



March 27, 2019

Dear Gilat Shareholder,

## RE: Taxation of the Dividend Payable on April 11, 2019

Following the announcement by Gilat Satellite Networks Ltd. (the "**Company**") on March 18, 2019 that it will pay a dividend in the amount of \$0.45 per share (approximately \$25 million in the aggregate) (the "**Dividend**") on April 11, 2019 to shareholders of record on March 28, 2019 and in accordance with a tax ruling dated March 24, 2019 that the Company has received from the Israeli Tax Authority ("**ITA**"), we would like to elaborate about the procedures whereby Israeli taxes will be withheld from the Dividend payment, based on conditions set by the ITA in the tax ruling (the "**ITA Conditions**"):

1. The Company has appointed IBI Trust Management, located at Ehad Ha'am 9 Tel Aviv (Shalom Tower); e-mail address **IBI-CM@IBI.co.il**; phone number **+972 506 209 410** as its trustee/sub-paying agent (the "**Tax Trustee**"), in compliance with the ITA Conditions.
2. On the dividend payment date, April 11, 2019, the Company shall withhold 25% (the "**Withheld Tax Rate**") of the gross amount of the Dividend. The Company shall transfer such amount to the Tax Trustee by April 13, 2019. The net amount of the Dividend (75%) shall be paid to shareholders by the American Stock Transfer & Trust Company, LLC (the Company's stock transfer agent) or the relevant broker for shares held in street name.
3. Any shareholder of the Company who is: (i) a resident of a country with which Israel has a treaty for the avoidance of double taxation or holds his or her shares other than through an Israeli financial institution and (ii) has an equitable right to receive the Dividend (an "**Applicant**"), may apply to the Tax Trustee, from the Dividend payment date until May 14, 2019, and request that the withholding tax rate that shall apply to his or her shares of the Dividend payment be reduced in accordance with a relevant tax treaty (the "**Application**").

It is important to note that only residents of countries that have a treaty with Israel that provides for a tax rate that is **lower** than the Withheld Tax Rate should file an Application for reduced withholding. In general, the treaty between Israel and the U.S. provides for the same tax rate as the Withheld Tax Rate, so there would generally not be a reason for US resident shareholders of the Company to submit an application. The treaties between Israel and some other countries (including, but not limited to, Germany, France, the UK and China) generally provide for a withholding tax rate that is **lower** than the Withheld Tax Rate so residents of such countries may consider whether they want to submit an Application.

4. In order to submit an Application, the Applicant shall submit to the Tax Trustee the documents listed in Appendix A1.

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<sup>1</sup> Shareholders who hold either over 5% of the company's stock or entitled to over \$500,000 dividend distribution shall receive tax refund only subject to obtaining a specific valid certificate from the Israeli tax authorities.



5. The Tax Trustee shall review all of the Applicant's documents, as well as any other document which may be required in order to establish the Applicant's eligibility for a reduced tax rate. If an Applicant's documents are insufficient, the Tax Trustee may revert to the Applicant with questions or requests for additional documents.
6. Upon an Applicant's satisfactory submission of the required documents, the Tax Trustee shall transfer to the Applicant's designated bank account a tax refund in the amount by which the Withheld Tax Rate exceeds the tax rate actually due from the Applicant under the applicable tax regime.
7. The above-mentioned application process is only a "fast track" that has been made available to shareholders to avoid an excessive tax withholding that exceeds the tax that should have been withheld from their Dividend payments based on their entitlement to the benefits of a tax treaty. It neither affects, in any way, the substantive tax liability of any shareholder nor does it derogate from a shareholder's right to file a tax return with the Israeli tax authority to seek a refund of over withheld amounts.

**The foregoing does not constitute as a tax advise. Neither the Tax Trustee nor the Company will provide tax advice to Applicants regarding their substantive tax liability or their ability to claim a refund of Israeli withholding tax. Applicants should consult their own tax advisors as to the United States, Israeli or other tax consequences of the payment of the Dividend and the impact of any foreign, state or local taxes.**

Sincerely,

Gilat satellite Networks Ltd.



## APPENDIX A

### Gilat Satellite Networks Ltd. Dividends Distribution

#### **CLAIM FOR REDUCED RATE OF WITHHOLDING TAX IN ISRAEL ON DIVIDEND PAYMENTS TO A NON ISRAELI TAX RESIDENT**

You are receiving this form "Declaration of Status For Israeli Income Tax Purposes" as a holder of shares of common stock, par value NIS 0.2 per share (the "**Shares**") of Gilat Satellite Networks Ltd. ("**Gilat**"), in connection with the payment of dividends to the shareholders of Gilat on April 11, 2019.

By completing this form in a manner that would substantiate your eligibility for a reduced rate of Israeli withholding tax with respect to this dividend distribution, you will allow Gilat and its Israeli tax agent, to withhold tax in Israel from the dividend distribution made to you at a reduced tax rate.

This form shall be completed and signed by the recipient of the dividend or by an authorized officer or representative of the recipient.

This claim is made pursuant to the Double Tax Convention between Israel and the country of residence of the recipient of the dividend.



