



Doing Business in Switzerland

2021

Audit / Tax / Advisory

Smart decisions. Lasting value.

Welcome

to Doing Business in Switzerland

Doing Business in Switzerland has been prepared by the Crowe Global member firm in Switzerland in order to provide general information for persons planning to do business with or in the country concerned and/or individuals intending to live and work in Switzerland temporarily or permanently.

This Guide includes relevant information about business operations and taxation matters. It is intended to assist organizations that are considering establishing a business in Switzerland either as a separate entity or as a subsidiary of an existing foreign company. It will also be helpful to anyone planning to come to Switzerland to work and live here either on secondment or as a permanent life choice.

Unless noted otherwise, the information contained in this Guide is believed to be accurate as of 1 January 2021. However, general publications of this nature cannot be used and are not intended to be used as a substitute for professional guidance specific to the reader's particular circumstances.

All lasting business is built on friendship.

Alfred A. Montapert



About Crowe Global

Crowe Global is ranked among the top 10 global accounting networks with more than 200 independent accounting and advisory services firms in about 145 countries around the world. Crowe Global's member firms are committed to impeccable quality service, highly integrated service delivery processes and a common set of core values that guide decisions daily.

Each firm is well-established as a leader in its national business community and is staffed by nationals, thereby providing the knowledge of local laws and customs which is important to clients undertaking new ventures or expanding into other countries. Crowe Global member firms are known for their personal service to privately and publicly held businesses in all sectors and have built an international reputation in the areas of audit, tax and advisory services.

General information

Local currency, average exchange rate to EUR as of 01/11/2021 CHF 1,06

Types of organization

LLC	
Name in local language	Gesellschaft mit beschränkter Haftung (GmbH) / Société à responsabilité limitée en Suisse (Sàrl)
Registrable in commercial register / legal entity	yes / yes
Minimum capital	CHF 20,000
Minimal number of shareholders/ Maximum number of shareholders	Sole shareholder company / n.a.
Capital tax / Registration fees	no / registration in commercial register
Written form/ notarization	yes / yes
Registration with tax authorities	yes
Statutory audit	<p>There is no need for an audit if the company is not required to perform a regular or limited audit, if all shareholders agree and if there are no more than 10 full time employment positions on average.</p> <p>The regular audit is provided for economically significant companies. Among these are companies,</p> <ul style="list-style-type: none">• whose shares are traded on the stock market,• whose bonds have been issued,• whose assets / turnover contribute at least 20% to the consolidated financial statement,• exceed two of the following thresholds for two consecutive years:<ul style="list-style-type: none">◦ CHF 20 million balance sheet total,◦ CHF 40 million turnover,◦ 250 full-time jobs on average annually,• which must create a consolidated financial statement,• whose shares (who together represent 10% of the share capital) require this (so-called opting-up),• or if an appropriate decision from the general meeting of shareholders requires this.

Public company (joint-stock company)

Name in local language	Aktiengesellschaft (AG) / Société anonyme (S.A.)
Registrable in commercial register / legal entity	yes / yes
Minimum capital	CHF 100,000
Minimal number of shareholders/ Maximum number of shareholders	Sole shareholder company / n.a.
Capital tax / Registration fees	no / registration in commercial register
Written form/ notarization	yes / yes
Registration with tax authorities	yes
Statutory audit	<p>There is no need for an audit if the company is not required to perform a regular or limited audit, if all shareholders agree and if there are no more than 10 full time employment positions on average.</p> <p>The regular audit is provided for economically significant companies. Among these are companies,</p> <ul style="list-style-type: none"> • whose shares are traded on the stock market, • whose bonds have been issued, • whose assets / turnover contribute at least 20% to the consolidated financial statement, • exceed two of the following thresholds for two consecutive years: <ul style="list-style-type: none"> ◦ CHF 20 million balance sheet total, ◦ CHF 40 million turnover, ◦ 250 full-time jobs on average annually, • which must create a consolidated financial statement, • whose shares (who together represent 10% of the share capital) require this (so-called opting-up), • or if an appropriate decision from the general meeting of shareholders requires this.

Branch (permanent establishment)

Name in local language	Zweigniederlassung / branche
Registrable in commercial register / legal entity	yes / no
Minimum capital	no
Minimal number of shareholders/ Maximum number of shareholders	n/a

Capital tax / Registration fees	no / registration in commercial register
Written form/ notarization	yes / yes
Registration with tax authorities	yes
Statutory audit	Is only mandatory if the parent company is also audited, or for very large branches that meet certain conditions.

