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Immigration, Work Permits and Social Security

General overview

General overview

In order to define whether an immigration regulation (e.g. work permit) is required, it is necessary to differentiate between “business trip” and “work in narrower sense”. The term “work in a narrower sense” is interpreted broadly by the competent Swiss authorities. Thus, it is difficult to clearly distinguish between these two terms. In case of doubt, work in a narrower sense shall be assumed.

In general, the following applies:

Business trips are understood to be of a short, limited and temporary nature. The more regular and the longer a stay is, the more the performed activity qualifies as work in a narrower sense rather than as business trip.

Business trips do not require a work permit. Depending on the individual’s nationality an entry visa may be required.

Work in a narrower sense is every gainful work activity of a self-employed or employed person, even if in the specific case work is not or only partially remunerated (e.g. by reimbursing the expenses).

If work in a narrower sense is performed, a work permit is required (see below for further details).

Examples: Participating in seminars, theoretical and technical trainings (classroom trainings), or in conferences/workshops; representative events for members of the management; negotiations; meetings (e.g. strategy meetings); supervision of projects; preparatory visits to Switzerland.

Examples: Any self-employed activity or work activity for a Swiss employer in Switzerland; provision of services on behalf of an employer domiciled abroad; assignments to Switzerland; providing product-related trainings.

Overview of immigration rules and work permits

Please find below a broad overview of the applicable rules depending of the nationality of the immigrant. It is recommended to consult with a law firm or an immigration specialist of a big4-company to help guide you through the process. Crypto Valley Association can point you to the right specialist.

	Self-employed activity in Switzerland	Employed by newly established Swiss company
EU nationals (excl. Croatian nationals) EFTA nationals (in case of Croatian nationals, additional requirements apply and that permits are	A work permit is required which may be granted if the following is proven: <ol style="list-style-type: none"> a) Establishment of a commercial enterprise or other legal entity and due registration in the Swiss commercial register; b) Business generates regular and sufficient income to provide for livelihood (by pre- 	An EU national employed by a Swiss employer is entitled to be granted a work permit.

	Self-employed activity in Switzerland	Employed by newly established Swiss company
restricted by quota.)	<p>sending the accounts, mandate confirmations), respectively sufficient financial means exist;</p> <p>c) Registration of the individual as self-employed with the competent social insurance institution.</p> <p>In case of a newly established company, it is necessary to submit a <u>business plan</u> outlining in particular organisation, product or services offered, market position and potential, financial data (incl. forecast for three years), planned investments, future staffing (recruiting opportunities for locally hired staff).</p> <p>The permit application has to be filed with the cantonal migration authorities competent for the place of residence. The processing time is approx. 4 weeks. Please check the homepage of the authorities for further information.</p> <p>A permit is in general issued for 5 years but can be prolonged.</p>	<p>The permit is issued for the validity of the employment contract (max. validity of 5 years, can be prolonged).</p> <p>In case the only employees of the newly established company are at the same time its (partial) owners, the situation would need to be closer assessed.</p> <p>The individual is permitted to take up work upon registering with the commune competent for the Swiss place of residence.</p>
Third-country nationals	<p>There is no legal entitlement for third-country nationals to be granted a work permit; the granting of a work permit lies at the discretion of the competent authorities.</p> <p>The requirements are the following:</p> <ul style="list-style-type: none"> a) The individual is highly qualified or a specialist in his/her work of field; b) A commercial enterprise or other legal entity has been established and duly registered in the Swiss commercial register; c) Its business generates regular and sufficient income to provide for livelihood (by presenting the accounts, mandate confirmations) respectively sufficient financial means exist; d) The employment of the individual lies at the macroeconomic benefit of Switzerland (to be proven by the business plan, see below). 	<p>A work permit is granted if the following requirements are fulfilled:</p> <ul style="list-style-type: none"> a) The individual is highly qualified or a specialist in his/her field of work; b) Minimal salary and labour market requirements customary for specific industry and workplace are met; c) No suitable candidate can be found on the Swiss and European labour market (priority of local workforce); d) The employment of the individual lies at the macroeconomic benefit of Switzerland (to be proven by the business plan, see below). e) The individual has found a suitable apartment/house; f) A quota is available.

