 39;
Sefer Ha-Chukkim of 5721, p. 128 — *LSI* vol. XV, p. 133;
Sefer Ha-Chukkim of 5722, p. 129 — *LSI* vol. XVI, p. 121;
Sefer Ha-Chukkim of 5724, pp. 6 and 116 — *LSI* vol. XVIII, pp. 6 and 110;
Sefer Ha-Chukkim of 5726, p. 15 — *LSI* vol. XX, p. 12;
Sefer Ha-Chukkim of 5727, p. 106 — *LSI* vol. XXI, p. 104;
Sefer Ha-Chukkim of 5728, p. 34 — *LSI* vol. XXII, p. 32;
Sefer Ha-Chukkim of 5729, p. 221 — *LSI* vol. XXIII, p. 241;
Sefer Ha-Chukkim of 5732, p. 29 — *LSI* vol. XXVI, p. 32;
Sefer Ha-Chukkim of 5733, pp. 5 and 150 — *LSI* vol. XXVII, pp. 8 and 166;
Sefer Ha-Chukkim of 5734, p. 38 — *LSI* vol. XXVIII, p. 36.

(No. 78)

STAMP DUTY ORDINANCE (AMENDMENT No. 9) LAW,
5735—1975 *

Amendment of
section 4A.

1. In section 4A of the Stamp Duty Ordinance¹⁾, the words "and not exceeding 25 pounds" shall be replaced by the words "and not exceeding an amount prescribed by the Minister of Finance with the approval of the Finance Committee of the Knesset".

YITZCHAK RABIN YEHOSHUA RABINOVITZ
Prime Minister Minister of Finance

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 13th Av, 5735 (21st July, 1975) and published in *Sefer Ha-Chukkim* No. 776 of the 23rd Av, 5735 (31st July, 1975), p. 204; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1151 of 5735, p. 68.

¹⁾ *Laws of Palestine* vol. II, p. 1328 (English Edition); *I.R.* of 5709, Suppl. I, p. 106 — *LSI* vol. II, p. 82;
Sefer Ha-Chukkim of 5709, p. 171 — *LSI* vol. III, p. 83;
Sefer Ha-Chukkim of 5714, p. 226 — *LSI* vol. VIII, p. 198;
Sefer Ha-Chukkim of 5715, p. 78 — *LSI* vol. IX, p. 83;
Sefer Ha-Chukkim of 5717, p. 187 — *LSI* vol. XI, p. 210;
Sefer Ha-Chukkim of 5719, p. 83 — *LSI* vol. XIII, p. 86;
Sefer Ha-Chukkim of 5721, p. 67 — *LSI* vol. XV, p. 62;
Sefer Ha-Chukkim of 5723, p. 177 — *LSI* vol. XVII, p. 225.

(No. 79)

BASIC LAW: THE STATE ECONOMY *

1. (a) Taxes, compulsory loans and other compulsory payments shall not be imposed, and their amounts shall not be varied, save by or under Law; the same shall apply with regard to fees. Taxes, compulsory loans, and fees.

(b) Where the amounts of any taxes, compulsory loans or other compulsory payments, or fees, payable to the Treasury are not prescribed in the Law itself, the amounts prescribed therefor by regulations shall require approval—in advance or within the period prescribed by the Law—by a decision of the Knesset or of a committee of the Knesset empowered by it in that behalf.

2. Transactions in State property and the acquisition of rights and assumption of liabilities on behalf of the State shall be effected by a person empowered in that behalf by or under Law. State property.

3. (a) (1) The State Budget shall be prescribed by Law.

The State Budget.

(2) The Budget shall be for one year and shall set out the expected and planned expenditure of the Government.

(b) (1) The Government shall lay the Budget Bill on the table of the Knesset at the time prescribed by the Knesset or by a committee of the Knesset empowered by it in that behalf.

(2) The Budget Bill shall be accompanied by an estimate of the sources for financing the Budget.

(c) In case of necessity, the Government may bring in an Additional Budget Bill during the financial year.

(d) Where it appears to the Government that the Budget Law will not be adopted before the beginning of the financial year, it may bring in an Interim Budget Bill.

(e) The Minister of Finance shall submit to the Knesset every year a report on the implementation of the State Budget. Particulars shall be prescribed by Law.

* Passed by the Knesset on the 13th Av, 5735 (21st July, 1975) and published in *Sefer Ha-Chukkim* No. 777 of the 23rd Av, 5735 (31st July, 1975), p. 206; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1039 of 5733, p. 147.

1.6.82 3,046

- Currency notes and coins. 4. The printing of legal tender currency notes and the minting of legal tender coins, and the issue thereof, shall be done under Law.
- Inspection. 5. The State economy shall be subject to the inspection of the State Comptroller. Particulars shall be prescribed by Law.

24.2.88

YITZCHAK RABIN
Prime Minister

EFRAYIM KATZIR
President of the State

(No. 80)

STATE ECONOMY (TRANSITIONAL PROVISIONS) LAW,
5735—1975 *

1. Sections 5 and 6 of the Law and Administration Ordinance, 5708— 1948 ¹⁾, are hereby repealed. Repeal.
2. The Basic Law: The State Economy ²⁾ (hereinafter referred to as "the Basic Law") shall not affect the validity of section 2 of the Customs and Excise Duties (Variation of Tariff) Law, 5709—1949 ³⁾. Saving of laws.
3. So long as the Knesset has not empowered another committee for the purposes of section 3(b)(1) of the Basic Law, the House Committee shall continue to prescribe the time for the submission of the Budget Bill. Power to prescribe time.
4. This Law shall come into force on the date of the coming into force of the Basic Law. Commencement.

YITZCHAK RABIN
Prime Minister

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 13th Av, 5735 (21st July, 1975) and published in *Sefer Ha-Chukkim* No. 777 of the 23rd Av, 5735 (31st July, 1975), p. 207; sections 1 and 4 are based on the Law and Administration Ordinance (Amendment No. 15) Bill, 5733—1973, published in *Hatzd'ot Chok* No. 1053 of 5733, p. 233.

¹⁾ I.R. of 5708, Suppl. I, p. 1 — *LSI* vol. I, p. 7;
Sefer Ha-Chukkim of 5735, p. 11 — *supra*, p. 14.

²⁾ *Sefer Ha-Chukkim* of 5735, p. 206; *supra*, p. 273.

³⁾ *Sefer Ha-Chukkim* of 5709, p. 154; *LSI* vol. III, p. 69.

(No. 81)

KNESSET MEMBERS' EMOLUMENTS (AMENDMENT No. 11)
LAW, 5735—1975 *

Replacement of section 2. 1. In the Knesset Members' Emoluments Law, 5709—1949¹⁾ (hereinafter referred to as "the principal Law), section 2 shall be replaced by the following section:

"Salary. 2. (a) Every member of the Knesset shall be paid a monthly salary which shall be fixed by the House Committee.

(b) The House Committee may fix different salaries for the Chairman of the Knesset, the Deputy Chairmen of the Knesset, the chairmen of the Knesset Committees and the other members of the Knesset.

(c) The Chairman of the House Committee shall give notice of the decisions of the Committee under this section in the Knesset and they shall be published in *Reshumot*."

Amendment of section 5. 2. In section 5 of the principal Law, subsection (b) is hereby repealed and the subsection-mark "(a)" shall be deleted.

YITZCHAK RABIN
Prime Minister

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 20th Av, 5735 (28th July, 1975) and published in *Sefer Ha-Chukkim* No. 778 of the 30th Av, 5735 (7th August, 1975), p. 210; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1198 of 5735, p. 422.

¹⁾ *Sefer Ha-Chukkim* of 5709, p. 41 — *LSI* vol. III, p. 38; *Sefer Ha-Chukkim* of 5733, p. 18 — *LSI* vol. XXVII, p. 194.

(No. 82)

LAND (AMENDMENT No. 4) LAW, 5735—1975 *

1. Section 157(b) of the Land Law, 5729—1969¹⁾ (hereinafter referred to as "the principal Law") is hereby repealed. Amendment of section 157.
2. This Law shall have effect from the date of the coming into force of the principal Law, but this provision shall not affect the validity of a registration made under section 157(b) before the publication of this Law in *Reshumot*. Commencement.

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 21st Av, 5735 (29th July, 1975) and published in *Sefer Ha-Chukkim* No. 778 of the 30th Av, 5735 (7th August, 1975), p. 210; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1072 of 5733, p. 357.

¹⁾ *Sefer Ha-Chukkim* of 5729, p. 259 — *LSI* vol. XXIII, p. 283;
Sefer Ha-Chukkim of 5731, p. 164 — *LSI* vol. XXV, p. 157;
Sefer Ha-Chukkim of 5733, p. 18 — *LSI* vol. XXVII, p. 18;
Sefer Ha-Chukkim of 5734, p. 135 — *LSI* vol. XXVIII, p. 144.

(No. 83)

LOCAL AUTHORITIES (ELECTION AND TENURE OF HEAD
AND DEPUTY HEADS) LAW, 5735—1975 *

- | | |
|--------------------------------|--|
| Definitions. | 1. In this Law —
“local authority” means a municipality and a local council but does not include a regional council;
“head of authority” means the head of a local authority;
“council” means the council of a local authority;
“the Election Law” means the Local Authority (Elections) Law, 5725—1965 ¹⁾ ;
“the Minister” means the Minister of the Interior. |
| Election system. | 2. The head of an authority shall be elected by direct, personal election, on the basis of universal, equal suffrage and by secret ballot, in accordance with the provisions of this Law. |
| Date of election. | 3. Wherever there are elections to a council, there shall also be an election of the head of the authority, and such election shall be held on the same day as the elections to the council are held. |
| Right to elect and be elected. | 4. (a) A person qualified to vote in elections to a council (hereinafter referred to as a “voter”) shall also be qualified to vote in the election of the head of the authority.
(b) Any person who is an Israeli national qualified to be elected a member of the council and who heads a list of candidates for the council shall be qualified to be elected as head of an authority. |
| Nomination of candidate. | 5. (a) Any 750 voters or three per cent of the total number of voters, whichever is less, and any party group or groups of the outgoing council confirmed under section 25(a) of the Election Law may nominate as candidate for the office of head of the authority a person qualified to be elected as head of the authority under section 4(b).
(b) The nomination of a candidate by a party group of the outgoing council shall be signed by the representative of the party group |

* Passed by the Knesset on the 21st Av, 5735 (29th July, 1975) and published in *Sefer Ha-Chukkim* No. 778 of the 30th Av, 5735 (7th August, 1975), p. 211; the Bill was published in *Hatza'ot Chok* No. 1134 of 5734, p. 252.

¹⁾ *Sefer Ha-Chukkim* of 5725, p. 248; *LSI* vol. XIX, p. 261.

or his substitute. The nomination of a candidate by two or more party groups of the outgoing council shall be signed by the representatives of those party groups or their substitutes.

6. (a) Where a candidate for the office of head of the authority dies or resigns on or before the tenth day preceding election day, those who proposed his candidacy may, not later than the seventh day before election day, nominate in his stead, from among those included in the same list of candidates for the council, another candidate who is an Israeli national. Death or resignation of candidate.

(b) The duty of notification under section 41, and the provisions of section 42, of the Election Law shall not apply to a candidate nominated under this section.

(c) Notwithstanding the provisions of section 41A(b) of the Election Law, a candidate proposed under this section shall, for all purposes, be deemed to head the list of candidates.

7. (a) The voters' register, election officer, election committee, polling-stations, polling committees, ballot-boxes and voting envelopes which or who serves or serve for the elections to the council shall also serve for the election of the head of the authority. Election procedure.

(b) Besides as provided in subsection (a), the following provisions of the Election Law shall apply *mutatis mutandis* to the election of the head of the authority:

- (1) sections 6, 8, 9(b), 10, 35(c), (d), (e), (h) and (i), 40, 41, 42, 43, 48, 49, 50, 51(c) and (d), 52 to 61, 62(a), 63, 64 to 66, 71, 72 and 73;
- (2) the Seventh, Eighth and Ninth Chapters;
- (3) sections 95 to 97.

(c) The following provisions shall apply to the ballot paper for the election of the head of the authority:

- (1) The paper shall bear the name of the candidate in print, in Hebrew or in Hebrew and Arabic, and nothing else;
- (2) the paper shall be of different colour from the ballot paper for the elections to the council; its colour and form shall be prescribed by regulations;
- (3) instead of a printed paper, a blank paper may be used, of a colour and form prescribed by regulations, on which the voter shall indicate in handwriting the name of the candidate in a manner enabling him to be identified with cer-

tainty, and nothing else; every voter may receive a blank paper from the polling committee;

(4) notwithstanding the provisions of section 63 of the Election Law, the placing of one ballot paper, or two identical ballot papers, for the elections to the council and one ballot paper, or two identical ballot papers, for the election of the head of the authority in one voting envelope shall not invalidate the vote;

(5) where a vote for the elections to the council is invalid, this shall not by itself invalidate the vote for the election of the head of the authority; and where the vote for the election of the head of the authority is invalid, this shall not by itself invalidate the vote for the elections to the council.

Deposit.

8. (a) Upon a candidate being nominated by a group of voters under section 5 or 6, the representative of the group or his substitute shall make with the election officer a deposit in an amount prescribed by the Minister of the Interior by regulations with the approval of the Home Affairs Committee of the Knesset. The election officer shall not accept the nomination of the candidate without a deposit as aforesaid.

(b) If the nomination is not finally approved, one fifth of the amount of the deposit shall be forfeited to the fund of the council and the remainder shall be returned to the person who made the deposit.

(c) If the candidate dies before election day, the deposit shall be returned to the person who made it.

(d) Where a candidate does not obtain at least 10 per cent of the valid votes or resigns, the deposit shall be forfeited to the fund of the council.

**Outcome of
popular
ballot.**

9. (a) Where there are two or more candidates, the candidate who obtains the greatest number of valid votes shall be considered elected, provided that he obtains at least 50 per cent of such votes.

(b) Where no candidate obtains 50 per cent of the valid votes or where two candidates each obtain 50 per cent, a second ballot shall be held fourteen days after election day for the election of one of the two candidates who at the first ballot obtained the greatest numbers of valid votes. The candidate who obtains the greatest number of votes at the second ballot shall be considered elected.

(c) Where there is only one candidate, he shall be considered elected, provided that he has obtained a number of valid votes equal

to at least 50 per cent of the number of valid votes cast in the elections to the council. If he has not, the council shall elect the head of the authority from among its members in accordance with section 26.

10. Where no candidate has been nominated or where the only candidate resigns, or the only candidate or one of the candidates dies, after the tenth day preceding election day, there shall be no popular ballot, and the council shall elect the head of the authority from among its members in accordance with section 26.

Election otherwise than by popular ballot.

11. (a) An appeal against elections to a council shall not imply an appeal against the election of the head of the authority, and a second holding of elections to a council as a result of an appeal against its election shall not, notwithstanding the provision of section 3, entail a second holding of the election of the head of the authority.

Severance of appeals.

(b) An appeal against the election of the head of an authority shall not imply an appeal against the elections to the council, and a second holding of the election of the head of an authority as a result of an appeal against his election shall not entail a second holding of elections to the council.

