

# Relocating from Ukraine to Switzerland

**Basic Information for Individuals and Corporations**

**Crowe Curator**

April 6, 2022

# Agenda

# Agenda

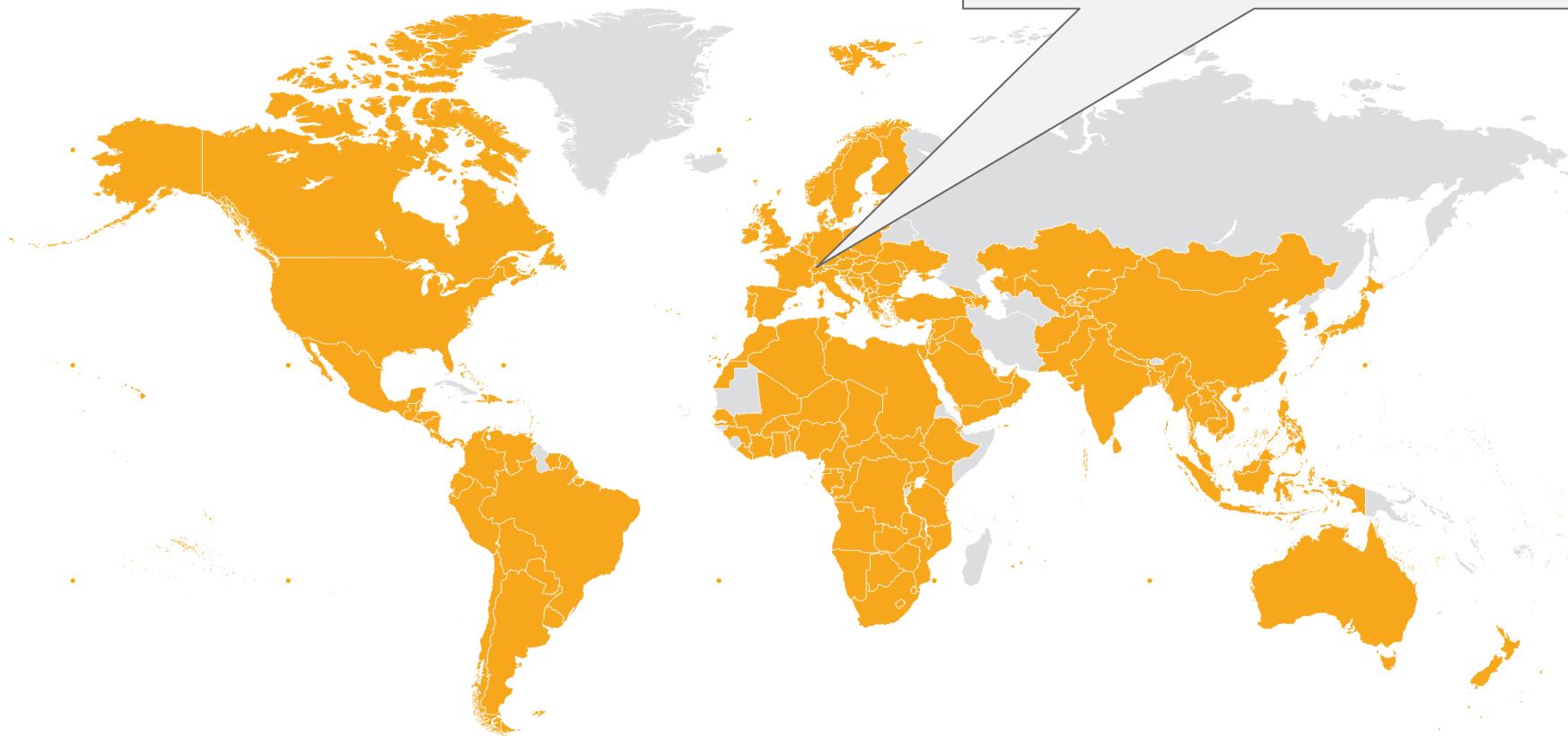
---

- Welcome to the Webinar
- Introduction to Switzerland
- Overview
- Individuals
  - Special Permit Regime for Ukrainian Nationals
  - Tax and Social Security aspects for individuals
- Corporations
  - Legal Forms of Business and incorporation
  - Tax and VAT aspects
- Bank Relations with Swiss Banks

# Welcome to the Webinar

# Crowe Global

Crowe Curator is an independent member of Crowe Global – a worldwide network of professional service providers. In Switzerland this is represented by 5 firms for each cultural region.