Self-employed activity in Switzerland**Employed by newly established Swiss company**

- e) The individual has found a suitable apartment/house;
- f) A quota is available.

The business plan has to outline in particular the potential for a positive development of the workplace Switzerland - i.e. organisation, product or services offered, market position, financial data (incl. forecast for three years), planned investments, staffing and development of staffing (recruiting opportunities for locally hired staff).

The permit application has to be filed by the individual with the employment authorities competent for the place of work. The processing time is approx. 8 weeks upon filing (excl. processing time for the visa application process). Please check the homepage of the authorities for further information.

Permits are usually issued for one year, but can be prolonged.

Please note that citizens of most third-countries require an entry visa.

The business plan has to outline in particular the potential for a positive development of the workplace Switzerland - i.e. organisation, product or services offered, market position, financial data (incl. forecast for three years), planned investments, staffing and development of staffing (recruiting opportunities for locally hired staff).

In case the only employees of the newly established company are at the same time its (partial) owners, the situation would need be closer assessed.

The permit application has to be filed by the employer with the employment authorities competent for the place of work. The processing time is approx. 8 weeks upon filing (excl. processing for visa application process). Please check the homepage of the authorities for further information.

Permits are usually issued for one year, but can be prolonged subject to the fulfilment of the conditions set out in the business plan.

Please note that citizens of most third-countries require an entry visa.

Social Security

- Switzerland has a network of **different types of social insurance**, which offer the persons living and working here, and their dependants, a broad protection against risks whose financial consequences could not be covered without an insurance;
- The benefits paid out by the different types of social security are in principle **financed by contributions levied on income**. The obligation to contribute and the amount of deductions depend on whether a person is employed or self-employed;
- **Self-employed** is someone who works under his own name for his own account as well as is in an independent position and carries the economic risk.
- More details about social security can be found here: <https://www.ahv-iv.ch/p/890.e>

Please find below an overview of the applicable contribution rates as per August 2017. These rates might be subject to change in the future and should not be relied upon.

Insurance	Employees	Self-employees	Competent institution of insurance
Old-age and survivors' insurance (AHV)	8.4% ^{1, 3}	7.8% ²	Cantonal-, industry- or association compensation funds
Disability insurance (IV)	1.4% ¹	1.4% ²	Cantonal-, industry- or association compensation funds
Income compensation allowances in case of service and in case of maternity (EO)	0.45% ¹	0.45% ²	Cantonal-, industry- or association compensation funds
Unemployment insurance (ALV)	Annual income ≤ CHF 148'200 > CHF 148'200	rate 2.2% ¹ 1% ¹	n/a Cantonal-, industry- or association compensation funds
Pension fund (PK)	2-8% of gross income depending on age, income and pension regulation ¹	Voluntary	Collective- or corporate pension funds
Occupational accident insurance (BU)	Premium depending on industry and operating risk ⁴	Voluntary	Suva, private- or public insurance, health insurance company
Non-occupational accident insurance (NBU)	Premium depending on industry and operating risk ⁵	Voluntary	Suva, private- or public insurance, health insurance company

Family allowances	0.3-3.63% depending on family compensation fund ⁴	0.3-3.4% on income up to CHF 148'200 depending on family compensation fund	Cantonal-, industry- or association compensation funds
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¹ ½ paid by employer; ½ paid by employee

² for annual income exceeding CHF 56,400 (for below incomes lower rates apply)

³ employers pay an administration charge of 5%

⁴ paid by the employer

⁵ paid by the employee

Self-Employment vs. Corporate Structure

While Swiss corporate law offers various corporate forms of business organizations, in particular the popular stock corporation (see below, Section “Founding a company”). However, Swiss law still allows the operation a professional business without prior incorporation of a company (i.e. “self-employment”). Being self-employed means that a person is neither the director, shareholder nor an employee of legal person (the company) but rather operates individually in his or her own name thereby entering into contracts being both a creditor and a debtor towards counterparties. Conversely, within a corporate structure all contracts are entered into by the company rather than by the individuals behind it. Consequently, only the company will be liable and may, if unable to pay the debts, become insolvent. Therefore, choosing a corporate structure with limited or excluded liability tends to be the better option. Furthermore, being self-employed rather than operating with a company will have an impact on certain employment law, social security and immigration matters (see above, Section Immigration, work permits and social security).