Value added tax (VAT)

	Standard VAT rate: 7,7%
	Reduced VAT rate of 3.7% applies to: accommodations
Tax Rates	Reduced VAT rate of 2.5% applies to: certain categories of goods and services for certain basic needs such as water supply, food and non-alcoholic beverages, cattle, poultry, fish, cereals and grain, books and newspapers, services of non-commercial radio and TV broadcasts, etc.
	The place of supply of goods is the place where: <ul style="list-style-type: none"> a. the good is located at the time of transfer of the power to dispose commercially of it, of its delivery or of its being made available for use or exploitation; b. the transport or dispatch of the good to the customer or to a third party on his instructions begins.
Supply of goods	The place of supply of electricity by cable, gas via the natural gas distribution network or district heating is deemed to be the place at which the recipients of the supply have their registered office or a permanent establishment for which the supply is made, or, in the absence of such a registered office or such a permanent establishment, the place where the electricity, gas or district heating is actually used or consumed.
	In the case of the supply of a good from abroad to Swiss territory, the place of supply is deemed to be on Swiss territory, provided the supplier: has authorisation from the Federal Tax Administration (FTA) to import the good in its own name (declaration of subordination), and does not waive authorisation at the time of import.
Supply of services	In general, the place of supply of a service is deemed, to be the place at which the recipient of the service has its registered office or a permanent establishment for which the service is provided, or in the absence of such a registered office or such a permanent establishment, its domicile or the place of his normal abode.

	<p>For services that are typically supplied directly in the physical presence of individuals: where the services are physically carried out.</p> <p>For services supplied by travel agencies and event organisers: where the services are physically carried out.</p> <p>For services in the area of culture, arts, sport, science, entertainment or similar services: where the event takes place.</p>
Special provisions (exemptions to the general rule)	<p>For restaurant supplies: where the supply takes place.</p> <p>For passenger transport services: where the transport takes place, proportionate to the distance travelled.</p> <p>For services in connection with immovable property (real estate): where the property is situated.</p> <p>For services in the area of international development cooperation and humanitarian help: where the service is destined.</p>
Reverse charge on local supplies	n/a
Import of services	<p>Subject to self-charged VAT, if taxable according to the local VAT legislation</p> <p>Input VAT refund for Swiss taxable persons via the VAT online portal of the Federal Tax Authorities with quarterly VAT returns.</p>
Deadline and conditions for VAT refund	<p>Input VAT refund to companies with their domicile on foreign territory and no VAT registration in Switzerland.</p> <p>If no supplies are rendered in Switzerland, VAT refund must be submitted with the official forms of the Federal Tax Administration (forms. no. 1222 and 1223) via a tax representative by 30 June of the following year at the latest. Minimum refundable amount: CHF 500.</p>
Major Tax exemptions	<p>Zero rated (Input VAT deduction is applicable in spite of VAT-free supply of goods and services)</p> <p>Applies to:</p> <ul style="list-style-type: none"> • Exports of goods • Leasing and chartering of goods, predominantly used abroad • Cross-border transportation of goods • Cross-border passenger transport by boat and aircraft • Mediation in respect of the above transactions

	VAT exemption (Input VAT deduction is not applicable) <ul style="list-style-type: none"> • Granting and administration of loans, insurance activities, postal services, services of hospitals, nursing and dental institutions, certain supplies by dental technicians and doctors, education, etc. • Small businesses (total net sales not exceeding CHF 100'000 per annum
Major Tax exemptions (continued)	Rent Renting and sale of immovable property is generally exempt if not voluntary opted to be subject to VAT.
Foreign taxable persons (VAT registration)	VAT registration is required for any business abroad if they supply goods or services in Switzerland. They might be exempt from tax liability if they provide only certain goods and services in Switzerland.

Corporate tax

Accounting rules	The law requires that income statement (profit and loss account), balance sheet and notes be drawn up annually according to Swiss accounting and financial reporting law. Companies must meet detailed minimum requirements concerning the structure of the annual financial statements.
Tax rate	Between 11,3% - 22,8% on profits before tax depending on Canton and Municipality
Tax base	Statutory Financial Statements
Tax assessment period	Calendar year but any 12 months period is possible
Loss set-offs/ carry forwards	Up to 7 years
Tax / accounting depreciation	<p>Maximum safe harbour depreciation/amortisation rates allowed for tax purposes are issued by the Swiss Federal Tax Administration. Higher depreciation/amortisation is allowed for tax purposes if the taxpayer can prove that such higher depreciation/amortisation is required (and not only allowed) from a statutory accounting perspective. Some cantons follow the federal guidelines, whereas some cantons apply their own (more liberal) depreciation/amortisation rates. Double declining balance or straight-line depreciation. Depreciation for tax and accounting purpose must be the same (principle of authoritativeness).</p> <p>Some cantons (e.g. Basel-City, Bern, Grisons, Zurich) take a more liberal approach and even permit, for tax purposes, an immediate write-down of certain assets (including fixed assets) to 20% or nil of the purchase price in the first year, provided that such write-downs do not, in the aggregate, result in a drastic decline in taxable income or even a tax loss. For CIT purposes, such immediate write-downs must be booked in the statutory accounts and generally disclosed in the tax return. As the</p>