# Crowe Team

---



## Rouven Willimann

Director

+41 44 208 23 35

[rouven.willimann@crowe-curator.ch](mailto:rouven.willimann@crowe-curator.ch)



## Raphael Gaudin

Partner

+41 44 208 23 36

[raphael.gaudin@crowe-curator.ch](mailto:raphael.gaudin@crowe-curator.ch)



## Olga Nikanorova

Audit Partner

+41 44 208 23 23

[o.nikanorova@crowe.com.ua](mailto:o.nikanorova@crowe.com.ua)



## Yuliia Novokhatska

Senior Auditor

+41 44 208 23 23

[o.nikanorova@crowe.com.ua](mailto:o.nikanorova@crowe.com.ua)

# Introduction to Switzerland

# Introduction to Switzerland (Video)

# Introduction to Switzerland

---

## Switzerland

- ... is not part of the European Union but, has a strong contractual relationship in many areas such as free movement of people and trade.
- ... has 26 cantons with harmonized but autonomous legislations. For example, each of the canton has a different tax legislation and different tax rates.
- ... main industrial regions are Zurich, Geneva, Lugano and Basel – capital city is Bern.
- ... has four official languages which are German, French, Italian and Romansch. English is widely spoken and accepted.

# Overview

# What to consider in Switzerland

---

## Migration status and procedures

Registration duties, timelines, authorities involved (federal, cantonal).

## Personal

Accommodation, living costs, bank accounts, school, communication, income tax.



## Social Security and Health Care

Compliance, coverage and security .

## Legal environment

Work permits, labor market rules, incorporating a company, self employment, tax implications in home country and Switzerland.

# Permit Type Overview



Business traveler	Online notification	120 days permit	L-Permit (S-Permit)	B-Permit	C-Permit
EU/EFTA citizens: up to 8 days if no gainful activity. Ukrainian Nationals on tourist Visa. No formal procedure.	EU/EFTA citizens: up to 90 working days per calendar year. Online registration procedure.	Non-Swiss citizens: project specific or based on intercompany transfers. 120 days, reduced permit filing procedure.	Non-Swiss citizens: project specific or based on intercompany transfer. Usually up to 12 months. Full formal application procedure. Special permits.	Non-Swiss citizens: project specific or based on intercompany transfer or local employment. Usually up to 24 months. Full formal application procedure.	Usually for non-Swiss citizens living for at least 5 years in Switzerland.

# Special Legal Status for Ukraine Nationals

# S-Permit - Legal Migration Status in Switzerland

---

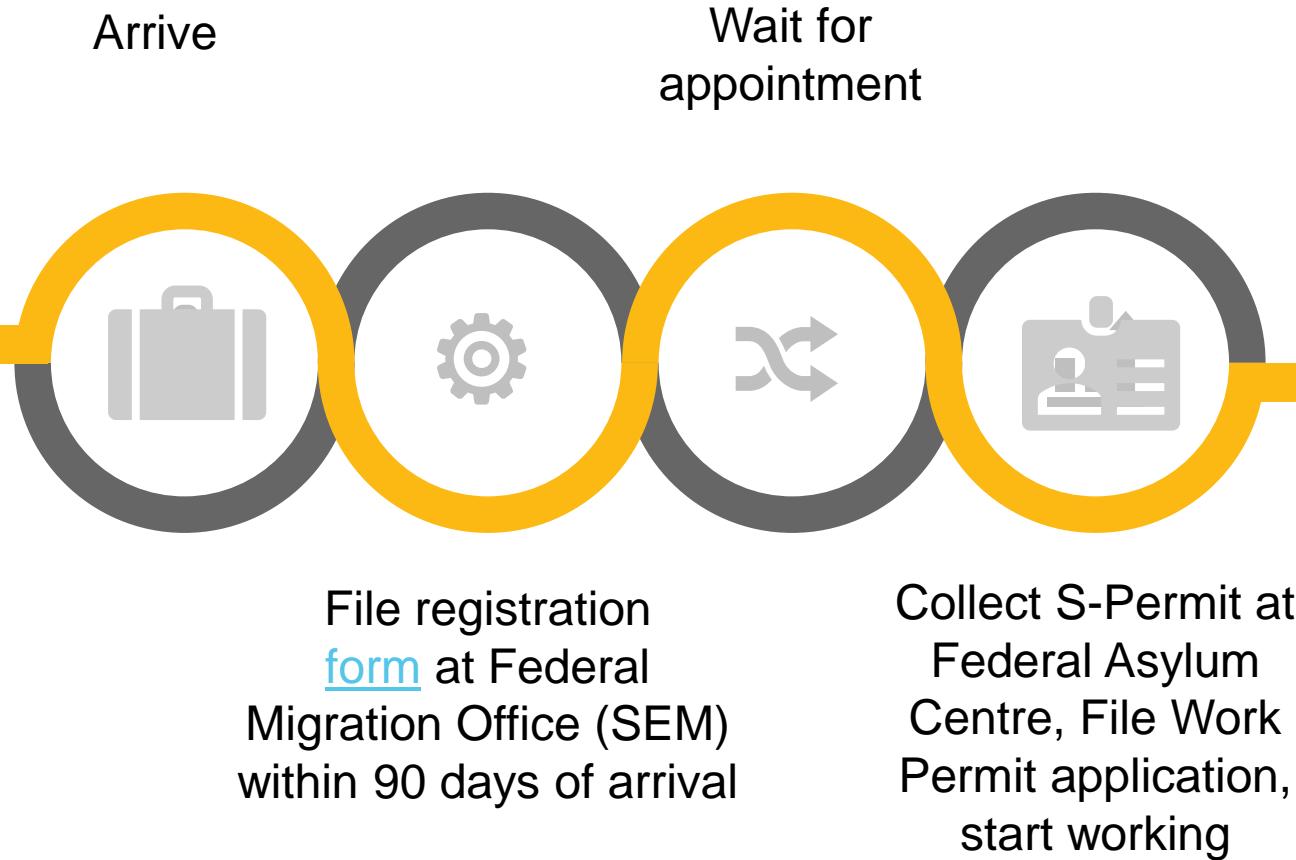
The Protection Status S (S-permit) applies to all Ukrainian nationals who have been residents of Ukraine before February 24, 2022. Currently, the S-Permit allows Ukrainians to legally stay and work in Switzerland for up to 12 months. Further extension may be possible.