The operation of a business under “self-employment” normally requires registration with the commercial register (see for details: commercial register of the canton of Zug: <https://www.zg.ch/behoerden/volkswirtschaftsdirektion/handelsregisteramt>). There are no further formal requirements.

Regulatory

Companies need to be aware of regulatory provisions under Swiss law that may limit their ability to operate in the financial sector without a license obtained from the competent Swiss regulators, in particular FINMA.

Operating a financial business without appropriate license may result in enforcement actions and criminal liability. **Founders are advised to seek professional advice.**

An overview of all relevant activities subject to a licensing obligation can be found under:

<https://www.finma.ch/en/finma-public/authorised-institutions-individuals-and-products>

In the specific context of “FinTech” FINMA’s helpdesk answers questions and helps to clarify regulatory uncertainties: <https://www.finma.ch/en/authorisation/fintech>

The FINMA help desk can be reached under fintech@finma.ch or +41 31 327 16 16 (Monday to Friday: 8 AM to 12 PM).

Restricted activities are, **inter alia**:

- **Financial intermediation**, i.e. accepting or holding on deposit assets belonging to others or assisting in the investment or transfer of such assets;
- managing **collective investment schemes**;
- **taking public deposits** from more than 20 persons (basically any liability is qualified as public deposit unless a specific exemption is applicable);
- issuing or trading **financial instruments**, including securities;
- operating a venue or a system that enables **bilateral or multilateral trading** of certain financial instruments;
- operating of **payment systems**.

A specific regulatory exemption recently enacted is the so called “**sand box**”-rule, i.e. an innovation space specifically created for FinTech-entrepreneurship. Companies are allowed to hold public deposits of up to CHF 1 million without having to obtain a banking license (“sandbox”). Consequently, holding public funds of less than CHF 1 million does not qualify as “operating a commercial business” which is a requirement in order to fall within the scope of the Banking Act (“BA”) and the Banking Ordinance (“BO”; Art. 6 para 2 let. a BO). According to the former version of the BO, accepting public funds from more than 20 persons was always deemed as “operating on a commercial basis”. Under the revised version of the BO, the number of persons providing funds is irrelevant as long as the threshold of CHF 1 million is not exceeded. Furthermore, the funds raised may neither be invested nor be subject to interest payments, unless the main activity of the person raising the funds is of a commercial or industrial nature (Art. 6 para 2 let. b BO). Finally, the persons providing the funds must be informed that the respective business model is not subject to supervision by the Swiss Financial Market Supervisory Authority (FINMA) and that the rules on deposit insurance do not apply (Art. 6 para 2 let. c BO). This new innovation space will enable FinTech companies to try out new experimental business models without immediately having to obtain a banking license.

Furthermore, an exemption has been created for **settlement accounts**. This aims to allow companies to hold funds in a settlement account for 60 days without the operations carried out via this account being considered as an acceptance of public funds subject to licensing under the BA (Art. 5 para 3 let. c BO). This exemption shall facilitate the operation of business models such as crowd-funding, money transmission or similar ventures.

Founding a Company

Swiss corporate law offers various forms of business organizations. These include, inter alia, partnerships (simple partnerships, general partnerships and limited partnerships) as well as the stock corporation, the limited liability company and the cooperative. For legal and practical reasons the most popular choice among these forms is the **stock corporation**. One big advantage of the stock corporation is the exclusion of any shareholder liability. Conversely, partnerships include a personal liability of the partners for all liabilities of the company.

Founding a stock corporation is relatively easy and not very expensive. **Founders are advised to seek advice from a lawyer.**

Organizational requirements:

- At least one shareholder is required (shareholder does not have to be a Swiss resident nor does he have to be a Swiss citizen);
- Board of directors consists of at least one member (members do not have to be Swiss citizen or be Swiss residents);
- The company does not need to have physical personnel located at the seat of the company unless this is required for tax reasons;
- Bearer shares or registered shares may be issued;
- Minimum capital: CHF 100'000 (to be paid in on a blocked bank account);
- Audit firm needs to be appointed (there are certain exemptions).