Tax / accounting depreciation (continued)	<p>cantonal tax authorities are responsible for assessing not only cantonal/communal CIT but also federal CIT, the immediate write-down will typically be accepted for federal CIT purposes as well.</p>
	<p>Interest paid by a corporation to a third party is a deductible business expense. Interest paid to related parties (especially affiliated companies and shareholders) has to reflect the fair market rate and is subject to limitations (thin capitalization rules).</p>
	<p>With respect to related parties, the Swiss Federal Tax Administration annually issues safe harbour interest rates to be used on loans denominated in Swiss francs on the one hand and in foreign currencies on the other hand. The corporation may deviate from these safe harbour rates as long as it can prove with hard facts that the rates used are at arm's length and more appropriate in the present case. The cantons usually follow these federal guidelines.</p>
Tax deductibility of interest, Excessive interest rate rule, Thin capitalization rule	<p>Thin capitalisation</p> <p>Swiss thin capitalisation rules are, in general, only applicable for related parties. In case of a thin capitalisation, the related party debts can be treated as taxable equity. The respective circular letter issued by the Swiss Federal Tax Administration provides for debt-to-equity ratios as safe harbour rules. As an example, the debt-to-equity ratio is generally fixed at 6:1 for finance companies (safe harbour). Interest paid on loans that exceed the relevant ratios are generally not tax deductible; further, such interest may be deemed as a hidden distribution subject to Swiss WHT. There are no limitations on the financing of Swiss corporations by independent third parties (e.g. banks).</p>
	<p>Based on a longstanding practice in Switzerland, it is admissible to set up a statutory accounting provision for specific impaired receivables, which will be accepted for CIT purposes. Unlike most other countries, it is also possible to account for an additional ('lump sum') bad debt provision of 5% on most domestic and 10% on most foreign receivables (i.e. a provision in addition to the provision for specific impaired receivables).</p>
Reserves for bad debts, leaves, etc.	<p>The most common exceptions are for inter-company receivables and receivables to the public, enabling the taxpayer to defer the related tax liability until this provision has been released. Some cantons, such as Zurich, accept an even higher reserve (i.e. 10% on domestic and 20% on foreign receivables). This additional bad debt provision may have the character of a 'hidden' (i.e. undisclosed) reserve and is appropriate because the Swiss statutory accounting standards favour prudence over true and fair view accounting principles.</p>

Notional interest deduction (NID)

A notional interest deduction (NID) on excess equity was introduced with the TRAF on 1 January 2020. However, the NID only applies for a company tax resident in the canton of Zurich. The NID rate on such excess equity is generally based on the 10-year Swiss government bond rate. To the extent it relates to inter-company loans, an arm's-length rate can be applied.

Obsolete inventory provision

Similarly to the bad debt provision, it is possible to account for a 'hidden' (i.e. undisclosed) reserve on a company's inventory. This provision, which must also be booked in the statutory accounts, is on most inventory categories accepted for tax purposes (like the bad debt provision). Specifically, a company may book a provision for specific obsolete inventory as well as a general provision of 33.3% on the inventory value after deduction of the obsolete inventory.

Charitable contributions

At the federal level, charitable contributions of up to 20% of the net profit (after tax) of a company are tax deductible, provided certain criteria are met. In particular, the charitable contribution must be remitted to (i) Swiss legal entities that are exempt from taxation based on their public welfare or exclusively charitable objective or to (ii) the Swiss Federation, a Swiss canton or municipality, or their agencies ('Anstalten'). The cantons usually apply the same rules and similar thresholds.

Other Major tax
adjustments
a) increasing and b)
decreasing taxable profit

Sponsoring contributions are only tax deductible if commercially justified (without specific thresholds).

Royalties

Royalty payments are generally deductible for tax purposes if the royalty rate is at arm's length.

Costs of employee share plans and stock option plans

The cost of employee share plans and stock option plans are generally deductible, assuming the employees eligible for the plan are employed by the Swiss company. The same holds true for the recharge of costs for plans covering local employees.

Costs for job-related training and continuing education of employees

As far as they are recognised as an expense in the statutory books, costs incurred for job-related training and continuing education of employees are generally tax deductible.