12. The head of an authority who is elected by popular ballot shall begin to hold office on the day following the date of publication of the election results. The head of an authority who is elected by the council shall begin to hold office upon his election. Their tenure shall last until a new head begins to hold office.

Tenure of head of authority.

13. (a) The head of an authority may, within forty-eight hours from the time when a decision is adopted by the council, notify the members of the council, in writing, of his desire to present the decision for reconsideration by the council and of the date of such reconsideration.

Reconsideration of decisions of council.

(b) Reconsideration as aforesaid shall take place at a special meeting of the council held within ten days from the day on which the decision was adopted or within a shorter period if forty per cent of the members of the council so request.

(c) The effect of a decision regarding which notification is made under subsection (a) shall be suspended until the council adopts a decision following reconsideration of the original decision or until the head of the authority withdraws the notification, whichever is the earlier.

(d) A decision of the council in reconsideration proceedings shall not be open to further reconsideration under this section.

(e) This section shall not apply to a decision for the adoption of which a special majority of the members of the council is required by virtue of any enactment and which has been adopted by such a majority.

(f) The power of the head of an authority under this section shall not be delegable.

Deputy and
acting head.

14. (a) The head of an authority shall have one deputy, who shall be selected from among the members of the council. The selection shall be made within two months from the day on which the head of the authority begins to hold office or from the day on which the post of deputy falls vacant and it shall require the approval of the council by a majority of its members.

(b) The deputy referred to in subsection (a) shall act for the head of the authority if the latter is absent or unable to carry out his functions or has ceased to hold office before a new head has begun to serve.

Additional
deputies.

15. (a) In addition to the deputy referred to in subsection (a), the council may elect in the manner indicated in section 26 —

(1) in the case of a local authority the number of inhabitants of which does not exceed 250,000 — one or two deputies; but the Minister may prescribe by regulations, with the approval of the Home Affairs Committee of the Knesset, that no additional deputy or only one shall be elected in a local authority the number of inhabitants of which does not exceed a number prescribed for that purpose;

(2) in the case of a local authority the number of inhabitants of which exceeds 250,000 — three deputies.

(b) For the purposes of this section, the number of inhabitants shall be the number determined for the purpose of fixing the number of members of the council.

Acting head
of authority
where deputy
under section
14 not
available.

16. Where a deputy as referred to in section 14 has not been selected, or where such a deputy is absent or unable to act for the head of the authority or has ceased to hold office, one of the additional deputies who has been designated in that behalf by the council or, where there is no additional deputy, a member of the council designated by it in that behalf shall act for the head of the authority.

17. The head of an authority may, with the approval of the council, delegate any of his functions and powers, either generally or in respect of a particular matter or class of matters, to a deputy head or to a member of the management committee, within the meaning of the Municipalities Ordinance¹⁾, or to an employee of the authority. No remuneration shall be paid for the exercise of functions and powers delegated as aforesaid.

Delegation of functions and powers of head of authority.

18. Where the head of an authority ceases to be a member of the council, his tenure as head of the authority shall end.

Head of authority ceasing to be member of council.

19. (a) The head of an authority may resign his office by written notice to the Minister. His tenure shall terminate forty-eight hours after the letter of resignation reaches the Minister unless he withdraws his resignation before then.

Resignation.

(b) The head of the authority shall send a copy of the letter of resignation to the members of the council.

20. (a) Where the head of an authority is convicted of a criminal offence and the court finds, on application by the Attorney-General or his representative filed before sentence is passed, that the offence involves moral turpitude, the court shall remove the head of the authority from office.

office because of moral turpitude.
Removal from

(b) A decision to remove or to refuse to remove the head of an authority from office shall be appealable as if it were part of the sentence.

(c) Where the court decides to remove the head of an authority from office, he shall be regarded as suspended from office until the expiration of the period of appeal or, where appeal is filed, until the determination thereof. The tenure of the head of the authority shall terminate when the decision becomes final.

(d) The provisions of this section shall also apply to a deputy head of an authority.

21. (a) Where the Minister is satisfied that for reasons of health the head of an authority is permanently unable to carry out his functions, he may remove him from office.

Removal from office for reasons of health.

(b) The head of the authority may appeal to the court against

¹⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 8, p. 197; *NV* vol. I, p. 247.

the decision of the Minister within fifteen days from the day on which the decision is delivered to him.

(c) The tenure of the head of the authority shall only terminate upon the expiration of the period of appeal or, where appeal is filed, upon the dismissal thereof.

Removal from office for reasons of conduct.

22. (a) Where the council is satisfied that the head of the authority conducts himself in a manner unbecoming the status of the head of an authority and it considers that he is therefore unworthy of his office, it may remove him from office after giving him an opportunity to be heard.

(b) The decision to remove the head of the authority from office shall be reasoned and shall be passed at a closed special meeting of the council by a three-quarters majority of its members. It shall require the approval of the Minister.

(c) If the head of the authority does not call a special meeting as aforesaid within fourteen days from the day on which a majority of the members of the council requests him to do so, such a majority may call a meeting as aforesaid and, if it does so, shall determine the chairman thereof.

Tenure of head of authority in case of appointment of council or commission.

23. Where a commission or council is appointed under section 143 of the Municipalities Ordinance or section 38 of the Local Councils Ordinance¹⁾, the head of the authority shall cease to hold office on the day on which the chairman of the commission or the head of the authority who has been elected by the council, as the case may be, begins to serve.

Head of authority instead of head who has ceased to hold office.

24. (a) Where the head of an authority dies or resigns before the commencement of, or during, his period of tenure, or ceases to hold office under one of sections 8 to 22, the council shall elect a head of the authority from among its members under the provisions of section 26.

(b) A candidate elected under the provisions of section 26 need not head a list of candidates for the council.

Cessation of tenure of deputy head.

25. A deputy head of a local authority shall cease to hold office if —
(1) he ceases to be a member of the council or
(2) he resigns by giving written notice to the council or
(3) in the case of a deputy head under section 14 — the head of

¹⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 9, p. 256; *NV* vol. I, p. 315.

the authority, with the approval of the council by a majority of its members, removes him from office or

(4) in the case of any other deputy head — he is removed from office by a decision of the council passed by a majority of its members at a special meeting or

(5) he is removed from office under section 20.

26. (a) The following provisions shall apply to the election of the head or a deputy head of an authority by the council:

Election of
head and
deputy head
of authority
by council.

(1) voting shall be open;

(2) a candidate who obtains more than half of the votes of all the members of the council shall be considered elected;

(3) where no candidate obtains a majority as aforesaid, a second vote shall be taken; at the request of a member of the council, the second vote shall be postponed to another meeting, held on the weekday following the date of the first meeting;

(4) a candidate who at the second or any subsequent vote obtains more than half of the votes of the members of the council taking part in the vote (hereafter in this section: "a majority") shall be considered elected;

(5) where no candidate obtains a majority at the second vote, a third vote shall be taken;

(6) where no candidate obtains a majority at the third vote, a fourth vote shall be taken; at the request of a member of the council, the fourth vote shall be postponed to another meeting, held on the weekday following the date of the meeting at which the third vote was taken; at the fourth vote, only those candidates shall stand for election who stood for election at the third vote;

(7) where no candidate obtains a majority at the fourth vote, voting shall be repeated until a candidate obtains a majority; at the fifth and every subsequent vote, the candidate who at the preceding vote obtained the smallest number of votes shall not stand again for election (hereafter in this paragraph: "shall withdraw"); where two or more candidates obtained the same number of votes, such number being the smallest, the following procedure shall be adopted: where there are two candidates as aforesaid, one of them, determined by lot, shall withdraw; where there are more than two, only one of them, determined by lot, shall withdraw before any subsequent vote;

(8) every drawing of lots under this section shall be conducted there and then by the chairman of the meeting; if the chairman was himself a candidate at the vote preceding the drawing of lots, the council shall appoint a member who is not a candidate to conduct the drawing of lots.

(b) The condition that a candidate for the office of head or deputy head of an authority must head a list of candidates for the council shall not apply to a candidate in an election under this section.

(c) The provisions of this section shall apply notwithstanding any other provisions of this Law.

Interim head
of authority.

27. So long as the head of an authority has not begun to hold office in accordance with section 12, the office shall be held by the person who held it immediately before the date of elections to the council or, if he is unable to act, or ceased to hold office after the elections to the council, by the deputy head referred to in section 14 or, where there is no such deputy head or that deputy head is unable to act, by a member of the council appointed in that behalf by the Minister.

Publication.

28. (a) The Minister shall publish in *Reshumot* a notice of the following:

- (1) the election of the head of an authority by the council;
- (2) the selection or election of a deputy head of an authority;
- (3) the cessation of the head or a deputy head of an authority from holding office.

(b) The secretary of the local authority shall immediately inform the Minister of every event referred to in subsection (a).

Application of
Election (Modes
of Propaganda)
Law.

29. The Elections (Modes of Propaganda) Law, 5719—1959¹⁾, shall apply *mutatis mutandis* to the election of the head of an authority under section 3.

Amendment of
Municipalities
Ordinance.

30. (a) Section 126 to 135, except section 129, of the Municipalities Ordinance are hereby repealed.

(b) In section 143 of the Municipalities Ordinance, paragraphs (2) and (3) shall be replaced by the following paragraphs:

“(2) if in the Minister’s opinion the council or mayor, though having been warned by him, no longer performs the functions assigned to it or him by this Ordinance or any other law or does not properly administer the area of jurisdiction of the municipality;

¹⁾ *Sefer Ha-Chukkim* of 5719, p. 138; *LSI* vol. XIII, p. 146.

(3) if a commission of inquiry has found that the council or mayor is unlikely to perform its or his functions properly and has recommended to the Minister to dissolve the council.”.

(c) In section 145 of the Municipalities Ordinance, the following shall be inserted at the beginning of subsection (a):

“A council nominated under section 143 shall elect a chairman and vice-chairmen in accordance with section 26 of the Local Authorities (Election and Tenure of Head and Deputy Heads) Law, 5735—1975.”.

31. (a) In section 38 of the Local Councils Ordinance —

Amendment of
Local Councils
Ordinance.

(1) the word “Commissioner” shall be replaced by the word “Minister”;

(2) paragraph (2) shall be replaced by the following paragraphs:

“(2) in the Minister’s opinion, a council or chairman of a council, though having been warned by him, no longer performs the functions assigned to it or him by this Ordinance or the establishing order or by any other law or does not properly administer the area of jurisdiction of the council;

(3) a commission of inquiry has found that a council or head of a council is unlikely to perform its or his functions properly and has recommended to the Minister to dissolve the council.”.

(b) In section 41 of the Local Councils Ordinance, the following shall be inserted at the beginning of subsection (a): “A council nominated under the provisions of section 38 shall elect a chairman and vice-chairmen in accordance with section 26 of the Local Authorities (Election and Tenure of Head and Deputy Heads) Law, 5735—1975.”.

32. In the Election Law —

Amendment of
Election Law.

(1) the following shall be added at the end of section 63(b):

“provided that the vote shall not be invalid if not more than two ballot papers of the same list are found in the envelope.”;

(2) the words “the judgment shall be final” in section 73(a) shall be replaced by the words “the judgment shall by leave of a Judge of the Supreme Court be appealable to the Supreme Court on a point of law; the application for leave shall be filed within fourteen days from the date of the judgment.”.

Implementation
and regulations.

33. The Minister is charged with the implementation of this Law and may make regulations as to any matter relating to its implementation.

Transitional
provision.

34. So long as in a particular local authority a head of the authority has not been elected under this Law, the powers and tenure of the head and deputy heads of that authority shall be such as they would have been if this Law had not been adopted.

YITZCHAK RABIN
Prime Minister

YOSEF BURG
Minister of the Interior

EFRAYIM KATZIR
President of the State

(No. 84)

CRIMINAL PROCEDURE (AMENDMENT No. 7) LAW,
5735—1975 *

1. In the Criminal Procedure Law, 5725—1965¹⁾ (hereinafter referred to as "the principal Law"), the following shall be inserted after Chapter Six:

Addition of
Chapter
Six "A".

"CHAPTER SIX 'A': SPECIAL PROCEDURE FOR
FINABLE OFFENCES

"Determination
of finable
offences.

201A. (a) The Minister of Justice may determine that an offence against a particular provision, other than a felony, shall be a finable offence either generally or on such conditions or with such restrictions as he may prescribe. If the offence is created by or under any Law with the implementation of which another Minister is charged, a determination as aforesaid by the Minister of Justice shall require the consent of that Minister (hereinafter referred to as "the Minister-in-charge").

(b) Where the Minister of Justice determines that a particular offence shall be a finable offence, he shall prescribe the amount of the fine, and he may prescribe a different amount for a recurrent or further offence committed by the person concerned or having regard to the circumstances under which the offence was committed.

Provided that the fine shall not exceed the amount prescribed for it in the enactment creating the offence or 750 pounds in respect of a first offence and 1,500 pounds in respect of a recurrent or further offence, whichever is less.

* Passed by the Knesset on the 21st Av, 5735 (29th July, 1975) and published in *Sefer Ha-Chukkim* No. 778 of the 30th Av, 5735 (7th August, 1975), p. 218; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1106 of 5734, p. 99.

¹⁾ *Sefer Ha-Chukkim* of 5725, p. 161 — *LSI* vol. XIX, p. 158;
Sefer Ha-Chukkim of 5729, p. 194 — *LSI* vol. XXIII, p. 210;
Sefer Ha-Chukkim of 5733, p. 224 — *LSI* vol. XXVII, p. 249;
Sefer Ha-Chukkim of 5734, p. 86 — *LSI* vol. XXVIII, p. 85;
Sefer Ha-Chukkim of 5735, pp. 6 and 130 — *supra*, pp. 8 and 161.

(c) A determination by the Minister of Justice under this section shall require the approval of the Constitution, Legislation and Juridical Committee of the Knesset.

Option of
fine.

201B. Where a police officer or a person empowered in that behalf by the Minister of Police or the Minister-in-charge, or an employee of a local authority empowered in that behalf by the head of the authority, as the case may be, has reason to believe that a particular person has committed a finable offence, he may deliver to him a summons in prescribed form. In the summons, the person summoned shall be charged with that offence and shall be given the option of paying a fine of the prescribed amount instead of being tried for that offence.

Payment of
fine.

201C.(a) A person to whom a summons has been delivered under section 201B may, within fifteen days from the date of delivery, pay the fine specified therein into the clearing account specified therein.

(b) Where a person has paid the fine under subsection (a) he shall be deemed to have pleaded guilty in court, been convicted and undergone his punishment.

Non-payment
of fine.

201D. Where a person has not paid the fine as provided in section 201C, the summons delivered to him shall be deemed to be a summons to trial issued and delivered under Article Five of Chapter Four. If the person is convicted of the offence in court and sentenced to a fine, the fine shall not be less than the amount specified in the summons unless the court considers that special circumstances justify a reduction of the amount.

Information
in respect of
finable
offence.

201E. (a) The designation of an offence as a finable offence shall not derogate from the power of a prosecutor to file an information in respect of such an offence where the fine under section 201C has not yet been paid and he is of the opinion that the circumstances of the offence necessitate a trial.