The following documents are needed:

- Articles of association;
- Public deed (founders declare intent of foundation; needs to be notarized);
- Application to the commercial register (see for details: commercial register of the canton of Zug: <https://www.zg.ch/behoerden/volkswirtschaftsdirektion/handelsregisteramt>);
- Confirmation from a bank holding the paid found capital on a blocked account.

Taxes in Switzerland

General

- The Swiss tax system in general is characterized through the country's strong federal structure. Taxes are levied on all three governmental levels, **federal, cantonal and communal**, depending on the kind of tax.
- Corporate and individual income tax are imposed on all governmental levels whereas the taxation of capital and wealth is only levied by the cantons and communes. As Switzerland has 26 cantons each comprising of different communes the tax rates vary strongly by location.
- Withholding tax and value added tax are reserved to the federal authorities.
- The following information to the different taxes will mainly focuses on corporate taxation.
- More information about the Swiss taxation system can be found here: <http://taxsummaries.pwc.com/ID/Switzerland-Overview> or at the website of the Swiss federal tax authority: <https://www.estv.admin.ch/estv/en/home/allgemein/steuerinformationen/fachinformationen/schweizerisches-steuersystem/das-schweizerische-steuersystem.html>

Corporate Tax

- Swiss federal corporate income tax ("CIT") is levied at a flat rate of 8.5% on profit after tax. Cantonal and communal CITs and capital taxes vary and are added to the federal CIT.
- The taxes on all governmental levels (federal, cantonal and communal) are deductible for tax purposes and, therefore, reduce the applicable tax base (i.e. taxable income). This results in an overall effective tax rate of **11.5% to 24.2%**, depending on the company's location of corporate residence in Switzerland.
- Companies' **losses can be carried forward for seven financial and tax years** preceding the current tax period and set off against taxable profits.
- The cantons and communes also levy capital tax on an annual basis. This tax is based on the corporation's net equity. The capital tax varies from approximately **0.05% to 0.5%**.

Corporate Tax Rates, 2017:

	Zurich (City)	Zug (City)	Basel (City)	Geneva (City)
Corporate Income Tax Rate ¹	21.15%	14.6%	22.17%	24.15%
Capital Tax Rate ²	0.172%	0.0748%	0.525%	0.401%

¹) Combined effective income tax rates on profit before taxes for corporations in Switzerland (rates of 2017)

²) Capital tax of 2017 for ordinary taxed corporations in Switzerland (including the multiplier of the respective commune.)

Individual Tax

- Individuals are subject to taxation at federal, cantonal and communal level at their place of permanent or temporary residence in Switzerland. Temporary residence is given provided that the individual regardless of any interruptions stays in Switzerland for at least 30 days carrying out a professional activity or for at least 90 days without pursuing a business activity.
- Resident individuals are subject to tax on their worldwide income. However, earnings stemming from business conducted abroad, from permanent establishments and from immovable property are exempt. The income tax rates are progressive and vary strongly depending on the place of residence. The rates are the same irrespectively of the nature of the income.
- Further **deductions, exemptions and reductions** for tax purposes:
 - **Earning costs are deductible** for tax purposes from gross employment income (e.g. travel costs between home and the place of work);
 - Social security contributions, saving plans and costs from dependent children are deductible;
 - **Capital gains** on movable personal property (e.g. shares of companies) are **tax-exempt** whereas gains derived from business property represent ordinary taxed income;
 - Contrary to personal losses, business losses are tax deductible and can be carried forward for 7 years;
 - Distributions of capital contributions are tax-exempt;
 - **Dividend income from qualifying participations** (, i.e. participation of at least 10%) are taxed to a **reduced basis**.
- **Wealth tax** is imposed on the total net wealth of an individual comprising all of the taxpayer's assets and rights that have a cash value. These assets and rights are usually assessed at market value. It is only levied by the cantons and communes which individually define their rates resulting in a tax burden that varies from **0.001% to 1%**;
- Wealth tax has become a big issue for start-up companies after a first financing round, which implied a very high valuation of the start-up. Therefore, some cantons have introduced favorable valuation methods for start-ups.