	<p>R&D super deduction</p> <p>With the entry into effect of the TRAF on 1 January 2020, each canton has the option to introduce an R&D super deduction at the cantonal and communal levels. Upon request by the taxpayer, an additional deduction of up to 50% (depending on cantonal rules) may be granted on qualifying Swiss R&D personnel expenses as well as expenses for third party contract R&D in Switzerland.</p>
	<p>Fines and penalties</p> <p>Under Swiss tax law, tax fines are not tax deductible. The potential tax deductibility of other fines or penalties must be analysed with respect to the specific case.</p>
	<p>Tax expenses</p> <p>Corporate income and capital taxes paid to the federal government, as well as to the cantons and the municipalities, are tax deductible. Indirect taxes (e.g. real estate transfer tax) are tax deductible as well.</p>
	<p>Payments to foreign affiliates</p> <p>Management and service fees paid by a Swiss company to a related party are generally tax deductible if the fees are at arm's length.</p> <p>So far, Switzerland has not introduced specific transfer pricing regulations. There is, however, an increasing awareness of transfer pricing matters and a related concern on the part of the Swiss tax authorities that taxpayers may transfer profits without sufficient economic justification either to countries with strict transfer pricing rules and documentation requirements in order to avoid challenges by the respective local tax authorities or to offshore locations. In this context, Swiss tax authorities take an increasing interest in a company's transfer pricing position in order to defend their own position. Some cantonal, as well as the federal, tax authorities have started to particularly focus on low risk/low profit entities located in Switzerland.</p> <p>Switzerland follows the OECD Guidelines as closely as possible and recognises the arm's-length principle based on interpretation of actual legislation. To clarify transfer pricing issues, Switzerland offers an informal procedure for agreeing to pricing policies in advance. In an international context, such agreements are subject to the spontaneous exchange of information.</p> <p>The statutory rate of Swiss WHT is 35%. Relief, if any, is generally granted by refund. With respect to dividends between qualifying related companies, a mere notification/reporting procedure may be requested for the fraction of the Swiss WHT exceeding the residual WHT (which is 0% in many cases). Credit for the unrelieved portion of Swiss WHT may be available in the country of the recipient.</p>

	<p>In Switzerland, there is no WHT on interest deriving from regular loan agreements. Swiss WHT of 35% is only levied on interest paid by banking institutions (or paid by entities tax-wise qualified as 'banking institutions') to non-banks, interest on bonds, and interest on bond-like loans.</p>
Withholding tax (continued)	<p>Many of the DTTs concluded between Switzerland and other jurisdictions contain a full relief if dividends or interest is paid to governments (including political subdivisions and other governmental institutions), central banks, or pension funds.</p>
	<p>Note that in the DTTs concluded between Switzerland and other jurisdictions, the reduced WHT for substantial holdings usually is only available if the recipient of the dividend is a corporate body (e.g. not taxed as a partnership).</p>
	<p>Upon request, WHT on interest payments made between associated companies or their PE resident, respectively situated in Switzerland and the European Union, may be reduced to 0% (reduction at source) in the source state, provided the following key conditions are cumulatively met:</p> <ul style="list-style-type: none"> • Direct minimum holding of 25% for at least two years (parent/subsidiary) or direct holding by a third company of minimum 25% in the capital of both companies for at least two years (sister companies). • Both companies are subject to CIT.
Interest	<p>The application of the Bilateral Agreement is subject to foreign and Swiss misuse conditions.</p>
Royalties	<p>There is no Swiss WHT on royalties, licences, and similar fees payable by Swiss individuals or corporations (provided that the dealing at arm's-length principle is met).</p>
Services	<p>n/a</p>
Group taxation	<p>Tax is levied on each corporation as a separate entity. A parent company and its Swiss subsidiaries are taxed separately. Only the dividends from the subsidiaries (but not their profits) are taxable in the parent company's hands. However, usually for dividend income, participation relief is available (see Participation relief). For corporate income and capital taxes, no rules on group taxation exist.</p>

Personal income tax

Taxable income	All tax-resident individuals are taxed on their worldwide income and wealth. Non tax-resident individuals are only taxed on Swiss sources of income and wealth.
Income from employment/ self-employment	All gross remuneration from employment, whether in cash or in kind, is subject to taxation at the time the employee has received the remuneration or has received an irrevocable right to the remuneration. It is irrelevant whether the remuneration

	<p>results from a Swiss or foreign employment or whether the remuneration is paid to a Swiss bank account or not.</p> <p>Payments made to an employee to compensate for business related expenses are not taxable as long as these payments are not considered as covering cost of living expenses for the employee or persons related to the employee.</p> <p>Furthermore, all income is taxed on the basis of the same tax return with generally the same tax rate (i.e. all income sources are added together), and from such total income all applicable deductions are subtracted. This results in an applicable tax rate that is levied on all taxable income. Based on applicable double taxation treaties (DTTs), the actual taxable income in Switzerland may differ from the tax rate determining income. Furthermore, dividend income from substantial participations may be taxed at a lower tax rate based on domestic federal and cantonal law.</p>
Income from property and property rights	<p>Capital gains realised upon selling Swiss non-movable assets, i.e. real estate, is however subject to a cantonal capital gains tax. The tax rate varies per canton and is usually progressive depending on the gain itself. Often surcharges apply for short holding periods (less than two to three years) and reductions are granted for longer holding periods (more than five years).</p>
Income from capital	<p>Private capital gains on movable assets (e.g. shares) are normally tax-exempt throughout Switzerland as long as an individual does not qualify as being a professional securities dealer.</p>
Other income	n/a - see above
Withholding tax	<p>In general, interest and dividend income derived from Swiss sources is subject to a 35% WHT, which tax has to be withheld from the paying party (e.g. bank or Swiss company) and is directly deducted from the gross amount paid to the recipient. Based on the facts and circumstances, this tax may be credited towards the overall income tax liability in Switzerland or may be refunded.</p>
Interest	35%
Royalties	n/a - see above
Dividends	35%
Capital gain	n/a - see above

