

Switzerland

Many more foreign-domiciled suppliers VAT liable from January 1 2015



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The Federal Ministers have concluded that pursuant to the new article 9a of the Swiss VAT Ordinance the general VAT exemption for foreign entities exclusively rendering services and goods that are subject to VAT reverse charge becomes limited to rendering of services only.

Since installation, repair, maintenance and leasing, for example, qualify from a Swiss VAT perspective as a supply of goods, many foreign domiciled suppliers doing business in Switzerland have to thoroughly consider their obligation to register for VAT purposes in Switzerland if they generate annual turnover of more than CHF 100,000 with such supplies.

Although this new rule concerns predominantly small, non-Swiss resident craftsmen doing business in Switzerland and in the principality of Liechtenstein, multinational entities might also be affected. Since Switzerland applies a kind of VAT force of attraction, all rendered services of a foreign domiciled entity have to be taxed instead of applying the reverse charge obligation of the buyer once the supplying entity is Swiss VAT registered. No change is foreseen for foreign entities providing telecom or electronic services to Swiss or Liechtenstein resident customers (B2C). All foreign entities rendering such B2C services of more than CHF 100,000 a year must still be VAT registered in Switzerland. Furthermore, a revision of the Swiss VAT Law is on its way and is projected for January 1 2016. This revision defines the VAT registration threshold of CHF 100,000 no longer as Swiss but rather as global turnover that will oblige even more multinational entities to register for VAT purposes in Switzerland. The *de-minimis* rules for the importation of small goods are also under the scrutiny of the planned revision. If those *de-minimis* exemptions fall, even more foreign entities will have to register in Switzerland for VAT purposes from January 1 2016. Foreign domiciled entities with no domestic presence need to appoint a Swiss domiciled fiscal representative and have to consider their obligations as VAT payers.