



Israel's War On Cash Is About To Get More Drastic

Description

ISRAEL: Starting Monday, it will be a criminal offense in Israel to pay more than the equivalent of \$1,700 in cash to a business or \$4,360 in cash to individual, as the government intensifies its ongoing war on tangible money.

It's a war that began in earnest with the 2018 passage of the Law for the Reduction in the Use of Cash. Israeli businesses and individuals began facing limits on cash transactions in January 2019. However, on Aug 1, those limits are being slashed nearly in half.

"We want the public to reduce the use of cash money," Tamar Bracha, who's responsible for carrying out the law for Israel's Tax Authority, told *The Media Line*.

"The goal is to reduce cash fluidity in the market, mainly because crime organizations tend to rely on cash. By limiting the use of it, criminal activity is much harder to carry out."

Israel also limits the extent to which cash is used in transactions involving multiple payment methods. If the total transaction value is more than the above thresholds, cash may only be used for 10% of the purchase. Car purchases are given a higher, 50,000 NIS (New Israeli Shekels) limit — about \$14,700.

Violators are subject to penalties that can reach 25% of the transaction for individuals and 30% for businesses. According to *Israel National News*, the government has amassed the equivalent of \$5 billion in fines since restrictions began in 2019.

Not all transactions are affected, as *The Media Line* explains:

There are some **exemptions to the new law: charitable institutions, which are most common in ultra-Orthodox society;** and trade with Palestinians from the West Bank, who are not citizens of Israel. In the case of the latter, deals including large amounts of cash will

be allowed, yet they will require a detailed report to Israel's Tax Authority.

However, in Israel's phased approach to eliminating cash from society, those exceptions are destined to expire.

Next, Israel's finance ministry plans to deliver a proposal to parliament to **criminalize the mere possession of cash exceeding a certain sum**. One version of the proposal set the possession cap at the shekel equivalent of just \$14,700.

Limits like Israel's are just one way to work toward "de-cashing" a population. A 2017 International Monetary Fund paper outlined other tactics, including abolishing large-denomination bills, imposing reporting requirements on cash transactions over a certain threshold, requiring the declaration of cash when entering or leaving a country, or applying an additional tax when cash is used. Various countries and economic blocs have already started implementing measures from this menu.

A war on cash isn't the only way Israel is leading the way to an authoritarian future; it has also:

I once warned that the architecture of oppression was near.

It has arrived. <https://t.co/Ph9s3qhlwH>

— Edward Snowden (@Snowden) [November 8, 2021](#)

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Date Created

08/01/2022