Mandatory social contributions

Contribution rates	<p>If an individual is subject to the Swiss social security, the following social security contributions are payable (as of 1 January 2021):</p> <p>Old age, survivors' and disability insurance 10.6%</p> <p>Unemployment Insurance 2.2% <CHF 148,200</p> <p>Supplementary Unemployment Insurance 1% >CHF 148,200</p>
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Contribution rates (continued)	<p>Family Compensation Fund 1-3% (only employer)</p> <p>Occupational accident insurance 0.17% to 1.35% <CHF 148,200 (only employer)</p> <p>Non-occupational accident insurance 1% to 4% <CHF148,200 (only employee)</p> <p>Occupational pension scheme (depending on pension plan and age of employee) 7% to 18%</p> <p>Medical insurance (depending on coverage, private insurance; is the responsibility of the employee)</p>
Minimum and maximum contribution	All social security taxes (except for the medical insurance) are the employer's responsibility. The employer must withhold and remit the total deduction and deducts the employee's share from his gross pay (usually 50%). If the individual is self-employed, they basically have to cover the employer's and the employee's share, however different contribution rates may be applicable.
Self-employed individuals	See above
Employed individuals	See above

BEPS implementation

CFC	In Switzerland, no CFC or 'subject to tax' rules exist. Foreign companies are therefore recognised for Swiss tax purposes if they are managed and controlled offshore and are not set up purely for the reason of avoiding Swiss taxes.
DAC 6	Although it is an EU directive, DAC6 affects every person resident in Switzerland who is provided with a reportable cross-border structure in the EU or who is willing to implement a reportable cross-border structure in the EU. This can be both a natural and a legal person - in practice legal persons are likely to be affected.
CRS	<p>Common Reporting Standard (CRS) or Automatic Exchange of Information (AEOI) applies.</p> <p>In view of the OECD's developments on a new standard for the automatic exchange of information, Switzerland switched to an automatic exchange of information between the competent authorities on a reciprocal basis.</p> <p>Switzerland has agreed on the automatic exchange of information in respective agreements with numerous partner states (e.g. the EU member states, many offshore countries, as well as most of the OECD member states).</p>

Based on the results of the BEPS project, Switzerland has launched several actions in order to implement BEPS measures into the Swiss tax law, in particular:

Profit shifting rule

Country-by-country (CbC) reporting: On 1 December 2017, the Multilateral Competent Authority Agreement on the Exchange of CbC reports, as well as the corresponding Swiss law, have entered into force. Generally, Swiss-headquartered multinationals with a revenue exceeding CHF 900 million are required to prepare a CbC report. They had to draw up a first CbC report in the year 2019 for the year 2018. The automatic exchange of these reports between the partner states started in 2020. Switzerland and its partner states will therefore exchange CbC reports from 2020 onwards.

Multilateral Instrument (MLI): Switzerland signed the MLI on 7 June 2017 and ratified it on 29 August 2019. The MLI entered into force on 1 December 2019 but has per June 2021 not entered into effect yet with any countries other than Luxembourg, Lithuania and the Czech Republic.. Switzerland will implement minimum standards either within the framework of the MLI or by means of the bilateral negotiation of DTTs. Switzerland has already finished first bilateral negotiations in order to implement BEPS minimal standards within existing DTTs. The MLI includes a principal purpose test (PPT), based on which treaty benefits may be refused if an abusive arrangement exists.

The implementation of further BEPS actions into the Swiss tax law and DTTs is an ongoing process.

On 1 January 2017, the revised ordinance on international administrative assistance in tax matters (StAhV) entered into force. It contains rules on the spontaneous exchange of information. A spontaneous exchange of information is an unrequested exchange of information available to the competent Swiss tax authorities that may be of interest to the competent foreign tax authority.

The spontaneous exchange of information covers the following advance tax rulings:

Spontaneous exchange of information

- Advance tax rulings relating to preferential tax regimes.
- Unilateral advance pricing agreements (APA) or other transfer pricing rulings.
- Downward adjustment rulings.
- PE rulings.
- Conduit rulings.

The relevant information regarding such advance tax rulings shall be spontaneously exchanged with the competent foreign tax authorities within three months after the receipt of the information by the Swiss Federal Tax Administration.

GAAR/ other anti-abuse rules (PPT, etc)	<p>In 2013, Switzerland and the United States (US) signed a bilateral FATCA agreement. The FATCA agreement will help Swiss financial institutions by means of simplifications in the implementation of the US FATCA legislation. The FATCA agreement and the implementing Swiss act entered into force on 2 June 2014 and 30 June 2014, respectively.</p> <p>The FATCA agreement shall ensure that accounts held by US persons with Swiss financial institutions are disclosed to the US tax authorities either with the consent of the account holder or through ordinary administrative assistance channels (no automatic information exchange).</p>
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Global employment issues

Work and Residence permit	Work and residence permit required for longer stays in Switzerland (longer than 90 days), easier conditions apply for EU/EFTA citizen.
Minimum salary	n/a - no minimum salary laws in Switzerland.