(b) In the case of an offence under the Municipalities Ordinance¹⁾, the Local Council Ordinance²⁾ or one of the enactments specified in the Schedule to the Municipal Courts Ordinance³⁾, a direction to file an information may also be given by the head of the local authority, a deputy head of the local authority empowered in that behalf by the council thereof or another employee of the local authority empowered in that behalf by the council thereof either generally or in respect of particular offences.

Inapplicability of Youth Law.

201F. The Youth (Trial, Punishment and Modes of Treatment) Law, 5731—1971⁴⁾, except Chapter Five thereof, shall not apply to proceedings under this chapter.

Scope of application.

201G. The power under section 201A shall not apply to offences which may be designated as finable offences under another Law, but the provisions of sections 201B to 201F shall apply to such offences.”.

2. In section 214 of the principal Law, the words “or under any other enactment” shall be replaced by the words “in respect of offences designated as finable offences or in respect of offences under any other enactment”.

Amendment of section 214.

3. In the Schedule to the principal Law —

Amendment of Schedule.

(1) in item (1), the expression “100(c)” shall be replaced by the figure “100” and the figure “286” shall be replaced by the expression “286 unless while committing the offence the offender is carrying a firearm or cold steel”;

(2) the following item shall be inserted after item (11):

“(12) offences under the opening passage of section 12(a) of the Penal Law Amendment (Deceit, Blackmail and Extortion) Law, 5723—1963⁵⁾.”.

¹⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 8, p. 197; *NV* vol. I, p. 247.

²⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 9, p. 256; *NV* vol. I, p. 315.

³⁾ *Laws of Palestine* vol. II, p. 1015 (English Edition).

⁴⁾ *Sefer Ha-Chukkim* of 5731, p. 134; *LSI* vol. XXV, p. 128.

⁵⁾ *Sefer Ha-Chukkim* of 5723, p. 130; *LSI* vol. XVII, p. 153.

- Amendment of Traffic Ordinance.** 4. In the Traffic Ordinance¹⁾, the expressions "one hundred pounds" and "two hundred pounds" in section 30(1) shall be respectively replaced by the expressions "750 pounds" and "1,500 pounds".
- Amendment of Municipalities Ordinance.** 5. In the Municipalities Ordinance —
 (1) the expressions "five hundred", "twenty", "fifty" and "five" in section 254 shall be respectively replaced by the expressions "five thousand", "two hundred", "five hundred" and "fifty";
 (2) the expression "one hundred and fifty pounds" in section 265(b)(1) shall be replaced by the expression "750 pounds".
- Amendment of Local Councils Ordinance.** 6. In the Local Councils Ordinance —
 (1) the expressions "five hundred", "twenty", "fifty" and "five" in section 23 shall be respectively replaced by the expressions "five thousand", "two hundred", "five hundred" and "fifty";
 (2) the expression "one hundred and fifty pounds" in section 26A(b)(1) shall be replaced by the expression "750 pounds".
- Repeal.** 7. There are hereby repealed —
 (1) section 212 of the principal Law;
 (2) section 24A(b), (c), (d)(2) and (3), (e) and (f) of the Civil Defence Law, 5711—1951²⁾;
 (3) sections 29, 30(2) and (3) and 31 to 33 of the Traffic Ordinance;
 (4) sections 265(b)(2) and (3) and 266 to 267A of the Municipalities Ordinance;
 (5) sections 26A(b)(2) and (3) and 26B to 26D of the Local Councils Ordinance;
 (6) the closing passage of section 44 of the National Parks and Nature Reserves Law, 5723—1963³⁾, beginning with the words "and upon his having so notified";
 (7) sections 28A, 28B(b), 28C and 28D of the Air Navigation Law, 1927⁴⁾.

EFRAIM KATZIR
President of the State

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

¹⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 7, p. 173; *NV* vol. I, p. 222.
²⁾ *Sefer Ha-Chukkim* of 5711, p. 78; *LSI* vol. V, p. 72.
³⁾ *Sefer Ha-Chukkim* of 5723, p. 149; *LSI* vol. XVII, p. 184.
⁴⁾ *Laws of Palestine* vol. III, p. 2411 (English Edition).

(No. 85)

**PENAL LAW AMENDMENT (PROHIBITED GAMES;
LOTTERIES AND BETTING) (AMENDMENT No. 2) LAW,
5735—1975 ***

1. In the Penal Law Amendment (Prohibited Games; Lotteries and Betting) Law, 5724—1964¹⁾ (hereinafter referred to as "the principal Law"), the words "to imprisonment for a term of one year or a fine of 5,000 pounds" in section 2 shall be replaced by the words "to imprisonment for a term of three years or to a fine of 25,000 pounds". Amendment of section 2.
2. In section 3 of the principal Law, the words "imprisonment for a term of three months or a fine of 1,000 pounds" shall be replaced by the words "to imprisonment for a term of one year or to a fine of 5,000 pounds". Amendment of section 3.
3. Section 5 of the principal Law shall be replaced by the following section: Replacement of section 5.

"Prohibition of keeping a place.

5. A person who keeps or manages a place of prohibited games or a place for the holding of lotteries or betting or a place in respect of which an order under section 5A has not been complied with shall be liable to imprisonment for a term of three years or to a fine of 25,000 pounds. A person who lets, or permits the use of, premises knowing that they will be used as a place of prohibited games or for the holding of lotteries or betting shall be liable to imprisonment for a term of six months or to a fine of 5,000 pounds."
4. The following section shall be inserted after section 5 of the principal Law: Addition of section 5A.

* Passed by the Knesset on the 21st Av, 5735 (29th July, 1975) and published in *Sefer Ha-Chukkim* No. 779 of the 1st Elul, 5735 (8th August, 1975), p. 222; the Bill and an Explanatory Note were published in *Ha-ta'ot Chok* No. 1144 of 5735, p. 15.

¹⁾ *Sefer Ha-Chukkim* of 5724, p. 44 — *LSI* vol. XVIII, p. 39;
Sefer Ha-Chukkim of 5727, p. 143 — *LSI* vol. XXI, p. 144.

"Closure of
places.

5A. (a) A district police commander in the Israel
Police may direct the closing of —

(1) a place of prohibited games or a place
for the holding of lotteries and betting;

(2) a place used for the holding of games
involving cards, gambling machines or the
like, even if those games do not come with-
in the definition of prohibited games and
even if a licence under the Licensing of
Businesses Law, 5728—1968¹⁾, has been
issued for that place, if he is of the opinion
that its continued existence may adversely
affect public welfare or the well-being of
the inhabitants of the neighbourhood or
lead to criminality, including the holding of
a prohibited game.

(b) A person who considers himself aggrieved
by an order under subsection (a) may apply for
its annulment to the District Court in whose area of
jurisdiction the place is situated, and the court may
annul, confirm or vary the order.

(c) The filing of an application under subsec-
tion (b) shall not stay the implementation of the
order unless the court otherwise decides.”.

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

EFRAYIM KATZIR
President of the State

¹⁾ *Sefer Ha-Chukkim* of 5728, p. 204; *LSI* vol. XXII, p. 232.

(No. 86)

COLLECTIVE AGREEMENTS (AMENDMENT) LAW,
5735—1975 *

1. In the Collective Agreements Law, 5717—1957¹⁾ (hereinafter referred to as “the principal Law”) the following section shall be inserted after section 10:
“Inspection. 10A. Any person may inspect a collective agreement registered under section 10.”
Addition of section 10A.
2. In section 26 of the principal Law, the words “three months previously, in such manner as he may think fit” shall be replaced by the words “one month previously, in *Reshumot* and in such other manner as he may think fit”.
Amendment of section 26.
3. In section 27 of the principal Law —
(1) the words “The Council may delegate its power under this paragraph to a committee from among its members comprising representatives of employees and representatives of employers in equal numbers” shall be added at the end of paragraph (3) (*a further amendment to that paragraph does not affect the English version*);
(2) the following paragraph shall be added after paragraph (3):
“(4) The Minister of Labour shall decide upon an objection filed under section 26.”
Amendment of section 27.
4. In section 28 of the principal Law —
(1) the following shall be added at the end of subsection (a):
“Provided that an extension order relating to a cost-of-living allowance, price increase compensation or minimum wage may prescribe that it shall have effect from a date up to three months prior to the date of publication but not prior to the date of the coming into force of the extended provisions.”;
Amendment of section 28.

* Passed by the Knesset on the 21st Av, 5735 (29th July, 1975) and published in *Sefer Ha-Chukkim* No. 779 of the 1st Elul, 5735 (8th August, 1975), p. 223; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1194 of 5735, p. 391.

¹⁾ *Sefer Ha-Chukkim* of 5737, p. 63; *LSI* vol. XI, p. 58.

(2) subsection (b) shall be re-marked as subsection (c) and the following section shall be inserted before it:

"(b) Where an extension order with retroactive effect is published under subsection (a), the wage differentials payable thereunder in respect of the period prior to the date of publication may be paid in equal consecutive monthly instalments over a period equal to the period in respect of which the wage differentials are payable."

Transitional
provision.

5. The provisions of this Law shall also apply to extension orders made in respect of collective agreements signed before its coming into force.

YITZCHAK RABIN
Prime Minister

ABRAHAM OFFER
*Minister of Housing
Acting Minister of Labour*

EFRAYIM KATZIR
President of the State

(No. 87)

WOLF FOUNDATION LAW, 5735—1975 *

1. Donors whose identity is known to the President of the State (hereinafter referred to as "the Founders") have agreed to contribute ten million dollars of the United States for the creation of a foundation in accordance with the provisions of this Law. For the purposes of this Law, the Founders shall be all the Founders or those of them who are still alive. The Founders and their contribution.
2. There is hereby established a foundation named the Wolf Foundation (hereinafter referred to as "the Foundation"). The name of the Foundation may only be changed upon the proposal of the Founders. Establishment and name of Foundation.
3. The Foundation shall be a body corporate competent in respect of any obligation, right and legal act. It shall be subject to the inspection of the State Comptroller. The Foundation — an inspected body corporate.
4. The resources of the Foundation shall be — Resources of Foundation.
 - (1) the contribution of the Founders, referred to in section 1;
 - (2) other contributions and allocations received by the Foundation;
 - (3) income of the Foundation from its investments.
5. The objects of the Foundation shall be — Objects of Foundation.
 - (1) to promote science in all its branches and art in all its forms;
 - (2) to award prizes to noted scientists and artists, without distinction of nationality, race, colour, religious, sex or political outlook, for achievements in the interest of mankind and of friendly relations among peoples;
 - (3) to provide scholarships to students, grants to scientists engaged in research and loans to universities and other institutions of higher education in Israel, such as the Israel Institute of Technology (Technion) and the Weizmann Institute of Science, in accordance with the Rules of the Foundation.

* Passed by the Knesset on the 21st Av, 5735 (29th July, 1975) and published in *Sefer Ha-Chukkim* No. 779 of the 1st Elul, 5735 (8th August, 1975), p. 224; the Bill and an Explanatory Note were published in *Hatzaot Chok* No. 1138 of 5735, p. 268.

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| Management of Foundation. | 6. The management of the Foundation and of its property, the determination of its income, the organisation of the award of prizes and the other affairs of the Foundation shall conform to the Rules set out in the Schedule, which are an integral part of this Law. |
| Seat of Foundation. | 7. The seat of the Foundation shall be in Israel. It shall be determined by the Founders so long as they or any of them are alive. |
| Exemption from taxes. | <p>8. (a) The Foundation shall be exempt from income tax, company tax, capital profits tax and compulsory loans.</p> <p>(b) The property of the Foundation, whether held by it directly or held by others for its purposes, and its operations shall be exempt from every tax, rate, fee and compulsory payment now or in the future due to the State or a local authority. Imports for the purpose of the Foundation shall be exempt from customs duty.</p> <p>(c) A contribution made by any person for the Foundation shall be deducted from his income chargeable with income tax, and a contribution left to the Foundation in a person's will shall not be included in his estate for the purposes of estate duty.</p> <p>(d) A person who has received any prize, scholarship or grant from the Foundation shall be exempt from income tax and any other tax thereon.</p> |
| Exemption from foreign currency restrictions. | 9. The operations of the Foundation shall be exempt from foreign currency control, and a person who has received any prize, scholarship or grant from the Foundation shall be so exempt in respect of the sums received. |
| Implementation. | 10. The Minister of Education and Culture is charged with the implementation of this Law. |

S c h e d u l e

(Section 6)

Rules of the Wolf Foundation

1. The Foundation is established in order to realise the wishes of the Founders in respect of the aims stated in these Rules. The name of the Foundation shall be "The Wolf Foundation". The name of the Foundation may only be changed upon the proposal of the Founders.

2. The objects of the Foundation shall be —
- (a) to promote science in all its branches and art in all its forms;
 - (b) to award prizes to noted scientists and artists, without distinction of nationality, race, colour, religion, sex or political outlook, for achievements in the interest of mankind and of friendly relations among peoples;
 - (c) to provide scholarships to students, grants to scientists engaged in research and loans to universities and other institutions of higher education in Israel, such as the Israel Institute of Technology (Technion) and the Weizmann Institute of Science, in accordance with these Rules.
3. The seat of the Foundation shall be in Israel. It shall be determined by the Founders so long as they or any of them are alive.
4. (a) So long as the Founders or any of them are alive, they shall be the Trustees of the Foundation. The Founders may appoint other persons to serve as Trustees of the Foundation together with them, as well as alternates to those persons.
- (b) After the death of the Founders, the persons appointed by them in that behalf, either by notice to the President of the State or by will, shall be the Trustees of the Foundation and their alternates.
- (c) If one of the Trustees appointed as aforesaid ceases to serve for any reason whatever, and a successor is not designated by these Rules or by the Founders, the President of the State shall appoint a successor upon the proposal of the Minister of Education and Culture.
5. (a) The Trustees shall manage all the affairs of the Foundation save in so far as they are entrusted to others by these Rules, in which case the Trustees shall supervise the activities of these others.
- (b) The functions of the Trustees shall be, *inter alia* —
- (1) to supervise the property of the Foundation and concern themselves with its preservation and safety;
 - (2) to determine the composition of such property and give directions as to new investments;
 - (3) to approve the annual budget and annual balance-sheet of the Foundation;
 - (4) to determine the amounts of the prizes every year;
 - (5) to concern themselves with the keeping of full and accurate accounts of the property, investments and operations of the Foundation;



משרד המשפטים
מסמך זה הינו העתק שנסרק בשלמותו ביום ובשעה המצוינים ,
בסריקה ממוחשבת מהימנה מהמסמך המצוי בתיק,
בהתאם לנוהל הבדיקות במשרד המשפטים.
על החתום

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משרד המשפטים (חתימה מוסדית).

- (6) generally to concern themselves with the management and organisation of the Foundation.

6. (a) The Foundation shall have a Council of not more than fifteen members.

(b) The Minister of Education and Culture shall act as chairman of the Council. The other members of the Council and their alternates shall be appointed by the Founders. After the death of the Founders, the President of the State shall appoint the members of the Council upon the proposal of the Minister of Education and Culture.