Individual income tax rates, 2017

City	Tax Rate at CHF 200k*	Tax Rate at CHF 500k*
Zurich	21.95%	32.36%
Zug	16.09%	21.67%
Basel	23.75%	31.07%
Geneva	26.83%	35.95%

* Income tax rates from 2017 for the direct federal tax as well as the cantonal and communal tax calculated for an individual (married, employed, without children) resident in the capital of the canton.

Value Added Tax

- Switzerland levies an **8% VAT** on the domestic supplies of goods and services, on the import of goods and on taxable services received from abroad. It applies to each stage of the production and distribution chain. Certain goods and services as well as exports of goods and services supplied outside of Switzerland are exempt from Swiss VAT.
- Companies are obliged to register and to charge VAT as soon as **total taxable sales exceed CHF 100'000** in a calendar year. Services received from abroad are subject to VAT under the “reverse charge VAT” (i.e. the recipient needs to self-account for VAT on the value of the services received unless a VAT exemption applies). If a company is not VAT registered, the reverse charge VAT is due as soon as the value of the received services exceeds CHF 10'000 per year.
- In certain cases the VAT position can be improved by **voluntary registration** since input VAT on costs related to a taxable service can be recovered.

Withholding Tax

- In general, Switzerland levies a **federal withholding tax** (“WHT”) of 35% at source on the gross amount of:
 - dividend distributions by Swiss companies,
 - interest on bonds and similar indebtedness paid by Swiss issuers,
 - certain distributions of income by Swiss investment funds and
 - interest payments on deposits with Swiss banks.
- Generally, the debtor of the taxable income payment (e.g. dividends) is liable for the tax and is required to withhold the amount due.
- Relief, if any, is generally granted by refund provided that the respective earnings are properly declared for purposes of income taxation. The aim is to prevent tax evasion. With respect to dividends between qualifying related companies (usually at a minimum shareholding of 10% to 25%), a **notification / reporting procedure** may be requested instead of paying claiming back the WHT.
- For non-resident taxpayers, the WHT generally represents a final tax burden. However, Switzerland maintains a **broad network of double tax treaties** (“DTT”). Many of the DTTs concluded between Switzerland and other jurisdictions contain a substantial **reduction or full relief** of WHT on dividends or interest.
- **Royalty payments**, management and service fees as well as **interests** on loans (if not paid by a bank) are **not subject to WHT** in Switzerland provided the arm’s length principle is met.
- The **capital contribution principle** allows the repayment of qualifying shareholders’ capital contributions and the repayment of share premium without WHT deduction.

Securities Transfer Tax

- Swiss Securities Transfer Tax (“STT”) is levied on transfers of certain taxable securities (essentially, shares, bonds, investments in collective investment schemes etc.) when a Swiss securities dealer participates in the transaction either as a party or as an intermediary/broker. The tax rate amounts to 0.15% for Swiss securities to 0.3% for foreign securities on the fair market value of the consideration. Several exemptions apply.
- Tax subjects are securities dealers resident in Switzerland. Beside banks, especially asset managers and holding companies can qualify as securities dealers.
- If the securities dealer is deemed as intermediary/broker in transfer of taxable securities, he is subject to the half of the tax (i.e. 0.075% for Swiss securities and 0.15% for foreign securities) for each counterparty in the transaction who is not an exempt party or a securities dealer himself. The securities dealer as an intermediary/broker is not tax liable if:
 - the counterparty is a securities dealer or exempt for STT purposes; or
 - the transaction is exempt for STT purposes.

Corporate Tax Compliance

Upon incorporation

Corporate Income Tax

- There is **no legal requirement to register** a company for tax purposes. Companies receive a tax return form usually within Q1 following the founding year in order to declare their taxable profit and capital. If for some reason a company does not receive a tax return it is obliged to notify the cantonal tax authorities.
- Many companies **outsource the preparation of the tax return** to a third party provider (sometimes their fiduciary). The preparation of a corporate tax return of a newly created company will usually cost between a few hundred and a few thousand Swiss francs.
- The due date for the filing of the tax return varies from canton to canton (usually **until 30 September** after the close of the founding year). An extension of the filing deadline is possible but the periods vary from canton to canton. The extension can be requested with the respective form or in some cantons online.
- There is a possibility to **tax the founding year together with the following year** as one extended tax year, i.e. for the founding year a tax return with a CHF 0 declaration would be filed in the following year the taxes resulting from both years would be declared.