Taxation of immovable property (in locations where relevant)

Tax depreciation	Maximum safe harbour depreciation/amortisation rates allowed for tax purposes are issued by the Swiss Federal Tax Administration
Depreciation categories	
Land	Only in combination with building
Building	Depending on the nature, purpose of the building between 1,5 - 8% per annum
Tax base	Acquisition cost
Special depreciation	Higher depreciation/amortisation is allowed for tax purposes if the taxpayer can prove that such higher depreciation/amortisation is required (and not only allowed) from a statutory accounting perspective
Real estate transfer tax	With regard to the ownership and the transfer of real estate property in Switzerland, property taxes may apply. Depending on the location of the real estate property, ownership-related property taxes are levied at the cantonal and/or communal levels or do not exist at all. In case of the sale of real estate property, real estate transfer tax and taxes on the capital gain may apply.
Property tax (rate and base)	At the federal level, capital gain realised on the sale of real estate property is subject to ordinary CIT. At the cantonal and communal levels, depending on the canton concerned, capital gain realised is either subject to the ordinary CIT (dualistic method) or subject to a special real estate capital gain tax (monistic method).

Property tax (rate and base) (continued)	It is at the discretion of the authority of the cantons to decide how real estate capital gains shall be taxed within their territory.
Real estate funds	
Owner of the fund assets	Generally, the fund, so for the investors there is no entry in the Land Register and no real estate transfer tax.
Valuation	The fund management has to appoint valuation experts according to the requirement of FINMA.
Investment rules	<p>Real estate funds may invest their assets in:</p> <ul style="list-style-type: none"> a) property, including fixtures and fittings; b) investments in and claims on real estate companies whose sole objective is the purchase and sale and/or the rental and lease of their own property, provided that at least two thirds of their capital and voting rights are incorporated in the investment fund; c) units in other real estate investment funds and listed real estate investment companies amounting to no more than 25% of the fund's total assets; d) foreign real estate securities whose value can be adequately valued. <p>Co-ownership of property is permitted only if the fund management company or the SICAV can exert a dominant influence.</p>
Risk diversification	Investments must be diversified by type of property, purpose of use, age, building fabric and location.

Other significant business-related taxes (in locations where relevant)

Description of other taxes n/a

K Incentives

Investment incentives	n/a
R&D incentives	Additional deductions of up to 50% for research and development expenses (R&D super deduction) at cantonal and communal levels.
Young employees, elderly employees	n/a
Educational incentives	n/a
Other special incentives/ tax regimes and opportunities for business models (where relevant)	n/a

Tax liabilities

	for taxpayers	for directors (chief officers)	for shareholders
Binding opinion/ Advanced tax rulings	Yes, for future transactions	n/a	n/a
Penalties for late payment of tax	5% per annum	n/a	n/a
Tax misdemeanor provisions	Depends on facts of the specific case	Depends on facts of the specific case	n/a
Criminal provisions	For tax fraud	For tax fraud Personal liability of company's directors for misuse of their powers	n/a
Piercing the corporate veil	n/a		n/a
Advanced pricing agreements	n/a	n/a	n/a

Deadlines for reporting and payment of taxes and social contributions

Type of tax	Reporting deadline	Payment deadline
CPT	The filing deadlines vary from canton to canton (usually between six and nine months after the close of the business year).	The provisional federal CIT is usually due by 31 March of the year following the tax period at question. The due date of the final federal CIT and the provisional or final cantonal CIT varies.
PIT	The respective tax return has to be filed by 31 March of the following year (a few cantons have different deadlines) in the canton where the taxpayer has been resident at the end of the respective tax period. Filing extensions are usually granted until September/November upon request. Married couples mandatory file a joint Swiss tax return and are assessed together.	Resident individuals, who are not subject to wage withholding taxes, are paying their taxes through filing a tax return. Cantonal and municipal taxes are usually collected on a provisional basis throughout the respective tax year. Cantonal rules differ. Federal taxes are paid on a provisional basis by 31 March of the year following the respective tax year. Final tax payments or tax refunds are due once the

PIT (continued)	<p>tax return has been finally assessed by the authorities. If there is a balance in favour of the tax authorities (i.e. the final tax liability minus any pre-payments), interest is usually levied between a certain due date and the date of the assessment as compensation for being able to use these monies in this period for private investments. Payment due date after having received the final tax assessment and bill is usually 30 days. After this, late payment interest is normally levied.</p>		
VAT	2 months after the end of the assessment quarter (quarterly filings).	30 days after submitting the quarterly return.	
Social contributions	Different deadlines depending on social security institution but at least once a year.	30 days after submitting deadline.	

