



**YIGAL ARNON & Co.**  
LAW FIRM

## Outbreak of the Corona Virus – April 2, 2020

### Updates for Non-Profits Organizations and Public Benefit Companies (PBC)

As part of the national effort to cope with the outbreak of the Coronavirus, various authorities have issued guidelines and relief to non-profit organizations and public benefit companies.

#### Corporate Authority

- **Reception:** In general, there is no reception and no in-person service will be given in all the offices of the Corporations Authority, except for emergency cases, after receiving a prior approval, while taking precautions. We are available to assist in arranging an urgent meeting accordingly.
- On March 31, 2020 the Corporations Authority announced that it will no longer allow documents to be filed in the deposit boxes. It is possible to send via mail (preferably trackable registered mail). Contact details should be provided including telephone and e-mail address to which confirmation or other references will be sent, as applicable. It is important to keep a copy of the (mail) submitted documents.
- The response time for handling physically submitted reports is likely to exceed the usual treatment time (and maybe by a lot!). In general, online submission is recommended. The board members, CEO, and the auditor of non-profit organizations, as well as Directors of PBCs that are registered with the Corporations Authority system, may submit some of the reports online, even without a smart card, through government identification. We will be happy to instruct and guide you in this regard.
- Even on these days the Corporation Authority allows the registration of non-profit organizations and PBCs, but will not handle voluntary dissolution processes.
- **Pledge registration by e-mail:** As of March 26, 2020, attorneys may submit pledge registrations requests by e-mail via smart card.
- **Extension:** An automatic, across the board, extension of 45 days is granted for filing deadlines regarding documents and information, set for non-profit organizations, public benefit companies and public endowment trustees, by the registrar or a CPA on its behalf as part of an audit, with no need to file a request. We assume that if the crisis continues, further extensions will be given.

Please note that pending completion of the required submissions, no applications will be considered regarding the proper management of non-profit organizations or of public benefit companies that were required to complete documents or clarifications as a condition for review.



The annual reporting date for the year 2019 will be postponed for one month until July 31, 2020, as will the filing of annual reports for the year 2019, under the policy "Proper Management for Two Years". Schedules coordinated in extension arrangements with the Institute of Certified Public Accountants will be postponed by one month or in accordance with extensions granted individually.

- Annual fee: The Corporation Authority will allow a reduced annual fee also in April (even though the regulation allow the reduced fee only until the end of March), while it is simultaneously examining the possibility of a legislative amendment to anchor it. Please note – if a legislative amendment is not eventually passed, the Department of Justice will act to collect the difference.
- Relief of supervision and audit procedures: No oversight or audit procedures will be opened against non-profit organizations, public benefit companies and public endowments until "the date of return to routine management of the economy". Existing procedures are frozen.

Deficiency repair programs for non-profit organizations and public benefit companies subject to an accompanying entity, will continue according to the provisions of each program. However, the accompanying auditors have been instructed to consider any special needs caused by the emergency situation and each application will be considered.

- Ease in submitting original documents: On days when a non-profit organization or PBC submits an online application, without a smart card or government identification, the documents attached to the request will be submitted in original form at reception or by mail. However, at this point, the Non-Profit Organizations Registrar is satisfied with receiving a scan of those accompanying documents to the e-mail of the Non-Profit Organizations Registrar [Moked-Amutot@justice.gov.il](mailto:Moked-Amutot@justice.gov.il). Subsequently, after a return to routine, the original versions of the documents will be required. Generally, the processing of submitted applications that were identified is faster and usually spares having to submit the originals.

The Endowment Registrar, on the other hand, is content with documents delivered via e-mail to the Endowment Registrar's address: [Moked-Hakdashot@justice.gov.il](mailto:Moked-Hakdashot@justice.gov.il), instead of submitting the originals by mail.

- Signing documents in front of an attorney: The Bar Association has allowed, in some cases, signature authentication on a deposition by means of visual conference instead of face-to-face. Regarding forms for reports that are not depositions, the Corporation Authority is examining whether it is permissible to receive documents that were signed in front of an attorney via remote conference, when the signature is required by law, but has not yet approved this measure.
- Suspending of erasure procedures: Initiated proceedings for erasure against non-reporting non-profit organizations are suspended until further notice (non-profit organizations in this procedure have been notified by the Non-Profit Organizations Registrar and the notice itself remains in effect).

Additional updates: [Questions and answers on the Corporation Authority's website relating to emergency preparedness](#).

The guidelines are updated frequently in accordance with government policies and government directives and one can be updated directly by the various authorities' websites or by joining the Corporation Authority's mailing list.

## Expediting payments to non-profit organizations that issued invoices to the government

As part of the inter-sectoral round table in the Prime Minister's Office, a number of options for addressing non-profit organizations activities during the emergency were examined due to the outbreak of the



Coronavirus.<sup>1</sup> Among other things, a subcommittee coordinates inquiries from non-profit organizations to reduce the number of credit days and precede government payments to non-profit organizations that issue invoices for services provided have not yet been paid. In order to submit a request, the application form must be filled out [here](#). Invoices issued more than 30 days ago will be prioritized.

## Arnona exemption for a voluntary institution – extension of deadlines

In the Executive Director's circular 5/2020, the Ministry of Interior extended the deadlines related to filing requests for an exemption from municipal tax (Arnona) for a voluntary institution for public service by one month. Therefore, the deadline for filing a request for an exemption or declaration of no change in circumstances, as applicable, will be May 1, 2020.

## General Accountant Division of the Ministry of Finance

In a statement from General Accountant's Office in the Ministry of Finance on relief and assistance to non-profit institutions from March 22, 2020, the following guidelines and steps were published:

- State guarantee loan fund: A possibility of obtaining a State guarantee of up to 85% of the loan amount granted, under the best possible conditions for non-profits. In addition, the fund has a special aid track to deal with the outbreak of the Coronavirus, which allows obtaining credit for working capital under favorable conditions. The fund has a special track for social organizations that provide services to the government in the health, education and welfare sectors, with preferred conditions, with no personal or third-party guarantee.
- Advances for support payments for the year 2020: A committee for exceptions is authorized to approve advances at the expense of the support money for the year 2020 as part of the State's management without an approved budget. In addition, the committee is working to identify additional support measures for the sake of coping with the outbreak of the Coronavirus.
- Suspension of audit processes of public institutions: The audit system ordered a suspension of audit processes of public institutions supported by the State budget. Similarly, an extension was given for the dates of submission and completion of documents. Notice will be given directly to the relevant institutions.
- Approval to exceed the maximum rate of expenditure: The Division intends to amend the procedure in order to allow exceeding the maximum rate of administrative and general expenses and the deficit in relation to the business turnover.

Please feel free to contact us with any questions or clarifications. Adv. Itamar A. Cohen [itamarc@arnon.co.il](mailto:itamarc@arnon.co.il), Adv. Yuval Shalhevet [yuvals@arnon.co.il](mailto:yuvals@arnon.co.il) and Adv. Aner Hefetz [aner@arnon.co.il](mailto:aner@arnon.co.il).

This update is informative only and should not be treated as legal advice or legal opinion.

<sup>1</sup> <http://beinmigzari.pmo.gov.il/Emergency/Pages/corona230320.aspx>

