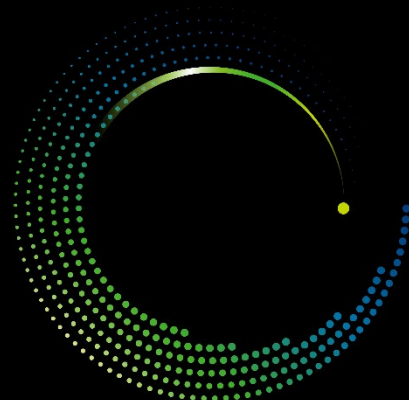


## International Tax Switzerland Highlights 2024

Updated January 2024



### Recent developments

For the latest tax developments relating to Switzerland, see [Deloitte tax@hand](#).

### Investment basics

**Currency:** Swiss Franc (CHF)

**Foreign exchange control:** No restrictions are imposed on the import or export of capital.

**Accounting principles/financial statements:** Swiss GAAP. Financial statements must be prepared annually.

**Principal business entities:** These are the corporation (AG), limited liability company (GmbH), and branch of a foreign company.

### Corporate taxation

#### Rates

<b>Corporate income tax rate (federal)</b>	8.5%/7.8% (effective)
<b>Branch tax rate (federal)</b>	8.5%/7.8% (effective)
<b>Capital gains tax rate (federal)</b>	0%/8.5%/7.8% (effective)

**Residence:** Companies with their legal seat (registered office) or place of effective management in Switzerland are considered resident for tax purposes.

**Basis:** Resident companies are taxed on their worldwide income, except for profits derived from foreign branches and foreign immovable property, which are tax exempt. Nonresident companies are taxed on permanent establishment (PE)/branch income and/or immovable property located in Switzerland. Branches are taxed in the same way as subsidiaries.

**Taxable income:** Corporate income tax is imposed on a company's net profits, which consist of business/trading income, passive income, and capital gains. Foreign-source income is included in taxable income, but relief is granted for dividend income from qualifying participations. Business expenses are deductible in computing taxable income. Gains and losses from the conversion of financial statements in a functional currency into CHF are disregarded for tax purposes.

## Rate

### General

Tax is imposed at the federal and cantonal/communal levels. The federal tax rate of 8.5% applies on net income (since income and capital taxes are deductible in determining taxable income, the effective tax rate (ETR) is 7.8%). Taking into account both the federal and the cantonal/communal income tax, the combined ETR generally is between 12% and 22% for companies subject to ordinary taxation, depending on the place of residence. The ETR in the majority of cantons ranges between 12% and 15%.

### Surtax

There is no surtax.

### Alternative minimum tax

There is no alternative minimum tax.

### Global minimum tax (Pillar Two)

Switzerland intends to gradually introduce rules that generally should be in line with the global anti-base erosion (GloBE) or “Pillar Two” model rules published by the OECD/G20 Inclusive Framework on BEPS that are designed to ensure a global minimum level of taxation of 15% for multinational enterprise groups with annual consolidated revenue of at least EUR 750 million. As from 1 January 2024, Switzerland will levy a national top-up tax (sometimes referred to as a qualified domestic minimum top-up tax or QDMTT) on the profits of Swiss corporations and PEs of international groups. The international top-up tax (i.e., the IIR (income inclusion rule) and the UTPR (sometimes referred to as the undertaxed profit(s) rule or the undertaxed payments rule)) on profits of foreign subsidiaries and PEs of Swiss-headquartered (sub-) groups will be introduced at a later stage (potentially on 1 January 2025).

**Taxation of dividends:** See “Participation exemption,” below.

**Capital gains:** There is no specific capital gains tax imposed at the federal level. Capital gains on the sale of assets are treated as ordinary income (and losses are deductible), regardless of the length of time for which the assets have been held. Where assets are sold to a shareholder or related corporation at a price below market value, gains may be reassessed for tax purposes. Capital gains derived from the sale of a participation of at least 10% in a company (whether resident or nonresident) benefit from participation relief where the participation has been held for more than one year.

**Losses:** Losses may be carried forward for seven years and may be set off against any income or capital gains. Losses may not be carried back.