(c) The functions of the Council shall include —

- (1) the supervision of compliance with these Rules;
- (2) the appointment of the members of the prize committees;
- (3) the appointment of persons to represent the Foundation in all its affairs;
- (4) the approval of publications by and concerning the Foundation;
- (5) the determination of criteria for the award of scholarships and grants, in accordance with the wishes of the Founders;
- (6) the decision of any question relating to the interpretation of these Rules.

7. (a) The Foundation shall have a Director-General, who shall be appointed by the Founders and be regarded as their representative; the Founders shall also appoint Deputy Directors-General. The Founders may replace the Director-General without requiring approval for so doing from any other organ of the Foundation. After the death of the Founders, the tenure of the Director-General or a Deputy Director-General may only be terminated if he is unable to carry out his functions by reason of a physical or mental defect: Provided that the tenure of the Director-General may be terminated with immediate effect if he commits an act adverse to the Foundation constituting a criminal offence and as a result he is, in the opinion of the Minister of Education and Culture, unfit to continue in office. A Director-General whose tenure has been terminated shall be replaced with a person previously appointed Deputy Director-General by the Founders or with a new Director-General appointed by them. The Director-General shall not engage in any other work, save with the consent of the Founders.

(b) The names of the Director-General and of his successors, and the duration of his tenure, shall be communicated by the Founders to the President of the State. If the Director-General ceases to hold office and the Founders do not appoint another person to replace him, the President of the State shall appoint another person to this post upon the proposal of the Minister of Education and Culture.

(c) The functions of the Director-General shall be *inter alia* —

(1) to act as liaison between the Foundation and the Founders in all the affairs of the Foundation;

(2) to prepare the annual budget and annual balance-sheet of the Foundation;

(3) to approve the expenditure of the Foundation in accordance with the annual budget;

(4) to appoint the employees of the Foundation and to fix their salaries;

(5) to concern himself with the maintenance of the offices required by the Foundation.

8. The Director-General jointly with one of the Trustees shall have the right to sign in the name of the Foundation. They shall be legal representatives of the Foundation as to everything relating to the fluctuation of its resources, its bank accounts and matters of its property. In the event of a temporary absence of the Director-General, the Trustees shall appoint one of their number to act in his place. As long as the Founders are alive, they, too, shall have the right to sign in the name of the Foundation.

9. (a) The capital of the Foundation shall consist of —

(1) the contribution of the Founders in the amount of ten million dollars of the United States;

(2) other contributions and allocations received by the Foundation;

(3) the income of the Foundation from its investments.

(b) The assets of the Foundation referred to in subsections (a)(1) and (2) shall be retained in perpetuity, in foreign currency, and shall never be used for the award of prizes, scholarships or grants, to cover expenses or for any other purpose.

(c) The property of the Foundation shall be held in at least four countries, including Israel, either directly or through finance and investment companies; not more than 30 (thirty) per cent of the property of the Foundation shall be held in any one country. Securities shall be kept, and interest and income collected, by a leading bank in the

country in which the securities are kept, so that not only the investment but also the keeping and the collection of the income are divided among at least four countries.

(d) Assets shall be invested in shares, debentures and bonds negotiable on a stock exchange, as well as in loans to banks, deposits with banks and immovable property. The Foundation may grant loans out of its capital to universities and other institutions of higher education in Israel, such as the Israel Institute of Technology (Technion) and the Weizmann Institute of Science, with the State of Israel guaranteeing the principal and interest of the loans and the expenses incidental thereto.

(e) In so far as the income of the Foundation is not used for awarding prizes, scholarships or grants, to cover expenses or for other operations, it shall be transferred to the capital of the Foundation.

10. (a) The income of the Foundation shall be applied every year as follows:

- (1) not less than 60 (sixty) per cent to the award of prizes;
- (2) not less than 10 (ten) per cent to increasing the capital of the Foundation;
- (3) not more than 15 (fifteen) per cent to the administrative expenses of the Foundation and to expenses involved in the selection of the prizewinners and other operations of the Foundation;
- (4) the balance of the annual income shall be used for awarding scholarships to students and grants to scientists engaged in research, as well as for grants to institutions, in accordance with the wishes of the Founders.

(b) So long as the Founders or any one of them are or is alive, they or he may receive up to 25 (twenty-five) per cent of the income of the Foundation.

11. The Trustees and the members of the Council, the prize committees and the other committees shall receive no remuneration for carrying out their functions, but they shall be entitled to be reimbursed for reasonable expenses incurred in connection therewith. The salary of the Director-General shall be fixed by the Founders and shall be charged to the account of administrative expenses.

12. (a) The Foundation shall award prizes every year. The prizes shall bear the name of the Foundation and their official presentation shall take place in the Knesset Building. The recipients shall be

handed the prizes by the President of the State or, in his absence, by the Chairman of the Knesset.

(b) Five prizes shall be awarded every year to candidates who have signally distinguished themselves by some work, invention or discovery constituting a contribution to the welfare of mankind in the fields of physics, chemistry, medicine, agriculture and mathematics. The candidates shall be selected solely on the basis of their achievements, without distinction of nationality, race, colour, religion, sex or political outlook. The Founders, or the Council with the consent of the Trustees, may award a sixth prize for achievements in the sphere of art (music, painting, sculpture, architecture) or award one of the five prizes for achievements in the sphere of art rather than in one of the aforesaid branches of science.

(c) In any one year, the prizes shall be of the same amount, fixed by the Trustees. A prize may be awarded to two or three candidates and in this event it shall be evenly divided between them. If in any year the prize committee is of the opinion that there is no suitable candidate, the prize shall not be awarded in that year and the amount thereof shall be transferred to the capital of the Foundation.

(d) The recipients of each of the prizes shall be selected by a prize committee of three or five members appointed by the Council: Provided that so long as the Trustees are alive they shall appoint the members of the prize committees. The proceedings of the committees and the proposals and other material submitted to them shall be kept completely secret. The public announcement of the prizewinning candidates shall be made solely by the Minister of Education and Culture.

13. (a) Within six months from the appointment of its first members, the Council shall enact provisions to supplement these Rules, relating, *inter alia*, to the following matters:

- (1) the period of tenure of the members of the Council and the prize committees and the appointment and powers of alternates;
- (2) the quorum at meetings of the Trustees and the Council; the majority required for decisions and the mode of deciding an issue in the case of an equality of votes; the times for convening meetings and the order of business thereof;
- (3) the bodies and individuals competent to propose candi-

dates for prizes, the manner in which the prize committees shall select the recipients, the publication of the names of the recipients, and the presentation ceremony.

(b) The said provisions and any variation thereof decided upon by the Council shall require the approval of the Trustees and, as long as the Founders are alive, their consent as well.

14. (a) The Trustees may propose variations to these Rules.

(b) Any variation of section 2 or 8 of the Law or of clause 4, 7, 8, 9(c), 10 or 12(b) of these Rules made without the consent of the Founders or, after their death, without the consent of all the Trustees shall entail the dissolution of the Foundation, whereupon the Trustees shall dispose of the property and income of the Foundation in accordance with the testamentary directions of the Founders.

YITZCHAK RABIN
Prime Minister

AHARON YADLIN
*Minister of Education
and Culture*

EFRAYIM KATZIR
President of the State

(No. 88)

EXTRADITION (AMENDMENT No. 3) LAW, 5735—1975 *

1. In the Extradition Law, 5714—1954¹⁾, section 7 shall be replaced by the following section: Replacement of section 7.

"Detention under warrant pending petition.

7. (a) A person detained under section 6 shall within forty-eight hours be brought before a Judge of a Magistrates' Court for the purpose of obtaining a warrant of arrest against him.

(b) A warrant under subsection (a) shall have effect for not more than fifteen days; but any Judge of a Magistrates' Court may permit and re-permit detention for an additional period not exceeding fifteen days.

(c) The period of detention under this section shall not exceed thirty days, save on the application of the Attorney-General based on circumstances delaying the bringing of the detainee before a District Court for the purpose of declaring him extraditable.

(d) The aggregate period of detention under sections 6 and 7 shall in no case exceed sixty days."

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 21st Av, 5735 (29th July, 1975) and published in *Sefer Ha-Chukkim* No. 779 of the 1st Elul, 5735 (8th August, 1975), p. 228; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1116 of 5734, p. 170.

¹⁾ *Sefer Ha-Chukkim* of 5714, p. 174 — *LSI* vol. VIII, p. 144; *Sefer Ha-Chukkim* of 5716, p. 28 — *LSI* vol. X, p. 27; *Sefer Ha-Chukkim* of 5725, p. 182 — *LSI* vol. XIX, p. 186.

(No. 89)

EMERGENCY REGULATIONS (AREAS HELD BY THE
DEFENCE ARMY OF ISRAEL — CRIMINAL JURISDICTION
AND LEGAL ASSISTANCE) (AMENDMENT) LAW, 5735—1975*

Amendment of
Regulations.

1. In regulation 2 of the Emergency Regulations (Areas Held by the Defence Army of Israel — Criminal Jurisdiction and Legal Assistance), 5728—1967¹⁾ —

(1) subregulation (a) shall be replaced by the following subregulation:

“(a) A court in Israel shall be competent to try under Israeli law any person who is in Israel, or is registered in the Population Register under the Population Registry Law, 5725—1965²⁾, for an act or omission which occurred in any region and which would constitute an offence if it had occurred in the area of jurisdiction of the courts in Israel.”;

(2) subregulation (c) shall be replaced by the following subregulation:

“(c) This regulation shall not apply to a person who at the time of the act or omission was a resident of one of the regions and was not registered in the Population Register as specified in subregulation (a).”.

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 21st Av, 5735 (29th July, 1975) and published in *Sefer Ha-Chukkim* No. 779 of the 1st Elul, 5735 (8th August, 1975), p. 229; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1157 of 5735, p. 102.

¹⁾ *Sefer Ha-Chukkim* of 5728, p. 20; *LSI* vol. XXII, p. 20.

²⁾ *Sefer Ha-Chukkim* of 5725, p. 270; *LSI* vol. XIX, p. 288.

(No. 90)

PUBLIC LIBRARIES LAW, 5735—1975 *

1. In this Law —

Definitions.

“the Minister” means the Minister of Education and Culture;

“books” means books, periodicals and newspapers and includes literature in Braille and any graphic and audio-visual material;

“public library” means a library open to the public established under section 2 or recognised under section 2 or 3.

2. (a) The Minister may, in consultation with the Minister of Finance, the Minister of the Interior and every local authority concerned, direct a local authority or several local authorities jointly, by order, to establish, maintain and conduct a public library in the area or areas of its or their jurisdiction.

Library of local authority.

(b) The Minister may recognise an existing library of a local authority as a public library, and upon his doing so this Law shall apply to it.

3. (a) On the application of a public organisation and in consultation with the local authority in whose area a library of the organisation is situated, the Minister may recognise such library as a public library, and upon his doing so this Law shall apply to it, but its legal status shall not be affected thereby.

Library of public organisation.

(b) The Minister shall by regulations, with the approval of the Committee on Education and Culture of the Knesset, prescribe the tests according to which a library may be recognised under this section, as well as the conditions for withdrawal of recognition either on the initiative of the Minister or on the application of the organisation.

(c) The Minister may by regulations, after notifying the Committee on Education and Culture of the Knesset, prescribe the modes of operation of public libraries recognised under this section, including cooperation, as to management and the pooling of resources, with a library of the local authority, and the apportionment of spheres of action.

* Passed by the Knesset on the 21st Av, 5735 (29th July, 1975) and published in *Sefer Ha-Chukkim* No. 779 of the 1st Elul, 5735, 8th August, 1975), p. 230; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 981 of 5732, p. 158.

Participation of other bodies.	4. A local authority may have institutions and other bodies participate in the establishment, maintenance and conduct of a public library, but such participation shall not affect the responsibility of the local authority under this Law.
Amount of contribution of the State.	5. Each year the Minister shall, in consultation with the Minister of Finance and the Minister of the Interior and after hearing the opinions of the local authorities and public bodies concerned, prescribe the amount of the contribution of the Treasury to the establishment, maintenance and conduct of public libraries.
Services.	6. In the area of jurisdiction of each local authority concerned, a public library shall provide services as prescribed by regulations.
Payments.	7. The services of a public library shall be given free of charge, but payments may be collected for the late return, non-return or mutilation of books, and for special services rendered, as the Minister may prescribe.
Public Libraries Council.	8. (a) The Minister shall establish a Public Libraries Council and appoint as its members educators, senior librarians and representatives of the Ministry of Education and Culture, the Ministry of the Interior, local authorities, librarians and public institutions concerned. (b) The Minister shall consult the Council in all matters relating to the implementation of this Law. The Council may submit proposals of its own to the Minister.
Implementation and regulations.	9. The Minister is charged with the implementation of this Law and may make regulations as to any matter relating to its implementation, including — (1) procedure for the inspection of public libraries; (2) professional qualifications for the management of public libraries; (3) modes of cooperation of bodies and institutions in the maintenance of public libraries; (4) the encouragement of the acquisition of books published in Israel; (5) the employment of persons, the construction of buildings and the fixing of budgets for stocks of books for any public library; for the purposes of this paragraph, regulations shall be made in

consultation with the Minister of Finance and the Minister of the Interior, and adjustments therein for the purposes of a particular local authority shall be made in consultation with that local authority.

10. This Law shall be brought into operation gradually, in annual stages, by orders made by the Minister after consultation with the Minister of Finance and the Minister of the Interior and after notification to the Committee on Education and Culture of the Knesset, until its application to all local authorities is complete.

YITZCHAK RABIN
Prime Minister

AHARON YADLIN
*Minister of Education
and Culture*

EFRAYIM KATZIR
President of the State

(No. 91)

ESTATE DUTY (AMENDMENT No. 5) LAW, 5735—1975*

- Amendment of section 2B. 1. In section 2B of the Estate Duty Law, 5709—1949¹⁾ (herein after referred to as "the principal Law"), paragraph 4 shall be deleted.
- Amendment of section 5B. 2. In section 5B of the principal Law, the words "or a border victim, within the meaning of the Border Victims (Benefits) Law, 5717—1957²⁾, or a victim within the meaning of the Victims of Hostile Action (Pensions) Law, 5730—1970³⁾, who died in consequence of the injury" shall be inserted after the words "of the Police Ordinance".
- Amendment of section 27. 3. In section 27 of the principal Law, the words "or that the property of the deceased is exempt from duty under section 5B" shall be inserted after the words "under section 11".

YITZCHAK RABIN YEHOShUA RABINOVITZ
Prime Minister Minister of Finance

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 21st Av, 5735 (29th July, 1975) and published in *Sefer Ha-Chukkim* No. 779 of the 1st Elul, 5735 (8th August, 1975), p. 232; the Bill, under the title "Victims of Hostile Action (Pensions) (Amendment No. 3) Bill", and an Explanatory Note were published in *Hatza'ot Chok* No. 1177 of 5735, p. 230.