Capital Stamp Duty

- In Switzerland the issued share capital upon incorporation or capital increase is subject to 1% **stamp duty** (whereas the amount of the stamp duty is being deducted from the tax base). **The first CHF 1m is exempt from capital stamp duty and no declaration is required.**
- The stamp duty has to be declared and paid **until 30 days after the quarter** in which the incorporation or capital increase has been registered in the commercial register using the Form 3 available at the website of the federal tax administration:
<https://www.estv.admin.ch/estv/de/home/verrechnungssteuer/stempelabgaben/dienstleistungen/formulare.html> (only available in German)

Securities Transfer Tax

- If a company is deemed a **securities dealer** it has to (unsolicited) register with the federal tax administration. Securities dealers are obliged to keep a register of all securities transactions (even if they are tax exempt). Therefore it is highly recommended to analyse any potential securities transfer tax liability under Swiss tax rules and to proactively discuss the set-up with the tax authorities in order to get legal certainty (e.g. by filing an advance tax ruling).
- The **registration** has to be done by a letter to the federal tax administration upon incorporation. There is no specific form for the registration.

Value Added Tax

- Companies are obliged to register for VAT if it is expected that total sales subject to Swiss VAT within the calendar year exceed the **threshold of CHF 100'000**.
- Companies that do not supply services subject to Swiss VAT can opt for a **voluntary registration** in order to benefit from the input VAT recovery provided that the activity allows input VAT deduction.
- VAT registration has to be filed (unsolicited) **within 30 days** from the date it is expected that total sales exceed CHF 100'000 within the calendar year. The registration has to be filed with the federal tax administration ESTV and can be done online:
<https://www.estv.admin.ch/estv/de/home/mehrwertsteuer/dienstleistungen/formulare-online/anmeldung-bei-der-mwst/anmeldung-bei-der-mwst.html> (only available in German)

Ongoing Compliance

Corporate Income Tax

- Companies receive a **provisional tax invoice** usually within Q1 after the close of the BY based on their estimated profit.
- Federal CIT is usually **due by 31 March** of the following business year. At the cantonal level, the due date varies from canton to canton (usually within Q1 of the following business year).
- Also in Q1 companies receive a tax **return form**. The tax return has to be filed with the cantonal/communal tax authorities. The address of the tax authority of your domicile can be found here: <http://steuerportal.ch/adressen> (only available in German). Some cantons offer the possibility of **online filing**.
- An **extension of the filing deadline** (i.e. 30 September) is possible but the periods vary from canton to canton. The extension can be requested with the respective form or online (in some cantons).

Value Added Tax

- VAT has to be declared (with the respective form) and paid on a quarterly basis **within 60 days after the past quarter**. Biannually or monthly filing is possible if certain conditions are met. The refund of potential tax credit will be paid out within 60 days after filing;
- VAT registration and settlement have to be filed with **federal tax administration ESTV**. For both there is the possibility of an online filing:
<https://www.estv.admin.ch/estv/de/home/mehrwertsteuer/dienstleistungen/mwst-abrechnung-online.html> (only available in German)