No travel restrictions – within or outside Switzerland – do apply for an S-permit holder.

# S-Permit – Application Process

---



# Rights and Obligations for S-Permit Holders

---



S-Permit allows to legally work in Switzerland (formal work permit application required). This relates to employment and self-employment activity.



Authorities strongly recommend signing up children to attend public school/kindergarten as soon as possible. May become mandatory.



Health insurance coverage provided with the filing of the S-Permit application form (important to have this before visiting any Doctors and/or Hospitals)



Various forms of governmental support are in discussion.

# **Tax and Social Security aspects of working in Switzerland**

# Social Security and Pension Plan Implications

---

Switzerland and the Ukraine do not have a social security agreement in place. Therefore, a Ukrainian national residing and working in Switzerland becomes subject to the Swiss Social Security system.

The Swiss Social Security System is based on the three-pillar system:

1. Pillar: State-sponsored plan: 10.6% contribution shared 50/50
2. Pillar: Employer-sponsored plan: depending on age and individual situation: 7% - 24% usually shared 50/50. Tax deductible old age-savings.
3. Pillar: Personal plans: tax deductible pay-in into saving plans up to CHF 6'883 per year is possible.

Medical health insurance (medical treatment) is to be concluded by the individual and is not part of the employer or state sponsored plans. S-Permit holders are covered for medical health insurance.

# Taxation of individuals

---

General provision in local law:

According to Swiss tax legislation a person becomes subject to income tax when:

- staying and working in Switzerland for more than 30 days or,
- staying in Switzerland without working for more than 90 days

Switzerland and the Ukraine have signed a double tax treaty according to which a person shall **not** become taxable in Switzerland if

- person is not present more than 183 days per (calendar-) year **and**
- remuneration is paid by (or on behalf of) employer not resident is Switzerland **and**
- remuneration is not borne by a permanent establishment in Switzerland.

# Income tax procedures and tax rates

---

- Non-Swiss nationals or non-residence permit holder are generally taxed through the payroll (source tax). Application for voluntary tax filing is possible in order to file additional tax deductions such as professional expenses and similar.
- In certain situations, as in case of self-employment, a tax return filing may be mandatory.
- The income tax rates are highly depending on the individual situation and the place of residence. Different rates between municipalities do apply.

Generally, the most tax efficient cantons are Schwyz and Zug with tax rates between 19% and 24% at an annual income of CHF 300'000.

A full tax rate overview is available under this link (in German/2020 tax year basis: [https://taxbooks.ch/bin/info\\_file/file/74](https://taxbooks.ch/bin/info_file/file/74)

# **Legal Forms of Business and Corporate Tax**

# Legal Forms of Business – sole proprietorship

---

Sole proprietorship is started by starting operations

- No formal incorporation requirement, commercial register registration mandatory from revenue < TCHF 100'
- Registration for Social security as self-employed
- S-permits allows to start sole proprietorship business

# Legal Forms of Business – Legal Entity

---

Most common forms of Legal Entities are the Stock company («AG») or the Limited Liability company («GmbH»).