¹⁾ *Sefer Ha-Chukkim* of 5709, p. 187 — *LSI* vol. III, p. 95; *Sefer Ha-Chukkim* of 5716, p. 45 — *LSI* vol. X, p. 40; *Sefer Ha-Chukkim* of 5717, p. 143 — *LSI* vol. XI, p. 152; *Sefer Ha-Chukkim* of 5724, p. 179 — *LSI* vol. XVIII, p. 179; *Sefer Ha-Chukkim* of 5729, p. 190 — *LSI* vol. XXIII, p. 206.

²⁾ *Sefer Ha-Chukkim* of 5717, p. 22; *LSI* vol. XI, p. 19.

³⁾ *Sefer Ha-Chukkim* of 5730, p. 187; *LSI* vol. XXIV, p. 131.

(No. 92)

ROAD ACCIDENT VICTIMS COMPENSATION LAW,
5735—1975 *

CHAPTER ONE: INTERPRETATION

1. In this Law —

Definitions.

“road accident” means an occurrence in which bodily damage is caused to a person in consequence of the use of a motor vehicle, whether while the same is moving or stationary;

“bodily damage” means death, illness, injury or a physical, psychological or intellectual defect;

“victim” means a person to whom bodily damage has been caused in a road accident;

“the Insurance Ordinance” means the Motor Vehicle Insurance (Third-Party Risks) Ordinance (New Version) 5730—1970¹⁾;

“insurer” has the same meaning as in the Insurance Ordinance and includes a person exempt from the duty of insurance under sections 4 to 6 thereof;

“motor vehicle” or “vehicle” means a vehicle propelled by mechanical power and includes a motor bicycle with a side-car, a motor tricycle, a bicycle or tricycle assisted by a motor, and a vehicle drawn or supported by a motor vehicle.

CHAPTER TWO: LIABILITY

2. (a) A person using a motor vehicle (hereinafter referred to as “the driver”) shall compensate a victim for bodily damage caused to him in a road accident in which the vehicle was involved. Liability of driver of vehicle.

(b) Where the vehicle was used with the permission of the owner or possessor, liability shall also be incurred by the person who permitted its use.

(c) The liability is absolute and entire and it shall be immaterial whether or not there was fault on the part of the driver and whether or not there was fault or contributory fault on the part of others.

* Passed by the Knesset on the 21st Av, 5735 (29th July, 1975) and published in *Sefer Ha-Chukkim* No. 780 of the 1st Elul, 5735 (8th August, 1975), p. 234; the Bill and an Explanatory Note were published in *Hatzd'ot Chok* No. 1079 of 5733, p. 407.

¹⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 15, p. 320; NV vol. II, p. 74.

Accident involving several vehicles.

3. (a) In the case of a road accident in which several vehicles were involved, each driver shall incur liability for bodily damage to a person who was travelling in his vehicle.

(b) Where a person is injured otherwise than in one of the vehicles, the drivers shall be jointly and severally liable towards him; as between themselves, they shall bear liability in equal shares.

Remedy for bodily damage.

4. (a) The provisions of sections 19 to 22, 76 to 83, 86, 88 and 89 of the Civil Wrongs Ordinance (New Version)¹⁾ (hereinafter referred to as "the Civil Wrongs Ordinance") shall apply to the right of a victim to compensation for bodily damage, but —

(1) in calculating the compensation in respect of loss of earnings and loss of earning capacity, no income shall be taken into account which is in excess of treble the national wage average, according to the data of the Central Bureau of Statistics, immediately before determination of the compensation;

(2) compensation for other than pecuniary damage shall not exceed one hundred thousand pounds; the Minister of Justice may, in consultation with the Minister of Finance and with the approval of the Constitution, Legislation and Juridical Committee of the Knesset, increase the amount.

(b) The maximum amount under subsection (a) (2) shall be linked to the consumer price index from the date of the coming into force of this Law or from the date of the increase of the amount, as the case may be. The Minister of Justice may, with the approval of the Constitution, Legislation and Juridical Committee of the Knesset, prescribe, by regulations, tests for calculating the compensation referred to in that paragraph.

Prompt payment.

5. (a) A person liable to compensation under this Law shall pay to the victim as part of the compensation, within sixty days after he so requests —

(1) expenses, including hospitalisation expenses, incurred by the victim;

(2) monthly payments sufficient for the upkeep of the victim and the members of his family pending a final decision in the matter of compensation.

(b) The amounts referred to in subsection (a) shall be recoverable

¹⁾ *Dinei Medinat Yisrael (Nusach Chadash)* No. 10, p. 266; *NV* vol. II, p. 5.

separately from the remainder of the compensation under a summary procedure to be prescribed for this purpose by the Minister of Justice.

(c) A person liable who does not make a prompt payment in due time shall pay a delay charge on the overdue amount, at a rate double the rate under section 4 of the Adjudication of Interest Law, 5721—1961¹⁾, unless the Court finds that there are circumstances justifying a lower rate.

(d) The provisions of this section shall also apply to an insurer who has provided insurance in respect of liability under this Law, including insurance referred to in section 3(a)(2) of the Insurance Ordinance.

6. The Minister of Justice may, with the approval of the Constitution, Legislation and Juridical Committee of the Knesset, prescribe by regulations — Periodical payments.

(1) the power of the Court to decide that compensation for loss of earning capacity and continuing expenses shall be wholly or partly defrayed by periodical payments linked to the consumer price index;

(2) cases in which the victim may request an increase of the payments;

(3) the rights of dependants of a victim who died after periodical payments were awarded to him.

7. (a) The following victims shall not be entitled to compensation under this Law: Restriction on entitlement.

(1) a person who intentionally caused the accident;

(2) a person who was driving the vehicle in contravention of the Penal Law Amendment (Use of Vehicles without Permission) Law, 5724—1964²⁾, or who was in the vehicle knowing that it was being so driven;

(3) a person who was driving the vehicle without having a licence to drive it, except where the licence had lapsed by reason of non-payment of a fee;

(4) a person who was using, or was helped by, the vehicle to commit a felony.

(b) Dependants within the meaning of section 78 of the Civil Wrongs Ordinance shall be entitled to claim under this Law notwithstanding the provisions of subsection (a).

¹⁾ *Sefer Ha-Chukkim* of 5721, p. 192; *LSI* vol. XV, p. 214.

²⁾ *Sefer Ha-Chukkim* of 5724, p. 78; *LSI* vol. XVIII, p. 66.

Exclusivity
of cause of
action.

8. (a) A person whom a road accident has vested with a cause of action under this Law, including an insurance claim under section 3(a)(2) of the Insurance Ordinance, shall not have a cause of action for bodily damage under the Civil Wrongs Ordinance unless the accident was caused intentionally by another person.

(b) The provision of subsection (a) shall not derogate from a claim under the Civil Wrongs Ordinance by a person who has no cause of action under this Law.

Right of
recourse.

9. (a) A person who has paid compensation due under this Law shall have no right of recourse against another person liable to pay compensation thereunder, except —

(1) a person who by virtue of section 7 is not entitled to compensation;

(2) a person not insured under the Insurance Ordinance or whose insurance does not cover the liability involved, other than a person who had annual insurance which expired within thirty days before the accident.

(b) The liability of a person against whom recourse is had under subsection (a) shall be in accordance with the Civil Wrongs Ordinance.

(c) The provisions of this section shall not affect the right of recourse *inter se* of persons involved in an accident in the manner indicated in section 3(b).

CHAPTER THREE: ROAD ACCIDENT VICTIMS COMPENSATION FUND

Establishment
of Fund.

10. There is hereby established a "Road Accident Victims Compensation Fund" (hereinafter referred to as "the Fund").

Fund to be an
inspected body
corporate.

11. The Fund shall be a body corporate, competent in respect of any obligation, right or legal act; it shall be an inspected body within the meaning of section 9(2) of the State Comptroller Law (Consolidated Version), 5718—1958¹⁾.

Function
of Fund.

12. (a) The function of the Fund is to compensate any victim entitled to compensation under this Law who is unable to claim compensation from an insurer for any of the following reasons:

(1) the driver liable to compensation is unknown;

(2) the driver is not insured under the Insurance Ordinance or his insurance does not cover the liability involved;

¹⁾ *Sefer Ha-Chukkim* of 5718, p. 82; *LSI* vol. XII, p. 107.

(3) the insurer is in liquidation.

(b) In the cases specified in subsection (a), the victim shall be entitled to receive compensation from the Fund just as he would be entitled to receive it from an insurer, and the Fund shall pay to the hospital the expenses of the victim's treatment just as an insurer would have to do under section 28 of the Insurance Ordinance.

13. (a) The Fund shall be managed by a Board of seven members appointed by the Minister of Finance for a period of three years; a majority shall be representatives of the Government and a minority representatives of the public who shall include persons engaged in insurance business. The Minister of Finance shall appoint one of the representatives of the Government to be the chairman of the Board. Management
of Fund.

(b) The first Board shall be appointed not later than six months from the date of the adoption of this Law by the Knesset.

(c) The existence and powers of the Fund and the validity of its decisions shall not be affected by the vacancy of the seat or a defect in the appointment or continued tenure of a member of the Board.

14. (a) The Board shall, within six months from the date of its appointment, enact the Rules of the Fund, which shall include, *inter alia*, provisions as to the activities of the Fund, the procedure for filing claims with it and the handling thereof, and the modes of making variations in the Rules. Rules.

(b) The Rules and any variation or amendment thereof shall require the approval of the Minister of Justice and the Constitution, Legislation and Juridical Committee of the Knesset and shall be published in *Reshumot*.

15. For the purpose of financing the activities of the Fund and ensuring its stability, the Minister of Finance shall, after consultation with the Minister of Justice and the Minister of Transport, prescribe by order — Financing.

(1) a percentage of the insurance premiums which every insurance company shall transfer to the Fund at the times prescribed in the order;

(2) the rates of participation in the financing of the Fund of bodies exempt under section 4 to 6 of the Insurance Ordinance from the duty of insurance.

CHAPTER FOUR: MISCELLANEOUS PROVISIONS

Advocate's
fee.

16. (a) The National Council of the Chamber of Advocates shall, with the approval of the Minister of Justice, prescribe a maximum tariff for the fee of an advocate for handling claims under this Law, provided that a fee fixed according to the results of the handling shall not exceed 8 per cent of the amount agreed to be paid to the victim or, where there were legal proceedings, 13 per cent of the amount adjudicated.

A person who has paid a fee exceeding the maximum tariff shall be entitled to have the excess refunded to him.

(b) The authority vested in the District Board of the Chamber of Advocates by the closing passage of section 82 of the Chamber of Advocates Law, 5721—1961¹⁾, shall not vest in it in respect of a tariff prescribed under this section.

Insurance
premiums.

17. The rates of insurance premiums under the Insurance Ordinance and the rules for apportioning the burden of compensation among insurers, having regard to the different categories of vehicles — either by balancing the income from insurance premiums or by balancing the payments made to the victims — shall be prescribed by the Minister of Finance in consultation with the Minister of Justice and the Minister of Transport after hearing the representative organisation of the insurance companies and with the approval of the Finance Committee of the Knesset.

Amendments of
the Insurance
Ordinance.

18. In the Insurance Ordinance —

(1) the expression “(Third-Party Risks)” in the title thereof shall be deleted;

(2) in section 1, the definition of “public road” is hereby repealed and the definition of “motor vehicle” shall be replaced by the following definition:

““motor vehicle” means a vehicle propelled by mechanical power and includes a motor bicycle with a side-car, a motor tricycle, a bicycle or tricycle assisted by a motor, and a vehicle drawn or supported by a motor vehicle;”;

(3) in section 2 —

(1) the words “against third-party risks” in the marginal note shall be deleted;

(2) the words “in a public road” and “in respect of third-party risks” in subsection (a) shall be deleted;

¹⁾ *Sefer Ha-Chukkim* of 5721, p. 178; *LSI* vol. XV, p. 196.

(4) section 3 shall be replaced by the following section:

"Requirements
in respect of
policy.

3. (a) A policy meeting the requirements of this Ordinance is a policy issued by an insurer who was authorised at the time of issue and which insures —

(1) the owner and the driver of the vehicle against any liability they may incur under the Road Accident Victims Compensation Law, 5735—1975 (hereinafter referred to as "the Law") and against any other liability they may incur in respect of the death or bodily injury of a person caused by or consequent upon the use of a motor vehicle;

(2) the owner of a vehicle driving the same and any person driving it with his permission in respect of bodily damage caused to him in road accidents within the meaning of the Law.

(b) A person insured under subsection (a)(2) shall be entitled to the same compensation as another injured person would be entitled to receive under the Law.";

(5) the following section shall be inserted after section 6:

"Duty to make
compensation.

6A. A person exempt under sections 4 to 6 from the duty of insurance shall be liable to make every compensation which an insurer would have to make if an insurance policy under section 3(a) existed.";

(6) the words "and to compensate the insured person who was driving the vehicle or a person who was driving it with the permission of the insured person for bodily damage caused to him in a road accident (the terms "bodily damage" and "road accident" to be taken in the meaning of the Law)" shall be added at the end of section 12;

(7) section 14(b) is hereby repealed;

(8) the closing passage of section 16, beginning with the words "and any sum paid by an insurer" shall be deleted;

(9) the words "For the purposes of this section, "insurer" includes the Road Accident Victims Compensation Fund under the Road Accident Victims Compensation Law, 5735—1975" shall be added at the end of section 19;

(10) section 22 is hereby repealed;

(11) the words "on a public road" in sections 39 and 40 shall be deleted.

Amendment of
National
Insurance
Law.

19. In the National Insurance Law (Consolidated Version), 5728—1968¹⁾, the words "or the Road Accident Victims Compensation Law, 5735—1975" shall be inserted after the words "under the Civil Wrongs Ordinance (New Version)" in section 150(a).

Amendment of
State Service
(Benefits) Law.

20. In the State Service (Benefits) Law (Consolidated Version), 5730—1970²⁾, the words "or the Road Accident Victims Compensation Law, 5735—1975"; shall be inserted after the words "(hereinafter: "The Civil Wrongs Ordinance")" in section 60(a).

Amendment of
Defence Army
of Israel
(Permanent
Service) Law.

21. In the Defence Army of Israel (Permanent Service) (Benefits) Law, 5714—1954³⁾, the words "or the Road Accident Victims Compensation Law, 5735—1975" shall be inserted after the words "the Civil Wrongs Ordinance, 1944" in section 49(a).

Liability of
the State.

22. The State shall for the purposes of liability under this Law be treated like any other owner of a vehicle, but sections 5 to 8 of the Civil Wrongs (Liability of the State) Law, 5712—1952⁴⁾, shall apply to this liability.

Commencement
and transitional
provisions.

23. (a) This Law shall come into force on the 1st Tishri, 5737 (25th September, 1976). Accidents which occurred before the coming into force of this Law shall be dealt with in accordance with the previous Law.

(b) Upon the coming into force of this Law, the property of the Road Accident Victims Fund managed by the Israel Union of Insurance Companies shall pass to the Fund, and the handling of claims arising out of road accidents which occurred before the coming into force of this Law shall be continued by the Fund in accordance with the conditions and procedures of the said body.

YITZCHAK RABIN
Prime Minister

HAIM J. ZADOK
Minister of Justice

EFRAYIM KATZIR
President of the State

¹⁾ *Sefer Ha-Chukkim* of 5728, p. 108; *LSI* vol. XXII, p. 114.