**Foreign tax relief:** Foreign-source income is included in taxable income, but relief is granted for dividend income from qualifying participations. Foreign-source income is taxed net of foreign taxes; no credit is granted for foreign tax paid (except for nonrefundable withholding tax on dividends, interest, and royalties under an applicable tax treaty).

**Participation exemption:** Dividends generally are taxable for the recipient company, although relief is granted for dividends received from a qualifying participation in a resident or nonresident company. A participation is considered qualifying where the recipient company owns at least 10% of the capital of the payer company or the value of the participation is at least CHF 1 million.

**Holding company regime:** There is no holding company regime.

**Incentives:** The following incentives are available for corporate taxpayers:

- Reduction of the general headline tax rates, with the majority of cantons with an ETR (i.e., the effective combined federal/cantonal/communal rate) ranging between 12% and 15%;
- Cantonal level patent box regime based on the OECD's modified nexus approach, with tax relief for qualifying income of up to 90%;
- R&D super deduction at the cantonal level up to a maximum of 150% of effective qualifying expenses; and
- Asset basis step-up upon the migration of a company or of its activities and functions to Switzerland.

## Compliance for corporations

**Tax year:** The tax year is the accounting year.

**Consolidated returns:** Consolidated returns are not permitted; each company is required to file a separate return.

**Filing and payment:** There is combined tax return filing for both federal and cantonal income tax purposes. A self-assessment procedure applies. Filing deadlines depend on the canton.

**Penalties:** Penalties may apply for late filing or failure to file.

**Rulings:** Advance rulings may be obtained from the tax authorities on various Swiss tax matters. See also "Disclosure requirements" under "Anti-avoidance rules," below.

## Individual taxation

Rates		
Individual income tax rate (federal, married taxpayers)	Taxable income (CHF)	Rate (percentage on excess)
	Up to 29,300	0%
	29,301–52,700	1%
	52,701–60,500	2%
	60,501–78,100	3%
	78,101–93,600	4%
	93,601–107,200	5%
	107,201–119,000	6%
	119,001–128,800	7%
	128,801–136,600	8%
	136,601–142,300	9%
	142,301–146,300	10%
	146,301–148,300	11%
	148,301–150,300	12%
	150,301–928,700	13%
	Over 928,700	11.5%
<b>Capital gains tax rate (federal)</b>		Same as individual income tax rates

**Residence:** Individuals are deemed to be resident in Switzerland if they intend to stay in Switzerland permanently (as indicated by the location of their center of personal and business interests), are physically present in Switzerland for at

least 30 days to carry out a professional activity, or are physically present in Switzerland for at least 90 days (regardless of purpose).

**Basis:** Resident individuals are taxed on their worldwide income, except for profits from foreign businesses, foreign branches, and foreign immovable property, which are tax exempt. Nonresidents are taxed on Swiss employment income, business profits, and profits attributable to Swiss immovable property.

**Taxable income:** Federal income tax applies to all income derived from compensation for work performed and income from capital (both real and movable property). Gross income from Swiss capital is taxable; income from foreign capital is taxed only after deduction of nonrefundable foreign withholding taxes. At the federal level, partial taxation applies to income from participations of at least 10%. Similar relief provisions have been enacted, or are being enacted, at the cantonal level. All cantons impose taxes on personal income, with deductions that vary from the federal deductions.

**Rates:** Income tax rates broadly are progressive at the federal level (as shown in the table above for married taxpayers) and in most of the cantons, except in the cantons of Obwalden and Uri. Individuals with taxable income below CHF 15,000 and couples with taxable income below CHF 29,300 are exempt from federal tax. At the cantonal level, tax rates vary significantly, not only among the cantons, but also from community to community within a given canton. The lowest of the maximum marginal tax rates (including federal income tax) for 2023 was 20.16% in Wollerau, Canton of Schwyz. The maximum marginal tax rates of some larger cities were: Zug (22.13%), Lucerne (29.98%), Lausanne (41.50%), and Geneva (44.99%). No significant changes are expected for 2024.

**Capital gains:** Capital gains and capital appreciation derived from the sale or realization of assets through the increased value of tangible and intangible assets of a business are subject to tax. Gains realized on the sale of shares or real property generally are not subject to federal tax.

The cantons impose a separate capital gains tax on the sale of real property, but no canton levies tax on personal capital gains from movable property that is not considered a business asset.

