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Teva to pay $718 mn to apex tax body in Israel

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Singapore: Israel-based Teva Pharmaceutical is going to pay $718 million to Israel Tax Authority to pay for the release of trapped profits, settling tax assessments for the years 2005-07 and applying similar principles through 2011.

In total, Teva will pay approximately $565 million within the framework of amendment 69 to the Law for the Encouragement of Capital. This includes the payment of $95 million made in May 2013. In addition, Teva will pay approximately $237 million concerning tax assessments for the years 2005-11.Ã?Â Teva expects to incur a charge of approximately $235 million to be reported in the fourth quarter of 2013, which will be reflected in its non-GAAP results.

Ã?Â¢Ã¢â??Â¬Ã â??We have reached a beneficial agreement for Teva and the Israel Tax Authority concerning the release of trapped profits and the closure of pending tax assessments." said Mr Eyal Desheh, acting president and CEO, Teva. He also added,Ã?Â Ã?Â¢Ã¢â??Â¬Ã â??The agreement generates sources for dividends to our shareholders for years to come and settles tax assessments which had been in dispute for a long time. Teva is a global company, headquartered in Israel, which has contributed, currently contributes, and will continue to contribute to the Israeli economy."

A company which has elected, by November 11, 2013, to pay a corporate tax rate as set forth in the amendment (rather than the regular corporate tax rate applicable to approved enterprise income) with respect to undistributed exempt income accumulated by the company up until December 31, 2011, will be entitled to distribute a dividend from such income without being required to pay additional corporate tax with respect to such dividend.

A company that has so elected must make certain qualified investments in Israel over the five-year period commencing in 2013. A company that has elected to apply the amendment cannot withdraw from its election.