Deadlines for reporting and payment of taxes and social contributions

Country	Dividends			Royalties (%)	Interest (%) (1)		
	Portfolio (%)	Substantial holdings					
		(%)	Minimum shareholding (%)				
Resident corporations and individuals	0/35 (2)	0	(3)	0	0		
Non-resident corporations and individuals:							
Non-treaty	35	35	-	0/35 (15)	0		
Treaty:				10	10		
Albania	15	5	25	5	0		
Algeria	15	5	20	10	0		
Argentina	15	10	25	12	0		
Armenia	15	5	25	10	0		

Country	Portfolio (%)	Dividends		Royalties (%)	Interest (%) (1)		
		Substantial holdings					
		(%)	Minimum shareholding (%)				
Australia	15	5	10	10	0		
Austria *	15	0	20	0	0		
Azerbaijan	15	5 (4)	20 (4)	10	0		
Bangladesh	15	10	20	10	0		
Belarus	15	5	25	8	0		
Belgium *	15	0 (5)	10 (5)	10	0		
Bulgaria *	10	0 (5)	10 (5)	5	0		
Canada	15	5	10	10	0		
Chile	15	n/a	n/a	15	0		
China	10	5	25	10	0		
Colombia	15	0	20	10	0		
Croatia *	15	5	25	5	0		
Cyprus *	15	0 (5)	10 (5)	0	0		
Czech Republic *	15	0 (5)	10 (5)	0	0		
Denmark *	15	0	10	0	0		
Ecuador	15	n/a	n/a	10	0		
Egypt	15	5	25	15	0		
Estonia *	10	0 (5)	10 (5)	0	0		
Finland *	10	0	10	0	0		
France *	15	0/15 (6)	10	0	0		
Georgia	10	0	10	0	0		
Germany *	15	0 (5)	10 (5)	0	0		
Ghana	15	5	10	10	0		
Greece *	15	5	25	7	0		
Hong Kong	10	0	10	0	0		
Hungary *	15	0	10	0	0		
Iceland	15	0 (5)	10 (5)	0	0		
India	10	n/a	n/a	10	0		
Indonesia	15	10	25	10	0		
Iran	15	5	15	10	0		
Ireland *	15	0	10	0	0		
Israel	15	5	10	10	0		
Italy *	15	n/a	n/a	12,5	0		
Ivory Coast	15	n/a	n/a	15	0		
Jamaica	15	10	10	10	0		
Japan	10	5/0 (7)	10/50 (7)	10	0		
Kazakhstan	15	5	10	10	0		
Korea (South)	15	5	10	5/10 (22)	0		
Kosovo (17)	15	5 (5)	25 (5)	5	0		

Country	Dividends			Royalties (%)	Interest (%) (1)		
	Portfolio (%)	Substantial holdings					
		(%)	Minimum shareholding (%)				
Kuwait	15	n/a	n/a	10	0		
Kyrgyzstan	15	5	25	5	0		
Latvia * (18)	15	0 (5)	10 (5)	0/10 (14)	0		
Liechtenstein	15	0	10 (5)	0	0		
Lithuania *	15	5	20	10	0		
Luxembourg *	15	0/5 (8)	10	10	0		
Malawi (16)	15	0	10	0	0		
Malaysia	15	5	25	10	0		
Malta *	15	0 (5)	10 (5)	10	0		
Mexico	15	0	10	10	0		
Moldova	15	5	25	10	0		
Mongolia	15	5	25	10	0		
Montenegro	15	5	20	10	0		
Morocco	15	7	25	10	0		
Netherlands *	15	0	10	0	0		
New Zealand	15	n/a	n/a	10	0		
North Macedonia	15	5	25	10	0		
Norway	15	0	10	0	0		
Oman	15	5	10	0/5 (14)	8		
Pakistan	20	10	20	10	0		
Peru	15	10	10	15	0		
Philippines	15	10	10	10	0		
Poland *	15	0 (9)	10 (9)	0/5 (13)	0		
Portugal *	15	0 (9)	25 (9)	10	0		
Qatar	15	5/10 (10)	10	0	0		
Romania *	15	0	25	0/5 (14)	0		
Russia	15	5 (11)	20 (11)	0	0		
Serbia	15	5	20	10	0		
Singapore	15	5	10	5	0		
Slovakia *	15	0	10	0/5 (14)	0		
Slovenia *	15	0	25	0/5 (14)	0		
South Africa	15	5	20	5	0		
Spain *	15	0 (5)	10 (5)	0	0		
Sri Lanka	15	10	25	10	0		
Sweden *	15	0	10	0	0		
Taiwan (Chinese Taipei)	15	10	20	10	0		
Tajikistan	15	5	20	10	0		

Country	Portfolio (%)	Dividends		Royalties (%)	Interest (%) (1)
		Substantial holdings (%)	Minimum shareholding (%)		
Thailand	15	10	10	15	0
Trinidad and Tobago	20	10	10	10	0
Tunisia	10	N/A	N/A	10	0
Turkey	15	5	20	10	0
Turkmenistan	15	5	25	10	0
Ukraine (19)	15	5	20	10	0
United Arab Emirates	15	5	10	0	0
United Kingdom * / **	15	0	10	0	0
United States (20)	15	5	10	0	0
Uruguay	15	5	25	10	0
Uzbekistan	15	5	20	5	0
Venezuela	10	0	25	5	0
Vietnam	15	10/7 (12)	25/50 (12)	10	0
Zambia (21)	15	5 (5)	10 (5)	10	0