²⁾ *Sefer Ha-Chukkim* of 5730, p. 65; *LSI* vol. XXIV, p. 57.

³⁾ *Sefer Ha-Chukkim* of 5714, p. 119; *LSI* vol. VIII, p. 149.

⁴⁾ *Sefer Ha-Chukkim* of 5712, p. 339; *LSI* vol. VI, p. 147.

(No. 93)

**COUNCIL FOR HIGHER EDUCATION (AMENDMENT No. 4)
LAW, 5735—1975 ***

1. In the Council for Higher Education Law, 5718—1958 ¹⁾, the following sections shall be inserted after section 3:

Additions of
sections
3A - 3F.

"The Council — a body corporate. 3A. The Council shall be a body corporate competent in respect of any obligation, right or legal act.

The Council — an inspected body. 3B. The Council shall be an inspected body, within the meaning of section 9 (6) of the State Comptroller Law (Consolidated Version), 5718—1958 ²⁾.

Engagement of employees and conditions of employment. 3C. Employees of the Council shall be engaged and appointed by the Council in the same manner as State employees are engaged and appointed, with such modifications as shall be prescribed by regulations. The conditions of employment and remuneration of employees of the Council shall be identical with those of State employees.

Prohibition of transfer of property. 3D. The Council shall not sell or otherwise dispose of, pledge, or grant a lease of or lend for a period exceeding ten years, any property owned by it, save with the approval of the Minister of Education and Culture. A lease or loan for a period which together with preceding periods exceeds ten years shall also require approval as aforesaid.

Budget. 3E. The budget shall be prepared and presented to the Government for approval in the manner provided by regulations.

• Passed by the Knesset on the 21st Av, 5735 (29th July, 1975) and published in *Sefer Ha-Chukkim* No. 781 of the 18th Elul, 5735 (25th August, 1975), p. 243; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1177 of 5735, p. 228.

¹⁾ *Sefer Ha-Chukkim* of 5718, p. 191 — *LSI* vol. XII, p. 217; *Sefer Ha-Chukkim* of 5721, p. 31 — *LSI* vol. XV, p. 27; *Sefer Ha-Chukkim* of 5723, p. 65 — *LSI* vol. XVII, p. 78; *Sefer Ha-Chukkim* of 5732, p. 32 — *LSI* vol. XXVI, p. 33.

²⁾ *Sefer Ha-Chukkim* of 5718, p. 92 — *LSI* vol. XII, p. 107.

Modes of
action of body
corporate.

3F. For the purposes of sections 3A, 3C and 3D, the Council may act through a committee selected from among its members, with or without the addition of non-members."

Transfer of
employees.

2. (a) State employees employed by the Council immediately before the coming into force of this Law shall continue to serve as employees of the Council on conditions of service not inferior to their conditions of service immediately before the coming into force of this Law.

(b) The rights of employees of the Council transferred to its service which arise out of their employment as State employees as specified in subsection (a) shall be deemed to be rights arising out of their employment in the service of the Council.

(c) Arrangements for crediting the Council with the amount of payments to which employees passing into its service will be entitled shall, as far as necessary, be determined by agreement between the Council and the State.

Moneys
appropriated
by Budget.

3. All amounts appropriated to the Council by the Budget Law for the financial year in which this Law comes into force and not expended by the date of its coming into force shall be at the disposal of the Council.

Publication
and
commencement.

4. This Law shall be published in *Reshumot* within thirty days from the date of its adoption and shall come into force on the date of publication.

YITZCHAK RABIN
Prime Minister

AHARON YADLIN
*Minister of Education
and Culture*

EFRAYIM KATZIR
President of the State

(No. 94)

**PUBLIC HOUSING PROJECTS (REGISTRATION)
(TEMPORARY PROVISIONS) (AMENDMENT) LAW, 5735—1975***

1. In the Public Housing Projects (Registration) (Temporary Provisions) Law, 5724—1964¹⁾ (hereinafter referred to as "the principal Law"), the definition of "public housing project" in section 1 is hereby repealed. Amendment of section 1.

2. The following section shall be inserted after section 1 of the principal Law: Addition of section 1A.

"Public housing project.

1A. (a) Where the erection of a building built by or on behalf or on the initiative of or acquired by the State was begun before the 20th Nisan, 5735 (1st April, 1975), the Minister of Housing or a person empowered by him may approve such building, by notice in *Reshumot*, as a public housing project.

(b) A building acquired by the State shall not be approved as a public housing project until all compulsory levies due thereon from the seller to the State or a local authority up to the date of acquisition have been paid."

3. Section 7 of the principal Law shall be replaced by the following section: Replacement of section 7.

"Entry of note in Land Register.

7. (a) Where a registration act has been carried out without the payment of the compulsory levies having been proved, the Registrar of Lands shall enter a note in the Land Register to the effect that the compulsory levies due from the settler have not been paid. When the Registrar is satisfied that the compulsory levies in respect of which the note was entered have been paid, he shall delete the note.

* Passed by the Knesset on the 21st Av, 5735 (29th July, 1975) and published in *Sefer Ha-Chukkim* No. 781 of the 18th Elul, 5735 (25th August, 1975), p. 244; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1049 of 5733, p. 218.

¹⁾ *Sefer Ha-Chukkim* of 5724, p. 52; *LSI* vol. XVIII, p. 44.

(b) Where any land has been registered in the name of a settler, then, notwithstanding anything provided in the Taxes (Collection) Ordinance¹⁾ or in any other law —

(1) any charge to secure payment of a compulsory levy due in respect of the land from the person who held it before the settler shall be void;

(2) if under any enactment the registration of a transaction in land is conditional upon submission of a certificate from an authority as to the payment of compulsory levies, there shall only be required, for the registration of the transaction, a certificate as to compulsory levies due from the settler, and the authority requested to issue the certificate shall make its issue conditional only upon payment of the compulsory levies due from him.”.

Publication.

4. This Law shall be published in *Reshumot* within thirty days from the date of its adoption by the Knesset.

YITZCHAK RABIN
Prime Minister

ABRAHAM OFFER
Minister of Housing

EFRAYIM KATZIR
President of the State

¹⁾ *Laws of Palestine* vol. II, p. 1399 (English Edition); *Sefer Ha-Chukkim* of 5733, p. 46 — *LSI* vol. XXVII, p. 42.

(No. 95)

COLLECTIVE AGREEMENTS (TEMPORARY PROVISIONS)

(No. 2) LAW, 5735—1975 *

1. Notwithstanding section 20, the closing passage of section 22, and section 23, of the Collective Agreements Law, 5717—1957¹⁾ (hereinafter referred to as “the principal Law”), the provisions of the collective agreement referred to in the Schedule shall prevail over the provisions of any other collective agreement or any contract of employment. Collective agreement with overriding effect.
2. An extension order under section 25 of the principal Law made in respect of the collective agreement referred to in the Schedule shall have effect even if the requirements of sections 26 and 27 of the principal Law are not fulfilled in respect of such order, and the provisions of such order shall, notwithstanding section 30(b) of the principal Law, prevail over the provisions of any other collective agreement and any contract of employment. Effect of extension order.
3. Notwithstanding section 28 of the principal Law, the Minister of Labour may prescribe that an extension order as specified in section 2 shall have effect from a date prior to its date of publication but not prior to the date from which this Law has effect. Date of coming into force of extension order.
4. For the removal of doubt it is hereby declared that nothing in this Law shall prevent the parties to the collective agreement referred to in the Schedule from making variations therein. Saving of power to vary.
5. This Law shall have effect from the 22nd Tammuz, 5735 (1st Commencement, July, 1975).

* Passed by the Knesset on the 11th Elul, 5735 (18th August, 1975) and published in *Sefer Ha-Chukkim* No. 781 of the 18th Elul, 5735 (25th August, 1975), p. 245; the Bill and an Explanatory Note were published in *Haiza'ot Chok* No. 1205 of 5735, p. 452.

¹⁾ *Sefer Ha-Chukkim* of 5717, p. 63 — *LSI* vol. XI, p. 58; *Sefer Ha-Chukkim* of 5735, p. 223 — *supra*, p. 295.

SCHEDULE

(Section 1)

The general collective agreement signed on the 10th Elul, 5735 (17th August, 1975) between the employers' organisations affiliated with the Coordination Bureau of Economic Organisations of the one part, and the General Federation of Labour in Eretz Israel of the other part, and the identifying number of which with the Chief Labour Relations Officer at the Ministry of Labour is 7028/75.

YITZCHAK RABIN
Prime Minister

MOSHE BARAM
Minister of Labour

EFRAYIM KATZIR
President of the State

(No. 96)

NATIONAL INSURANCE (AMENDMENT No. 18) LAW,
5735—1975 *

1. In the National Insurance Law (Consolidated Version), 5728—1968¹⁾ (hereinafter referred to as “the principal Law”), section 26D is hereby repealed. Repeal of section 26D.
 2. In section 38 of the principal Law, the words “four weeks” shall be replaced by the words “ten days”. Amendment of section 38.
 3. In section 53 of the principal Law, subsection (c) shall be replaced by the following subsection:
 “(c) If a variation occurs in the maximum by virtue of Table XI or under section 167A, the amount specified in Table V shall be varied in the same proportion.” Amendment of section 53.
 4. In section 62 of the principal Law, the words “and is not for more than one year” shall be replaced by the words “The determination may be retroactive but its prospective effect shall not extend beyond the expiration of one year from the day on which it is made.” Amendment of section 62.
 5. Section 82C of the principal Law is hereby repealed. Repeal of section 82C.
 6. In section 89A of the principal Law, the following section shall be inserted after subsection (c):
 “(d) The provisions of this section as to the deduction of a membership fee in favour of an organisation of invalids and the deduction of payments to a mutual aid fund of an organisation
- Passed by the Knesset on the 21st Av, 5735 (29th July, 1975) and published in *Sefer Ha-Chukkim* No. 781 of the 18th Elul, 5735 (25th August, 1975), p. 246; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 1173 of 5735, p. 197.
- ¹⁾ *Sefer Ha-Chukkim* of 5728, p. 108 — *LSI* vol. XXII, p. 114; *Sefer Ha-Chukkim* of 5729, pp. 76 and 206 — *LSI* vol. XXIII, pp. 84 and 221; *Sefer Ha-Chukkim* of 5730, pp. 58, 130 and 134 — *LSI* vol. XXIV, pp. 51, 136 and 139; *Sefer Ha-Chukkim* of 5731, p. 128 — *LSI* vol. XXV, p. 124; *Sefer Ha-Chukkim* of 5732, pp. 78, 86 and 119 — *LSI* vol. XXVI, pp. 86, 102 and 135; *Sefer Ha-Chukkim* of 5733, pp. 126, 141, 142, 212 and 260 — *LSI* vol. XXVII, pp. 128, 152, 153, 233 and 302; *Sefer Ha-Chukkim* of 5734, p. 74 — *LSI* vol. XXVIII, p. 78; *Sefer Ha-Chukkim* of 5735, pp. 102 and 152 — *supra*, pp. 129 and 189.

as aforesaid shall also apply to a widower and a widow, within the meaning of section 74.”.

Amendment of
section 100.

7. In section 100 of the principal Law, subsection (b) shall be replaced by the following subsection:

“(b) If a variation occurs in the maximum by virtue of Table XI or under section 167A, the amount specified in Table VII shall be varied in the same proportion.”.

Amendment of
section 127U.

8. In section 127U of the principal Law, the definition of “income” shall be replaced by the following definition:

““income” means income prescribed by the Minister with the approval of the Labour Affairs Committee of the Knesset, from the date prescribed by him, or, so long as the Minister has not so prescribed, income within the meaning of section 2 of the Income Tax Ordinance, in either case less a children’s pension under Chapter Five and less a grant by virtue of section 40 (b1) (2) of the Discharged Soldiers (Reinstatement in Employment) Law, 5709—1949¹⁾.”.

Addition of
section 134A.

9. The following section shall be inserted after section 134 of the principal Law:

“Advance
payments.

134A. (a) The Minister may by regulations, with the approval of the Labour Affairs Committee of the Knesset, enact provisions, including tests and rules, as to the making of advance payments to—

(1) a person claiming a benefit if he is *prima facie* entitled thereto but the proceedings in connection with his claim have not yet all been completed;

(2) a person entitled to a benefit.

(b) Where a person receives a payment under subsection (a), and an entitlement to the whole or part of the benefit either does not exist at the time of the payment or lapses thereafter, such person shall, at the request of the Institute, return to it the payment to which he is not entitled, and the Institute may set it off against a benefit due to him.”.

¹⁾ Sefer Ha-Chukkim of 5709, p. 13; LSI vol. III, p. 10.

10. Section 137A of the principal Law shall be re-marked as section 137B and the following section shall be inserted before it: Re-marking of section 137A and insertion of new section 137A.
- “Amount outstanding at death of person entitled. 137A. Where a person entitled to a monetary benefit dies without having collected the whole of the benefit due to him, the debt shall, notwithstanding section 135(c), be paid to his survivors within the meaning of Chapter Two.”
11. In section 137B of the principal Law, the words “under Chapter Two or Three” shall be replaced by the words “under Chapter Two, Three or Six “B””. Amendment of section 137B.
12. The following section shall be inserted after section 143A of the principal Law: Addition of section 143B.
- “Deduction of amount of assistance. 143B. (a) Where a person, otherwise than through the Institute, is paid monthly assistance towards his upkeep by the Treasury or a local authority (hereinafter referred to as “assistance”) in respect of a period for which he is entitled to a monthly pension under Chapter Two or a monetary benefit under Chapter Three or a monthly pension under Chapter Six “B” (each of these in this section referred to as “the benefit”), the Institute may deduct the whole or part of the amount of the assistance from the benefit: Provided that no more shall be deducted than an amount equal to the amount of the benefit which would have been payable to that person in respect of that period but for the deduction.
- (b) An amount deducted under subsection (a) shall be transferred to the Treasury or the local authority, as the case may be, in accordance with arrangements prescribed by regulations.”
13. This Law shall be published within thirty days from the date of Publication. its adoption by the Knesset.

YITZCHAK RABIN
Prime Minister

MOSHE BARAM
Minister of Labour

EFRAYIM KATZIR
President of the State

BUDGET LAWS

BUDGET (FINANCIAL YEAR 1974) (No. 2) LAW, 5735—1975 *

Additional
Budget for
the year 1974.

1. In addition to the amounts which it is authorised to expend under the Budget (Financial Year 1974) Law 5734—1974¹⁾ (hereinafter referred to as "the principal Law"), the Government is authorised to expend in the financial year 1974 an amount of 5,300,000,000 pounds (hereinafter referred to as "the Additional Budget").

Application of
principal Law.

2. The provisions of the principal Law shall apply also to the Additional Budget.

Commencement.