## PART A: RECIPIENT DECLARATION

### RECIPIENT INFORMATION

Full name of the recipient:	<b>For Individuals:</b> Identity Number, Social Security No., or Passport No./ <b>For Legal Entities:</b> Registration No. /Corporation No.	Type of Investor: Legal Entity <input type="checkbox"/> Individual <input type="checkbox"/> Trust Beneficiary <input type="checkbox"/>
<b>With respect to an individual</b>		<b>With respect to a legal entity</b>
Date of birth:		The country in which it was incorporated:  The country in which control and management are conducted:
Country of residence:		
Country of citizenship:		
Country issuing passport:		
Income Tax File number of recipient in place of residence: _____		
Address of local income tax assessing office in recipient's place of residence: _____		
The recipient is a fiscal resident of (insert country) _____ since (insert date) _____		
Permanent Address (country, city, street, house or apartment number):		
Mailing Address:	Investor's Telephone number:	
	Telephone number of authorized signatory:	



**With regard to an Individual:**

**I declare that I am not an Israeli resident because (please mark all applicable boxes):**

<input type="checkbox"/>	1.	The State of Israel is not my permanent place of residence.
<input type="checkbox"/>	2.	The State of Israel is neither my place of residence nor my family's place of residence.
<input type="checkbox"/>	3.	My ordinary or permanent place of activity is not within the State of Israel, and I do not have a permanent establishment in the State of Israel.
<input type="checkbox"/>	4.	I do not engage in any occupation within the State of Israel.
<input type="checkbox"/>	5.	I do not own a business or part of a business within the State of Israel.
<input type="checkbox"/>	6.	This year, I did not stay and I do not intend to stay in Israel for 183 days or more.
<input type="checkbox"/>	7.	This year, I did not stay in Israel and I also do not intend to stay in Israel for 30 days or more and my total stay in Israel this year and in the two preceding years will not reach 425 days.
<input type="checkbox"/>	8.	I am not insured with the National Insurance Institute in the State of Israel.
<input type="checkbox"/>	9.	I am the sole beneficial owner of the dividend income.



**With regard to a Legal Entity:**

**I declare that the Legal Entity is a non - Israeli resident because**

**(Please mark all applicable boxes):**

<input type="checkbox"/>	1.	Over 75% of the shareholders are individuals with the same residency as the Legal Entity (attached declaration of shareholders)
<input type="checkbox"/>	2.	It is not registered /incorporated with the Registrar of Companies in Israel.
<input type="checkbox"/>	3.	It is not registered with the Registrar of non profit organizations in Israel. (Amutot)
<input type="checkbox"/>	4.	The control of the legal entity is not in Israel.
<input type="checkbox"/>	5.	The management of the legal entity is not in Israel.
<input type="checkbox"/>	6.	The legal entity does not have a permanent enterprise in Israel and the entity does not have a permanent establishment in the State of Israel
<input type="checkbox"/>	7.	No Israeli resident holds, directly or indirectly via shares or through a trust or in any other manner, alone or with another who is an Israeli resident, one or more of the means of control of the legal entity, as specified below, at a rate exceeding 25%. The term "means of control" refers to the following:  (a) the right to participate in profits; (b) the right to appoint a director; (c) the right to vote; (d) the right to share in the assets of the entity at the time of its liquidation; (e) the right to direct the manner of exercising one of the rights specified above.
<input type="checkbox"/>	8.	The legal entity is the sole beneficial owner of the dividend income.
<input type="checkbox"/>	9.	The entity does not hold the shares directly or indirectly for the benefit of another person.
<input type="checkbox"/>	10.	The income is not attributable to a place of business or permanent establishment located in a country other than country of residence.



**DETAILS OF INCOME RECEIVED**

Place of receipt (country, city, bank account number, Amount)

Country	City	Bank name and account number	Amount

The recipient declares that all the information provided above is accurate and complete.

\_\_\_\_\_ Date of Signature

\_\_\_\_\_ Signature of Recipient

**PART B: CERTIFICATION OF FOREIGN INCOME TAX AUTHORITY**

This part shall be completed and signed by the income tax authorities of the recipient’s place of residence

1. I certify that:

- a. the recipient of the income is a fiscal resident of (insert country) \_\_\_\_\_;
- b. the recipient regularly reports his income as required, the most recent income tax return filed being for the year \_\_\_\_\_;
- c. the income concerned  is/  is not subject to tax in (insert the recipient’s country of residence)\_\_\_\_\_.

\_\_\_\_\_ Date of Signature

\_\_\_\_\_ Signature

\_\_\_\_\_ Official Stamp

2. Address of certifying official: \_\_\_\_\_

3. Position or Title of certifying official: \_\_\_\_\_

4. Name of Income Tax Authority official making this certification: \_\_\_\_\_



## **PART C: DOCUMENTATION**

**With regard to an Individual** - List all documents attached:

1. Copy of passport or identity card issued by the country of tax residency of shareholder
2. Bank statement from the date of entitlement to the dividend including bank account details of the account holder, bank name and account number and the number of listed shares held by the shareholder.
3. Bank statement from the date of payment of the dividend, including bank account details of the account holder, bank account number and the amount of the dividend received.

**With regard to a Legal Entity** - List all documents attached:

1. Copy of Certificate of Incorporation issued by the country of tax residency of shareholder
2. List of shareholders of the Legal Entity and declarations regarding their state of residency for tax purposes.
3. Bank statement from the date of entitlement to the dividend including bank account details of the account holder, bank name and account number and the number of listed shares held by the shareholder.
4. Bank statement from the date of payment of the dividend, including bank account details of the account holder, bank account number and the amount of the dividend received.