* Switzerland and the European Union (EU) signed an Agreement regarding the Introduction of the Global Automatic Exchange of Information Standard on 27 May 2015, applicable as of 1 January 2017. The Agreement signed is a protocol of amendment that replaces the Savings Agreement between Switzerland and the European Union, which has applied since 1 July 2005. Article 9 of the Automatic Exchange of Information Agreement (AEOI) provides the same benefits as the former Savings Agreement, as follows:

Upon request, Swiss WHT on dividends paid by a Swiss subsidiary company to its EU parent company may be reduced to 0% (reduction at source) and is only subject to a notification/reporting procedure, provided the following key conditions are cumulatively met:

- Direct minimum holding of 25% of the subsidiary's capital for at least two years.
- Both companies are subject to CIT.

Upon request, WHT on interest and royalty payments made between associated companies or their PE resident, respectively situated in Switzerland and the European Union, may be reduced to 0% (reduction at source) in the source state, provided the following key conditions are cumulatively met:

- Direct minimum holding of 25% for at least two years (parent/subsidiary) or direct holding by a third company of minimum 25% in the capital of both companies for at least two years (sister companies).
- Both companies are subject to CIT.

The application of the Bilateral Agreement is subject to foreign and Swiss misuse conditions.

** Upon exit of the United Kingdom from the European Union on 31 January 2020, a transition period running until 31 December 2020 applied during which bilateral agreements between Switzerland and the European Union, including the AEOI between Switzerland and the European Union, continued to apply to the United Kingdom. After this transition period, the AEOI is no longer applicable to the United Kingdom as the treaty with the European Union no longer applies to the United Kingdom. It is worth noting that the treaty with the European Union also applied to Gibraltar as a European territory for whose external relations a member state is responsible. Being that this member state is the United Kingdom, with the exit of the United Kingdom from the European Union, the AEOI no longer applies to Gibraltar either.

DTTs between Switzerland and EU countries with more favourable tax treatment of dividend, interest, and royalty payments remain unaffected.

Notes

1. There is no Swiss WHT on royalties, licences, and similar fees payable by Swiss individuals or corporations (provided that the dealing at arm's-length principle is met).
2. The statutory Swiss WHT rate of 35% is levied but refunded, provided that the respective earnings are declared as income for tax purposes.
3. Between Swiss group companies, Swiss WHT of 35% is usually fully refundable. Furthermore, in many cases, the tax liability can be met by the notification/reporting procedure. For this purpose, a direct investment of at least 20% in the share capital of the payer of the dividend is required
4. 20% minimal shareholding plus foreign investment of at least 200,000 United States dollars (USD).
5. Only applicable if holding period is at least 12 months.
6. 15% residual tax for companies with more than 10% shareholding if the company receiving the dividend is directly or indirectly controlled by a shareholder not resident in the European Union or Switzerland and cannot prove that the company is not set up only to benefit from the 0% WHT on dividends.
7. 0% WHT if minimum shareholding is at least 50% for at least six months. 5% WHT if minimum shareholding is at least 10% for at least six months.
8. 5% WHT if the shareholding of 10% was held less than two years; 0% WHT if the shareholding of 10% was held longer than two years.
9. Only applicable if holding period is at least 24 months.
10. 5% WHT if dividend recipient is a corporate body; 10% WHT if dividend recipient is an individual.
11. 20% minimal shareholding plus foreign investment of at least CHF 200,000.
12. 10% WHT for shareholdings between 25% and 50%; 7% WHT for shareholdings of at least 50%.
13. Full relief if paid to a related entity in the form of a corporation.
14. 0% WHT if certain criteria are met.
15. Switzerland levies a WHT on interest paid on bonds issued in Switzerland and on bank accounts with Swiss banks. Generally, no WHT is levied on interest paid on loans. However, from a Swiss WHT perspective, a loan may be requalified as a bond under certain circumstances.
16. Application of the DTT between Switzerland and the United Kingdom.
17. The DTT between Switzerland and Kosovo is applicable since 1 January 2019.
18. Since 1 January 2019, the residual WHT is 0% on dividends for shareholdings of at least 10% held for a period of at least one year.
19. An agreement was signed on 24 January 2019, aiming a modification of the DTT by (i) reducing the percentage of minimum shareholdings from 20% to 10% to benefit from qualifying investment and (ii) setting the residual WHT rate on interest to 5%. The date of entry in force is not yet known.
20. Dividends paid to individual pension institutions (in Switzerland, so-called pillar 3a pension funds) are exempt from WHT from 1 January 2020.
21. The DTT between Switzerland and Zambia applies since 7 June 2019.
22. 5% WHT if paid to a bank.



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