3. This Law shall have effect from the date of the coming into force of the principal Law.

RECEIPTS

IL

GRAND TOTAL		5,300,000,000
Part A — Ordinary Receipts		4,293,500,000
Part B — Receipts from Loans and Capital Account		1,006,500,000
<i>Part A — Ordinary Receipts</i>		4,293,500,000
Taxes and Compulsory Payments		3,925,000,000
Taxes on Income and Property		1,562,000,000
01 — Income Tax	1,330,000,000	
02 — Appreciation Tax (2/5)	13,000,000	
03 — Additional Tax (2/3)		
04 — Taxes on Property (less Compensation Fund)	207,000,000	
05 — Banks and Insurance Com- panies Tax	12,000,000	
Taxes on Expenditure		1,096,000,000
11 — Customs Duty and Import Charge	240,000,000	
13 — Purchase Tax (95 p.ct.)	154,500,000	
15 — Excise	45,000,000	
18 — Fuel Tax	552,000,000	
19 — Foreign Travel Tax	10,000,000	

* Passed by the Knesset on the 7th Adar, 5735, (18th February, 1975) and published in *Chukkei Taktziv* No. 64 of the 15th Adar, 5735 (26th February, 1975), p. 358; the Bill and an Explanatory Note were published in *Chukkei Taktziv (Hatzot)* No. 61 of 5735, p. 23.

¹⁾ *Chukkei Taktziv* No. 63 of 5734, p. 3; *LSI* vol. XXVIII, p. 166.

IL

23	— Increment Tax and Rate of	
	Exchange Differentials	153,000,000
24	— Vehicle Fees (58 p.ct.)	(-)5,500,000
25	— Other Fees and Licences	(-)85,000,000
26	— Port Charge	32,000,000
	Compulsory Loan and Compensation Fund	1,195,000,000
28	— Savings Loan	300,000,000
31	— War Loan	850,000,000
	War Loan (on Land Appreciation)	45,000,000
	Transferred Revenue	72,000,000
32	— Direct to Local Authorities	66,250,000
	(2) Vehicle Fees (21 p.ct.)	(-)1,750,000
	(3) Land Appreciation Tax (3/5)	68,000,000
	(4) Additional Tax (1/3)	
33	— General Grant-in-Aid through Ministry of the Interior	5,750,000
	(1) Purchase Tax (5 p.ct.)	7,500,000
	(2) Vehicle Fees (21 p.ct.)	(-)1,750,000
	Interest and Profits	584,000,000
35	— Collection of Interest	100,000,000
37	— Interest from Business Enterprises	54,000,000
40	— Profits of Bank of Israel	430,000,000
	Sundry Receipts	20,000,000
41	— Revenue from Various Services	20,000,000
	Transfer from Part B	(-)235,500,000
	Part B — Receipts from Loans and Capital Account	1,006,500,000
	Repayment of Investments and Government Loans	41,000,000
64	— Revenue from Business Enterprises —	
	Depreciation	41,000,000
	Internal Loans	(-)1,300,000,000
82	— Loan from Banks and Emissions	(-)800,000,000
83	— Voluntary War Loan	(-)500,000,000
	Foreign Loans and Grants-in-Aid	2,030,000,000
91	— Food Surpluses	(-)156,000,000
92	— Foreign Loans	2,186,000,000
	Transfer to Part A	235,500,000

המחלקה הכלכלית
משרד האוצר, תל אביב

FIRST SCHEDULE

EXPENDITURE	IL
GRAND TOTAL	5,300,000,000
Part A — Ordinary Expenditure	4,293,500,000
Part B — Expenditure for Development and Capital Account	1,006,500,000
<i>Part A — Ordinary Expenditure</i>	4,293,500,000
15 — Ministry of Defence	1,661,000,000
17 — Transferred Expenditure	72,000,000
26 — Ministry of Social Welfare	110,000,000
27 — National Insurance	391,500,000
30 — Ministry of Housing	8,000,000
32 — Subsidies for Stabilisation of Prices	75,000,000
38 — Encouragement of Exports	500,000,000
45 — Payment of Interest	682,500,000
47 — Special Budgets	793,500,000
<i>Part B — Expenditure for Development and Capital Account</i>	1,006,500,000
70 — Housing	484,000,000
84 — Payment of Debts	522,500,000

THIRD SCHEDULE

Revenue of Business Enterprises	345,000,000
90 — Revenue of Housing Enterprises	345,000,000
10 — Revenue from Immigrant Housing	114,000,000
79 — Revenue from Countrywide Operations	5,000,000
90 — Revenue from Financing	226,000,000
Expenditure of Business Enterprises	345,000,000
90 — Expenditure of Housing Enterprises	345,000,000
A. Operational Expenditure	345,000,000

YITZCHAK RABIN YEHOSHUA RABINOVITZ
Prime Minister Minister of Finance

EFRAYIM KATZIR
President of the State

INTERIM BUDGET (FINANCIAL YEAR 1975) LAW, 5735—1975*

1. The Government is authorised to expend in the period from the 20th Nisan, 5735 (1st April, 1975) to the 21st Tammuz, 5735 (30th June, 1975) an amount of 11,203,402,600 pounds (hereinafter referred to as "the Interim Budget"), being the fifth part of the amount specified in section 2 of the Budget (Financial Year 1975) Bill, 5735—1975¹⁾ (hereinafter referred to as "the Bill"), less the amounts specified in heads of expenditure 48 — "General Reserve" and 87 — "Reserve for Development Expenditure".
Interim Budget.
2. In addition to the amount of the Interim Budget which it is authorised to expend under section 1, the Government is authorised to expend in the period indicated in that section —
Earmarked revenue and Business Enterprises Budget.
 - (1) the fifth part of each of the amounts of earmarked revenue specified in the Second Schedule to the Bill, to the extent that they will have been received;
 - (2) the fifth part of each of the amounts stated in the Business Enterprises Budget appearing in Part Two of the Third Schedule to the Bill.
3. The Interim Budget and the amounts referred to in section 2 shall be divided into parts, heads of expenditure, subheads of expenditure and items of expenditure, within the meaning of section 1 of the Bill, equal to the fifth part of the parts, heads of expenditure, subheads of expenditure and items of expenditure appearing in the Schedules to the Bill, less heads of expenditure 48 — "General Reserve" and 87 — "Reserve for Development Expenditure" appearing in the Bill.
Breakdown of Interim Budget.
4. The Minister of Finance is charged with the implementation of this Law.
5. This Law shall have effect from the 20th Nisan, 5735 (1st April, 1975).
Commencement.

YITZCHAK RABIN YEHOSHUA RABINOVITZ
Prime Minister Minister of Finance

EFRAYIM KATZIR
President of the State

* Passed by the Knesset on the 8th Nisan, 5735 (20th March, 1975) and published in *Chukkei Taktziv* No. 65 of the 18th Nisan, 5735 (30th March, 1975), p. 2; the Bill and an Explanatory Note were published in *Chukkei Taktziv (Hatza'ot)* No. 62 of 5735, p. 16.

¹⁾ *Chukkei Taktziv (Hatza'ot)* No. 62 of 5735, p. 2.

BUDGET (FINANCIAL YEAR 1975) LAW, 5735—1975 *

Definitions.

1. In this Law —

“the financial year 1975” means the financial year beginning the 20th Nisan, 5735 (1st April, 1975) and ending the 29th Adar Bet, 5736 (31st March, 1976);

“the Committee” means the Finance Committee of the Knesset;

“head of expenditure” means every amount of expenditure marked with two figures;

“subhead of expenditure” means every amount of expenditure or reduction of expenditure, and every amount of a scheme or reduction of a scheme, marked with four figures;

“item of expenditure” means every amount of expenditure or reduction of expenditure, and every amount of a scheme or reduction of a scheme, within a subhead of expenditure;

“person in charge of a head of expenditure” means —

(1) in respect of the Office of the President of the State — the person appointed in that behalf by the President;

(2) in respect of every other head of expenditure — the Minister designated in that behalf by the Government or the person appointed in that behalf by that Minister;

“the Budget” means the Budget for the financial year 1975.

Budget for the financial year 1975.

2. The Government is authorised to expend in the financial year 1975 an amount of 56,205,000,000 pounds.

Additional expenditure.

3. Notwithstanding the provision of section 2, the Government is authorised to expend in the financial year 1975, with the prior approval of the Committee, additional amounts for purposes prescribed by the Committee after it appears to it that the amounts necessary to cover the additional expenditure will be received.

Breakdown of Budget.

4. The breakdown of the amount of the Budget into parts, and of each part into heads, subheads and items of expenditure, shall be as set out in the First Schedule.

Special Budgets.

5. The Committee shall, upon the proposal of the Minister of Finance, decide upon the purposes for which the amount appropriated under head of expenditure 47, “Special Budgets”, and the amounts

* Passed by the Knesset on the 21st Tammuz, 5735 (30th June, 1975) and published in *Chukkei Taktziv* No. 66 of the 20th Elul, 5735 (27th August, 1975), p. 5; the Bill and the Explanatory Note were published in *Chukkei Taktziv (Hatza'ot)* No. 62 of 5735, p. 2.

which will be added to that head of expenditure by virtue of section 10(e) are to be used.

6. (a) The amount appropriated under head of expenditure 15, "Ministry of Defence", is hereinafter referred to as the "Security Budget". The breakdown of the Security Budget into subheads of expenditure and items of expenditure shall be prescribed by a joint committee of the Finance Committee and the Foreign Affairs and Security Committee of the Knesset upon the proposal of the Government.

Security
Budget.

(b) The Security Budget may include amounts of earmarked revenue and a budget for business enterprises. As far as it does so, the provisions of sections 7 and 9 shall apply *mutatis mutandis*.

(c) For the purposes of the Security Budget, every reference in this Law to the Committee shall be taken to be a reference to the joint committee referred to in subsection (a).

7. In addition to the amounts which it is authorised to expend under sections 2 and 3, the Government is authorised to expend in the financial year 1975 every one of the amounts of estimated receipts set out in the Second Schedule, so long as the additional amount expended for a particular purpose does not exceed the amount of actual receipts received for that purpose by the expiration of two months from the expiration of the financial year. If the Minister of Finance considers that any of the amounts of receipts set out in the Second Schedule will exceed the estimate or that any additional receipts, outside the estimate, will be received, he may, by notice to the Committee, permit the additional amounts to be expended for the purposes for which the additional receipts were received: Provided that an amount exceeding 1,000,000 pounds shall not be expended for any one purpose without the prior approval of the Committee.

Earmarked
revenue.

8. (a) If the transferred revenue from purchase tax exceeds 232,000,000 pounds, the Government may expend the excess revenue within six months from the expiration of the financial year 1975 for a purpose set out in head of expenditure 17 "Local Authorities"; the same applies if the transferred revenue from vehicle licence fees exceeds 66,000,000 pounds or if the transferred revenue from land appreciation tax exceeds 114,000,000 pounds or if the transferred revenue from additional tax exceeds 55,000,000 pounds.

Transferred
revenue.

(b) In this section, "transferred revenue from purchase tax" means 5 per cent of the total amount of revenue received from pur-

chase tax, "transferred revenue from vehicle licence fees" means 42 per cent of the total amount of revenue received from vehicle licence fees, "transferred revenue from land appreciation tax" means 60 per cent of the total amount of revenue received from land appreciation tax and "transferred revenue from additional tax" means 33 $\frac{1}{3}$ per cent of the total amount of revenue received from additional tax under the Land Appreciation Tax Law, 5723—1963 ¹⁾.

**Business
Enterprises
Budget.**

9. (a) In addition to the amounts which it is authorised to expend under sections 2, 3, 7 and 8, the Government is authorised to expend in the financial year 1975 the amounts specified in the second part of the Third Schedule (such amounts hereinafter referred to as "the Business Enterprises Budget"). The breakdown of the Business Enterprises Budget into heads, subheads and items of expenditure shall be as set out in that part.

(b) The estimated receipts to cover the Business Enterprises Budget for the financial year 1975 are as set out in the first part of the Third Schedule.

(c) If the Minister of Finance considers that any of the amounts of receipts set out in the first part of the Third Schedule will exceed the estimate or that any additional receipts, outside the estimate, will be received, he may, by notice to the Committee, prescribe the purposes for which the additional amounts of revenue are to be expended: Provided that an amount exceeding 2,000,000 pounds shall not be expended without the prior approval of the Committee.

(d) Notwithstanding the provisions of section 14(b), an amount appropriated under the Business Enterprises Budget to the payment of the consideration for any work, service or property shall be deemed to have been expended when the work has been carried out or the service or property for which it is intended to be paid has been received.

(e) In this section, "receipts" includes the value of the services rendered and property supplied in the financial year 1975.

Variations.

10. (a) Upon the proposal of the person in charge of any head of expenditure in any Schedule, except the head of expenditure of the Knesset, the Minister of Finance may —

(1) transfer any amount from one item to another or a newly added item of the same subhead of that head of expenditure:

¹⁾ *Sefer Ha-Chukkim* of 5732, p. 156; *LSI* vol. XVII, p. 193.

Provided that the aggregate of the amounts transferred from one item to another or a newly added item shall not without the approval of the Committee exceed 2,000,000 pounds;

(2) by notice to the Committee transfer any amount from one subhead to another or a newly added subhead of that head of expenditure: Provided that the aggregate of the amounts transferred from one subhead to another or to a newly added subhead shall not without the approval of the Committee exceed 1,000,000 pounds.

(b) Upon the proposal of the person in charge of any head of expenditure, the Minister of Finance may increase the amount of expenditure under any item of that head by any amount serving to finance the purpose of that item, or may add a new item formed by an amount serving as aforesaid, whether such amount so serving has been appropriated under the same or another head: Provided that an increase as aforesaid shall not without the approval of the Committee exceed 1,000,000 pounds.

(c) In the head of expenditure of the Knesset, the Committee may, upon the proposal of the Chairman of the Knesset, transfer any amount from one subhead or item to another or to a newly added subhead or item.

(d) The Minister of Finance may, by notice to the Committee —

- (1) transfer any amount from one head or subhead of expenditure set out in the First Schedule to another in so far as such is required by changes in the structure or functions of Government Ministries, provided that the amounts transferred as aforesaid are expended for the purposes to which they were appropriated; the same shall apply in the event of changes in the structure or functions of business enterprises;
- (2) vary the marking of heads, subheads and items of expenditure, provided that no change is made in the purpose to which the amount is appropriated and that an amount defined as an item or subhead is not defined as a head, or *vice versa*.

(e) The Minister of Finance may, in consultation with the Committee, transfer any amount from any item to head of expenditure 47, "Special Budgets".

11. (a) The Minister of Finance may, by notice to the Committee, prescribe the purposes for which the amounts of the General Reserve set out in head of expenditure 48 shall be expended. The same shall apply with regard to the amounts set out in head of expenditure 87, ^{Use of reserves.}

"Reserve for Development Expenditure": Provided that they shall only be expended for the purposes of heads of expenditure set out in Part B of the First Schedule.

(b) The Minister of Finance may, with the approval of the Committee, prescribe the purposes for which the amounts set out in head of expenditure 16, "Emergency Civilian Expenditure", are to be expended: Provided that they shall only be expended for the purposes of heads of expenditure set out in Part B of the First Schedule.