Dividend Payments

- The WHT declaration has to be filed with the ESTV within **30 days after due date of the dividend** using the Form 102, 103 or 110 available from the website of the federal tax administration:
<https://www.estv.admin.ch/estv/de/home/verrechnungssteuer/verrechnungssteuer/dienstleistungen/schweiz.html>
- Swiss resident investors are entitled to **WHT refund** if they are resident in Switzerland and if the income is properly reported. The refund request expires three years after the calendar year in which the respective income was paid out. The refund request has to be submitted with Form 25 available from the website of the federal tax administration
<https://www.estv.admin.ch/estv/de/home/verrechnungssteuer/verrechnungssteuer/dienstleistungen/schweiz.html> or using the online refund reclaim
<https://www.estv.admin.ch/estv/de/home/verrechnungssteuer/verrechnungssteuer/dienstleistungen/schweiz/elektronische-rueckerstattungsantraege.html>
- **Within a Swiss corporate group (e.g. Swiss operating company to Swiss holding company)** the WHT obligation can be fulfilled by reporting instead of paying the tax (so called “notification procedure”). The respective Form 106 can be downloaded from the website of the federal tax administration:
<https://www.estv.admin.ch/estv/de/home/verrechnungssteuer/verrechnungssteuer/dienstleistungen/schweiz.html>
- **Foreign investors** might be entitled to reclaim WHT based on a DTT between their country of residence and Switzerland. The respective form 106 can be downloaded from the website of the federal tax administration:
<https://www.estv.admin.ch/estv/en/home/verrechnungssteuer/verrechnungssteuer/dienstleistungen/ausland.html>
- The WHT obligation **from a Swiss group company to a foreign group company (e.g. Swiss operating company to foreign holding company)** can be fulfilled by reporting instead of paying the tax (so called “notification procedure”). The respective Form 108 can be downloaded from the website of the federal tax administration:
<https://www.estv.admin.ch/estv/de/home/verrechnungssteuer/verrechnungssteuer/dienstleistungen/schweiz.html>
- Distributions to a **foreign parent company** can benefit from relief at source (analogue “notification procedure”). Such relief at source has to be applied for in advance with the respective form 823B or 823C available from the website of the federal tax administration:
<https://www.estv.admin.ch/estv/en/home/verrechnungssteuer/verrechnungssteuer/dienstleistungen/schweiz.html>

Securities Transfer Tax

- The STT has to be declared **until 30 days** after the quarter in which the transaction took place. For this purpose the securities dealer files the securities transfer register together with Form 9 available at the website of the federal tax administration:
<https://www.estv.admin.ch/estv/de/home/verrechnungssteuer/stempelabgaben/dienstleistungen/formulare.html>

Administration and Audit in Switzerland

Accounting in Switzerland

General

The general accounting regulations in Switzerland are brief and to the point. The accounts required for the type and scope of business must be kept in an orderly manner and allow identification of business assets and of receivables and payables associated with business operations as well as operating results (profit or loss) in each business year. The law requires that the income statement (profit and loss account) and the balance sheet be drawn up annually according to generally accepted accounting principles and that they be complete, clear and easily understood. This means that the accounting system can be based on any internationally accepted standards (such as US GAAP, IFRS or Swiss GAAP FER).

Corporations

Corporations (AGs) must meet detailed minimum requirements concerning the structure of the annual financial statements in order to increase transparency. They must include, as a minimum, a balance sheet and an income statement with previous-year comparisons and explanatory notes. The annual financial statements of group companies must be consolidated in a single set of consolidated financial statements if two of the following parameters are present in two successive fiscal years:

- Total assets of CHF 10 million;
- Annual sales of CHF 20 million;
- An average headcount over the year of 200 employees.

Auditing in Switzerland

General

Annual financial statements are audited for correctness and accuracy by people and companies, which have the required state license. Normally they are fiduciaries, fiduciary companies or auditing companies. The auditing obligation depends on the size and economic importance of the corporation (AG) or limited liability company (GmbH). Regular audits apply to companies that are required to prepare consolidated financial statements, or if two of the three parameters below are present in two successive fiscal years:

- Total assets of CHF 20 million;
- Annual sales of CHF 40 million;
- An average headcount over the year of 250 employees or more

If these conditions are not met, then the annual financial statements are only subject to a limited audit (questioning of management, appropriate detailed checks, analytical audit procedures, etc.). The audit may also be dispensed with entirely, subject to the approval of the shareholders, if the company has no more than an average of ten full-time positions over the year.

www.treuhandsuisse.ch (Swiss Fiduciary Association; Languages: German, English, French, Italian)

www.treuhand-kammer.ch (Fiduciary Chamber; Languages: German, French)

Additional: Link to SECO handbook for investors: <https://www.s-ge.com/en/publication/handbook-investors/handbook-investors>