

British peer resigns after criticizing Israel

JERUSALEM – Liberal Democrat peer Baroness Jenny Tonge resigned from her position as party whip last Thursday over her strident and public anti-Israel views. “Beware Israel: Israel is



Baroness Jenny Tonge resigns after making anti-Israel remarks

not going to be there forever in its present performance. One day the United States of America will get sick of giving £70 billion [\$109 billion] a year to Israel,” she said, addressing a group of students at Middlesex University in London last Thursday.

Israel receives about \$3 billion annually in military grants from the US, most of which is earmarked for purchases from US defence contractors. Other aid to Israel is given in the form of loan guarantees. Economic grants to Israel ended in 2007.

Tonge’s \$109 billion number is nearly twice what the United States earmarked for all of its international assistance programs around the world in 2010, which was \$58.3 billion.

Tonge criticized the relationship between the United States and the Jewish state, describing Israel as “Ameri-

ca’s aircraft carrier in the Middle East.”

“There will come a day when the people in the United States will say ‘enough is enough.’

“It will not go on forever, it will not go on forever and Israel will lose its support, then they will reap what they have sown,” Tonge said.

The Liberal Democrats issued a statement saying Tonge did not speak for the party on the subject of ‘Israel/Palestine.’

“Her presence and comments at this event were extremely ill-advised and ill-judged,” a spokesperson for the Liberal Democrats said.

According to *The Guardian*, Liberal Democrat chief Nick Clegg – who serves as Britain’s deputy prime minister – contacted Tonge and issued an ultimatum: apologize for her remarks or leave the Liberal Democrat faction in the House of Lords.

Tonge, *The Guardian* reported, told the leadership in a phone call that she would stand by her remarks.

Tonge has been sacked

from the Liberal Democrats for her vituperative anti-Israel rhetoric before, most notably when she said she “just might consider” becoming a suicide bomber if she were a ‘Palestinian.’

In 2010, Clegg sacked her as health spokesperson for the party after she called for an inquiry into allegations that Israeli troops were involved in organ-trafficking in Haiti. Clegg said her comments were “wrong, distasteful and provocative.”

Commenting on her most recent statements, Clegg said: “These remarks were wrong and offensive and do not reflect the values of the Liberal Democrats.”

– Arutz Sheva

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Cross-border issues: Israel and Canada



Chuck WAGNER

Ontario lawyers are increasingly establishing strategic alliances with Israeli attorneys to better serve their clients. Why? There are lots of reasons. Enforcement of Israeli court orders in Ontario, increased trade between the countries requiring cooperation between corporate and tax counsel, and families with members in both jurisdictions requiring cooperation in family law and estate disputes.

Take this scenario for example. Stella lives with her son in her Toronto home. She bought an apartment in Jerusalem to be close to her daughter. She lives half the year in her Toronto home to be close to her son and half the year in Jerusalem to be close to her daughter. In her will Stella appointed her two children as executors and divided her estate equally between them. Simple, yes? Not really.

Unless proper steps were taken in her estate planning there could be adverse tax consequences that could have otherwise been planned for and perhaps avoided to achieve her goals. If Stella is determined to be a Canadian resident, the Canadian government will tax her worldwide income and assets, including the Israeli property. If her executor is a Canadian resident, then her estate will be deemed to be resident in Canada and the executor will be required to remit withholding taxes to Canada in respect of any amounts paid or property transferred to a beneficiary living outside of Canada. If Stella is determined to be an Israeli resident, then her executor must take into account the withholding tax payable on any transfer of the Canadian property. If she is determined to be an Israeli resident, but her executor is a Canadian resident, the estate will immigrate back to Canada for Canadian tax purposes.

Now let’s talk about the Israeli tax issues. If, for the purposes of Israeli tax law, Stella lives in Jerusalem, then Israeli Tax Authorities (ITA) require her to report her foreign assets and income. The ITA will impose penalties and interest charges for her failure to do so. Moreover, the ITA will consider Stella’s worldwide income taxable subject to relevant tax treaties. If Stella has not

addressed these issues during her lifetime than that means this responsibility falls to her executors. Stella’s children will likely have to deal with her failure to report her assets and income to the ITA.

When Canadian and Israeli estate and tax issues are explained to executors the reaction is usually the same – Gevalt!

The above is a fictional scenario. While my office only litigates, over the last several years I have been consulted by people like Stella’s children because of my experience in wills and trusts and my network of Israeli attorneys and Canadian lawyers whose practices deal with these issues. These lawyers are often called upon to address problems that arise when individuals did not take into account the different tax ramifications of multiple residences, beneficiaries and executors in different jurisdictions. One such lawyer who has assisted me on occasion is Gilead Sher.

He is the senior partner of Gilead Sher & Co. Law Offices. He is a household name in Israel and regardless of where you sit on the Israeli political spectrum he is regarded as a patriot. You may recognize him as the former chief of staff to former Prime Minister Ehud Barak or for his role as chief peace negotiator for Israel during the Camp David Summit in 2001 and the Taba talks in 2001. On the last file I dealt with Gilead’s tax partner, Yehuda Mulaem, and my Canadian Tax Counsel Leigh Somerville Taylor. Together we successfully saved our client a lot of money and aggravation because both Leigh and Yehuda knew the law in their respective jurisdictions and were experienced in cross-order issues.

So what’s the bottom line? What should Stella have done? I can attest that it’s better to retain the competent professionals in the first place and thereby avoid these issues later on.

This short review of the law should not be taken as legal advice. Based on my experience in dealing with these cases, they often turn on the specific facts. If you have a legal question relating to something similar, you are best advised to seek out competent legal counsel to determine your best course of action.

Charles B. Wagner is certified by the Law Society of Upper Canada as a specialist in *Estates & Trusts Law*. He is a partner at Wagner Sidlofsky LLP. This Toronto office is a boutique litigation law firm whose practice is focused on estate, commercial and tax litigation.