- The AG requires a minimum capital of CHF 100'000 and the GmbH a capital of CHF 20'000. The amount of share capital is not limited.
- Incorporation process takes usually between 2 and 4 weeks if all information is available in due time. Costs for the incorporation are estimated to between CHF 4'000 to CHF 8'000.

# Legal Forms of Business – Legal Entity - Continued

---

- The direct or indirect shareholder does not need to be a Swiss resident.
- Compared to a GmbH, the shareholders register is not public, and the shares are easily transferrable (without public deed). UBO is not disclosed in publicly available records in case of the AG (unless appointed as director).
- Financial Statements are not published for non-stock-listed companies.
- Conclusion of the articles of association including purpose of the company.
- Contributions to share capital to be made by shareholders (cash or in kind).
- It is possible to appoint non-Swiss residents for the Management Board but at least one Director or Management Board Member must be Swiss resident (S-Status possible).

# Corporate Income Tax - Rates and Filing Obligation

---

Legal Entities are obliged to file an Annual Tax Return which is based on the Statutory Financial Statements of the Company (authoritative principle).

No formal filing of TP documentation and CbC-Reporting is required for most of the companies (unless for certain multinational companies).



Tax rates are depending on the Canton of domicile. For example, low tax rate Cantons such as Zug provide a tax rate of approx. 12% after tax and the Canton of Zurich approx. 23% after tax.

# Corporate Income Tax – Exemptions

---

Participation exemptions applies on dividend income and sale of participations if the quota of participation exceeds 10% or CHF 1 Million in book value and if the holding period was more than 12 months by sale of participation.

Special tax regimes such as in particular the holding and domicile status have been abolished in 2020 but have been replaced by certain tax benefits and **reduced tax rates**. The main tax relief concepts are:

- IP Box for Patents, Protection certificates and similar rights (OECD-MTC-definition). Expenses from R&D performed in Switzerland (only) and/or 3<sup>rd</sup> party research performed in Switzerland or abroad are in scope of this concept.
- R&D super-deduction of up to 50% of R&D expenses (taxpayers' expenses and 3<sup>rd</sup> party / contractual research) from Switzerland only. In case of own expenditure, the personnel expenditure plus a surcharge of 35% is a calculation base for R&D expenses.

# VAT

---

- As a **general rule**, all companies, independently of their legal form, which carry out business in Switzerland, are subject to Swiss VAT if the worldwide revenue exceeds CHF 100'000.
- The Swiss VAT system is widely harmonized with the EU VAT regulations. Nevertheless, Switzerland is not part of the EU and therefore any transaction crossing the border is considered as cross-border-transaction.
- The standard VAT rate is 7.7%, a reduced rate of 2.5% applies for news paper, foods, and certain medical products and a special rate of 3.6% applies on hotel accommodation and similar.
- Dividends, sale of participations and similar are not subject to VAT and financial services/banking services are widely VAT exempted.

# Bank Relations

# Bank Relations

---

- The S-Permit entitles individuals to open bank account at PostFinance.
- For legal entities indicative minimal requirements to open a bank account are own office, operational activities performed in Switzerland and local staff.
- Non-operating legal entities are likely to not accepted by most of the Swiss banks. Solutions and bank services may only be available at high bank and administration fees.
- Swiss incorporated legal entities are not obliged to maintain a bank account with a Swiss based bank.



- Transactions in Cryptocurrencies are possible through common international exchange platforms

# Doing Business in Switzerland

---

Details about doing business in Switzerland are available here: <https://bit.ly/3uE8Urd>

We have an international team covering German, English, Ukrainian and Russian language available.



# Q&A

# Thank You

Crowe Curator Audit AG  
Member Crowe Global

**Marco Berger**

Badenerstrasse 141, Postfach  
CH-8036 Zurich

tel. +41 44 208 23 23

[marco.berger@crowe-curator.ch](mailto:marco.berger@crowe-curator.ch)

[www.crowe-curator.ch](http://www.crowe-curator.ch)

Crowe Curator Tax AG  
Member Crowe Global

**Hansjürg Szadrowsky**

Badenerstrasse 141, Postfach  
CH-8036 Zurich

tel. +41 44 208 23 23

[hansjuerg.szadrowsky@crowe-curator.ch](mailto:hansjuerg.szadrowsky@crowe-curator.ch)



[www.crowe-curator.ch](http://www.crowe-curator.ch)



LinkedIn