**Use of
surpluses of
1974 Budget.**

12. (a) Where a surplus remains under any of the heads of expenditure set out in the Budget (1974) Law, 5734—1974¹⁾, other than the head of expenditure of the Knesset, the Minister of Finance may permit such surplus to be used, within four months from the expiration of the financial year 1974, for the purpose to which it was appropriated or—having regard to the provisions of section 10 of the said Law—for another purpose within the scope of that head of expenditure. Where a surplus remains after the expiration of four months, the Minister of Finance may, with the prior approval of the Committee, permit it to be used until the expiration of the financial year 1975 for the purpose within the scope of the same head of expenditure.

(b) Where a surplus as referred to in subsection (a) is intended for payment for any work carried out or ordered or service or property received or ordered before the expiration of the financial year 1974, the Minister of Finance may, by notice to the Committee, permit it to be used during the financial year 1975 for the purpose to which it was appropriated.

(c) Where a surplus remains under the head of expenditure of the Knesset set out in the Budget (Financial Year 1974) Law, the Committee may, on the proposal of the Chairman of the Knesset, permit it to be used during the financial year 1975 for a purpose within the scope of that head of expenditure.

(d) Where the use of a surplus has been permitted under this section, the amount permitted to be expended shall be added to the Budget for the financial year 1975 as if it were a part thereof.

**Special
surpluses.**

13. (a) Where a surplus remains under any of the items set out in the Budget (Financial Year 1974) Law, 5734—1974, and enumerated in the Fourth Schedule (such enumeration hereinafter referred to as the "Special Surpluses List"), the Minister of Finance may permit it to be used, within four months from the expiration of the financial

¹⁾ *Chukkei Taktziv* No. 63 of 5734, p. 3; *LSI* vol. XXVIII, p. 166.

year 1974, for the purpose to which it was appropriated. Where a surplus remains after the expiration of four months, the Minister of Finance may, with the prior approval of the Committee, permit it to be used until the expiration of the financial year 1975 for the purpose to which it was appropriated.

(b) The Minister of Finance may, with the prior approval of the Committee, add items to the Special Surpluses List.

(c) Where the use of a surplus has been permitted under this section, the amount permitted to be expended shall be added to the Budget for the financial year 1975 as if it were a part thereof.

14. (a) An amount appropriated shall be deemed to have been expended when the person entitled to such amount has been sent a notification that his account with the Accountant-General has been credited therewith. Appropriated amount deemed to have been expended.

(b) An amount appropriated to the payment of the consideration for any work, service or property shall be deemed to have been expended when the work has been carried out or the service or property for which it is intended to be paid has been received, provided that it is paid by the expiration of one month from the expiration of the financial year.

15. (a) Wherever in the title of any item or subhead in the First Schedule or Third Schedule reference is made to amounts described as a "scheme" or "scheme of obligations" (each hereinafter referred to as a "scheme"), it shall only be permissible to act or incur obligations within the limits of those amounts. Schemes.

(b) Upon the proposal of the person in charge of any head of expenditure, the Minister of Finance may, with the approval of the Committee, increase the amounts referred to in subsection (a).

(c) The Minister of Finance may, with the prior approval of the Committee, add a new scheme.

(d) Upon the proposal of the person in charge of any head of expenditure, the Minister of Finance may, by notice to the Committee, transfer any amount from one scheme to another or to a new scheme added to that head of expenditure: Provided that the aggregate of the amounts transferred from one scheme to another or to a new scheme shall not without the approval of the Committee exceed 3,000,000 pounds.

Report of
receipts
and
expenditure.

16. Within six months after the expiration of the financial year 1975, the Minister of Finance shall submit to the Knesset a report of the receipts collected and expenditure incurred under the Budget and Business Enterprises Budget for that financial year. The report shall be drawn up in a form enabling a comparison of the amounts of expenditure incurred with the amounts of the heads and subheads of expenditure.

Implementation.

17. (a) The Minister of Finance is charged with the implementation of this Law and may make regulations as to any matter relating to such implementation.

(b) The Minister of Finance may delegate any of his powers under this Law, including the power to make regulations prescribing rules for the fiscal administration and accountancy of the State, but not including the power to make regulations with legislative effect.

Inclusion of
Interim
Budget.

18. The amounts which the Government may expend under this Law include the amounts which it has been authorised to expend under the Interim Budget (Financial Year 1975) Law, 5735—1975¹).

Commencement.

19. This Law shall have effect from the 20th Nisan, 5735 (1st April, 1975).

Publication
of Law.

20. This Law shall be published in *Reshumot*, within two months from the date of its adoption by the Knesset.

¹) *Chukkei Taktziv* No. 65 of 5735, p. 2; *supra*, p. 331.

(Following are the revenue (estimate) side and a condensed version of the expenditure side of the Budget, as appearing at the beginning of the First Schedule. The remainder of the First Schedule, which contains the detailed breakdown of the expenditure side, and the Second, Third and Fourth Schedules, for the subject-matter of which see sections, 7, 9 and 13, respectively, are omitted in this translation.)

		IL
REVENUE	GRAND TOTAL	56,205,000,000
Part		
A Ordinary Receipts		44,725,000,000
B Receipts from Loans and Capital Account		11,480,000,000
Part A Ordinary Receipts		44,725,000,000
Taxes and Compulsory Payments		32,510,000,000
Taxes on Income and Property		11,836,000,000
01 Income Tax	10,060,000	
02 Appreciation Tax (40 p.ct.)*	76,000,000	
03 Additional Tax ($\frac{2}{3}$).	110,000,000	
04 Taxes on Property (less War Damage Compensation Tax)	710,000,000	
05 Banks and Insurance Companies Tax	120,000,000	
06 Employers' Tax	760,000,000	
Taxes on Expenditure		16,377,000,000
11 Customs and Duty and Charge on Imports	6,868,000,000	
13 Purchase Tax (95 p.ct.)	4,438,000,000	
15 Excise	782,000,000	
18 Fuel Tax	2,340,000,000	
19 Foreign Travel Tax	165,000,000	
20 Stamp Duty	500,000,000	
21 Entertainment Tax	5,000,000	
22 Defence Stamp Impost	370,000,000	
23 Increment Tax and Exchange Rate Differentials	500,000,000	
24 Vehicle Licence Fees (58 p.ct.)	94,000,000	
25 Other Licensing Fees	228,000,000	
26 Ports Charges	87,000,000	

* The rate of 40 p.ct. came into effect in October 1974. Until October, 1974, the rate was two thirds.

IL

	Compulsory Loan and War Damage Com-	
	pensation Tax	3,830,000,000
28	Savings Loan	
	(Employers)	940,000,000
29	Defence Loan	50,000,000
30	Compensation	
	Fund	200,000,000
31	War Loan	2,580,000,000
	War Loan (in	
	respect of	
	Land	
	Appreciation)	60,000,000
	Allocation as Substitute for Property Rate .	(-)633,000,000
	Transferred Revenue	1,100,000,000
32	To Local Autho-	
	rities Direct	835,000,000
	1) Property Rate Substitute	
	(4.828 p.ct.)	633,000,000
	2) Vehicle Licence Fees	
	(21 p.ct.)	33,000,000
	3) Land Appreciation Tax	
	(60 p.ct.)*	114,000,000
	4) Additional Tax ($\frac{1}{3}$)	55,000,000
33	By Way of Gen-	
	eral Grant-in-Aid	
	(Ministry of the	
	Interior)	265,000,000
	1) Purchase Tax (5 p.ct.) .	232,000,000
	2) Vehicle Licence Fees	
	(21 p.ct.)	33,000,000
	Interest and Profits	1,183,000,000
35	Collection of Interest	650,000,000
36	Interest from Economic Units	6,872,000
37	Interest from Business Enterprises	400,448,000
38	Interest from Government Corporations	22,000,000
39	Interest from Statutory Authorities	3,680,000
40	Profits of Bank of Israel	100,000,000
	Royalties	285,000,000

* The rate of 60 p.ct. came into effect in October, 1974. Until October, 1974, the rate was one third.

		IL
42	Royalties from Business Enterprises	272,000,000
43	Royalties from Natural Resources	13,000,000
	Sundry Receipts	242,000,000
46	Repayment o/a Budgets of Earlier Years	52,000,000
47	Revenue from Various Services	190,000,000
	Transfer from Part B	10,505,000,000
Part B	Receipts from Loans and Capital Account	11,480,000,000
	Repayment of Investments and Government Loans	1,000,000,000
51	Collection of Principal and Sale of Property	450,000,000
52	Depreciation, Economic Units	14,990,000
54	Depreciation, Business Enterprises	123,410,000
55	Depreciation, Statutory Authorities	2,710,000
56	Depreciation, Government Corporations	8,000,000
61	Revenue o/a Participation in Communications Investments	211,000,000
62	Revenue from Ports Authority and Jaffa Port	340,000
63	Revenue of Israel Lands Administration	104,550,000
64	Revenue from Business Enterprises (Deductions)	85,000,000
	Allocations for Pensions and Compensation	175,000,000
71	Allocations by Economic Units	54,908,000
72	Allocations by Business Enterprises	120,092,000
	Internal Loans	5,900,000,000
81	Loan from National Insurance Institute	700,000,000
82	Loans from Banks and Emissions	5,200,000,000
	Loans and Grants-in-Aid from Abroad	13,350,000,000
91	Food Surpluses	150,000,000
92	Foreign Loans and Grants-in-Aid	13,200,000,000
	Advance Payment by Bank of Israel	1,500,000,000
	Transfer to Part A	(-)10,505,000,000
	EXPENDITURE:	56,205,000,000
Part		
A	Ordinary Expenditure	44,725,000,000
B	Expenditure for Development and Capital Account	11,480,000,000
Part A	Ordinary Expenditure	44,725,000,000
	Government and Administration	2,008,278,000
01	President of the State	2,600,000

		IL
02	Knesset	28,989,000
03	Members of Government	1,300,000
04	Prime Minister's Office	64,540,000
05	Ministry of Finance	308,000,000
06	Ministry of the Interior	70,000,000
07	Ministry of Police	697,500,000
08	Ministry of Justice	106,000,000
09	Ministry of Foreign Affairs	279,875,000
11	State Comptroller's Office	31,350,000
12	Benefits and Compensation	356,100,000
13	Sundry Expenditure	40,000,000
14	Financing of Political Parties	22,024,000
	Defence	22,306,000,000
15	Ministry of Defence	21,906,000,000
16	Emergency Civilian Expenditure	400,000,000
	Local Authorities	2,090,000,000
17	Transferred Expenditure	1,100,000,000
18	Grant-in-Aid to Local Authorities	775,000,000
19	Loans to Local Authorities	215,000,000
	Social and Community Services	9,072,300,000
20	Ministry of Education and Culture	2,779,300,000
21	Higher Education	650,000,000
22	Ministry of Religious Affairs	100,000,000
23	Ministry of Labour	184,000,000
24	Ministry of Health	1,177,000,000
25	Benefits to Invalids	300,000,000
26	Ministry of Social Welfare	589,000,000
27	National Insurance	1,105,000,000
29	Ministry of Housing	220,000,000
30	Ministry of Immigrant Absorption	68,000,000
32	Subsidies for the Stabilisation of Prices	1,900,000,000
	Economic Purposes	3,308,250,000
33	Ministry of Agriculture	160,000,000
35	Atomic Energy Commission	94,000,000
36	Ministry of Commerce and Industry	278,500,000
37	Ministry of Tourism	54,750,000
38	Encouragement of Exports	2,445,000,000
40	Ministry of Transport	82,000,000
41	Contribution to Railways Budget	52,000,000
42	Grants-in-Aid and Subsidies to Transport Enterprises	65,000,000

		IL
43	Public Works Department and Surveys . . .	77,000,000
45	Payment of Interest	5,000,000,000
	Reserves	940,172,000
47	Special Budgets	786,885,000
48	General Reserve	153,287,000
<i>Part B</i>	<i>Expenditure for Development and Capital Account</i>	<i>11,480,000,000</i>
	Expenditure for Development	6,120,650,000
	Investments: Government and Administration	43,100,000
51	Government Buildings	21,700,000
52	Police and Prisons	20,000,000
53	Law Courts	1,400,000
57	Local Authorities	70,000,000
	Investments: Social and Community Services	4,196,300,000
60	Education	475,000,000
61	Higher Education	100,000,000
63	Religion	10,000,000
64	Employment and Vocational Training	32,800,000
67	Health	313,000,000
68	Social Welfare	80,500,000
70	Housing	3,185,000,000
	Investments: Branches of the Economy	1,803,250,000
72	Agriculture	200,000,000
73	Water Projects	100,000,000
75	Petroleum Pipelines and Drillings	70,000,000
76	Industry and Handicraft	468,500,000
78	Tourism	28,250,000
79	Transport	186,500,000
80	Roads	150,000,000
81	Communications	540,000,000
83	Various Enterprises	60,000,000
84	Payment of Debts	5,180,000,000
85	Budgetary Funds for Short-Term Financing	50,000,000
86	Reserve for Development Expenditure	129,350,000

YITZCHAK RABIN YEHOSHUA RABINOVITZ
Prime Minister Minister of Finance

EFRAYIM KATZIR
President of the State

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Fallen Soldiers' Families (Pensions and Rehabilitation) (Amendment No. 10) Law	27th Cheshvan, 5735 (12th November, 1974)
Law and Administration Ordinance (Amendment No. 15) Law	27th Cheshvan, 5735 (12th November, 1974)
Penal Law (Modes of Punishment) (Amendment No. 3) Law	27th Cheshvan, 5735 (12th November, 1974)
Execution (Amendment No. 3) Law	27th Cheshvan, 5735 (12th November, 1974)
Sale (Apartments) (Assurance of Investment of Persons Acquiring Apartments) Law	4th Kislev, 5735 (18th November, 1974)
Phylacteries and Mezuzot (Prevention of Cheating) Law	5th Kislev, 5735 (19th November, 1974)
Registrars Ordinance (Amendment) Law	5th Kislev, 5735 (19th November, 1974)
Legal Assistance to Foreign States (Amendment No. 2) Law	5th Kislev, 5735 (19th November, 1974)
Decorations (Israel Police — Prison Service) (Amendment) Law	5th Kislev, 5735 (19th November, 1974)
Emergency Regulations (Protection of Educational Institutions) (Extension of Validity) Law	12th Kislev, 5735 (26th November, 1974)
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Invalids (War against the Nazis) (Amendment No. 7) Law	25th Kislev, 5735 (9th December, 1974)
Foreign Judgments Enforcement (Amendment) Law	25th Kislev, 5735 (9th December, 1974)
Olim (Accommodation in Rented Dwellings) Law	2nd Tevet, 5735 (16th December, 1974)
Services Tax (Banking Institutions and Insurance Companies) (Amendment No. 2) Law	2nd Tevet, 5735 (16th December, 1974)
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Labour Courts (Amendment No. 5) Law	16th Shevat, 5735 (28th January, 1975)
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משרד המשפטים
מסמך זה הינו העתק שנסרק בשלמותו ביום ובשעה המצוינים ,
בסריקה ממוחשבת מהימנה מהמסמך המצוי בתיק,
בהתאם לנוהל הבדיקות במשרד המשפטים.
על החתום

22 Apr 2014 01:05:22 +03:00
Geode User

משרד המשפטים (חתימה מוסדית).