



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

Mail Stop 4561

September 14, 2016

Guy Bernstein  
Chief Executive Officer  
Magic Software Enterprises Ltd.  
5 Haplada Street  
Or Yehuda 6021805

**Re: Magic Software Enterprises Ltd.  
Form 20-F for the fiscal year ended December 31, 2015  
Filed April 27, 2016  
File No. 000-19415**

Dear Mr. Bernstein:

We have reviewed your filing and have the following comment. In our comment, we may ask you to provide us with information so we may better understand your disclosure.

Please respond to this comment within ten business days by providing the requested information or advise us as soon as possible when you will respond. If you do not believe our comment applies to your facts and circumstances, please tell us why in your response.

After reviewing your response to this comment, we may have additional comments.

Form 20-F, Part III

Item 18. Financial Statements

Notes to Consolidated Financial Statements

Note 2:- Significant Accounting Policies

Research and development costs, page F-17

1. Please tell us how your capitalization of research and development costs for software complies with ASC 985-20-35-1 to 4 in regards to cessation of cost capitalization, amortization and net realizable value determination.

Guy Bernstein  
Magic Software Enterprises Ltd.  
September 14, 2016  
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We urge all persons who are responsible for the accuracy and adequacy of the disclosure in the filing to be certain that the filing includes the information the Securities Exchange Act of 1934 and all applicable Exchange Act rules require. Since the company and its management are in possession of all facts relating to a company's disclosure, they are responsible for the accuracy and adequacy of the disclosures they have made.

In responding to our comment, please provide a written statement from the company acknowledging that:

- the company is responsible for the adequacy and accuracy of the disclosure in the filing;
- staff comments or changes to disclosure in response to staff comments do not foreclose the Commission from taking any action with respect to the filing; and
- the company may not assert staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

You may contact Amanda Kim, Staff Accountant, at (202) 551-3241 if you have questions regarding comments on the financial statements and related matters. If you require further assistance, do not hesitate to contact me at (202) 551-3226.

Sincerely,

/s/ Craig D. Wilson

Craig D. Wilson  
Senior Assistant Chief Accountant  
Office of Information Technologies  
and Services