**Deductions and allowances:** Various expenses may be deducted in computing taxable income, including interest on loans, alimony, and certain donations. Personal allowances are granted to taxpayers, their spouses, and dependent children.

**Foreign tax relief:** Foreign-source income is included in taxable income, but relief is granted for dividend income from qualifying participations. Foreign-source income is taxed net of foreign taxes; no credit is granted for foreign tax paid (except for nonrefundable withholding tax on dividends, interest, and royalties under an applicable tax treaty).

## Compliance for individuals

**Tax year:** The tax year is the calendar year.

**Filing status:** A married couple is assessed jointly.

**Filing and payment:** Filing deadlines vary from canton to canton and apply for both federal and cantonal/communal taxes. Cantons tax at source the wages of foreigners working temporarily in Switzerland (i.e., the employer must deduct the tax from salary and remit it on behalf of the foreign employee to the tax authorities).

**Penalties:** Penalties apply for late filing or failure to file.

**Rulings:** Advance rulings may be obtained from the tax authorities on various Swiss tax matters.

## Withholding tax

<b>Rates</b>				
<b>Type of payment</b>	<b>Residents</b>		<b>Nonresidents</b>	
	<b>Company</b>	<b>Individual</b>	<b>Company</b>	<b>Individual</b>
<b>Dividends</b>	35%	35%	35%	35%
<b>Interest</b>	0%/35%	0%/35%	0%/35%	0%/35%
<b>Royalties</b>	0%	0%	0%	0%

**Dividends:** Dividends paid to a resident or nonresident are subject to a 35% withholding tax. Swiss residents will be able to obtain a full refund of the withholding tax. Under Switzerland's agreement with the EU, which provides Switzerland access to benefits similar to those in the EU parent-subsidiary directive, withholding tax is reduced to 0% on cross-border payments of dividends between related companies that are resident in EU member states and Switzerland, provided the capital participation is 25% or more and certain other criteria are met. In addition, many of Switzerland's tax treaties provide for reduced rates for qualifying investments. The repayment of nominal share capital and capital contribution reserves is exempt from withholding tax.

**Interest:** Switzerland generally does not impose withholding tax on interest under domestic law. Exceptions apply to interest derived from deposits with Swiss banks, bonds, and bond-like loans, which are subject to a 35% withholding tax at the federal level. Interest paid to a nonresident on receivables secured by Swiss real estate is subject to tax at source. The 35% withholding tax and the tax at source imposed under domestic law may be reduced under an applicable tax treaty.

**Royalties:** Switzerland does not impose withholding tax on royalties.

**Fees for technical services:** Switzerland does not impose withholding tax on service fees.

**Branch remittance tax:** There is no branch remittance tax.

## Anti-avoidance rules

**Transfer pricing:** Switzerland does not have formal transfer pricing legislation or documentation requirements, although all related party transactions with Swiss entities must be carried out on arm's length terms. In general, Switzerland follows the OECD transfer pricing guidelines and has country-by-country (CbC) reporting requirements. See also "Disclosure requirements," below.

**Interest deduction limitations:** Safe haven thin capitalization rules require a minimum debt-to-equity ratio for each asset class (e.g., receivables may be 85% debt financed, investments 70%, and intellectual property 70%). In addition, safe haven interest rates apply.

**Controlled foreign companies:** There are no controlled foreign company rules.

**Anti-hybrid rules:** Switzerland does not have any special rules addressing hybrids, but the participation exemption does not apply to income that is tax deductible in the source country.

**Economic substance requirements:** There are no economic substance requirements.

**Disclosure requirements:** CbC reports must be exchanged for qualifying enterprises. Advance tax rulings may be subject to the spontaneous exchange of information.

**Exit tax:** Switzerland does apply an exit tax. The exit tax rate is the same as the ordinary tax rate mentioned above.

**General anti-avoidance rule:** Swiss tax law does not include a general anti-avoidance rule. Instead, a general tax avoidance theory has been developed over the years based on federal Supreme Court decisions that apply, in principle, to all Swiss taxes. This theory, which is applied by all Swiss courts and tax administrations, grants the tax authorities the right to tax a taxpayer's legal structure based on its economic substance (instead of its form), where the following conditions are fulfilled:

- The taxpayer's legal structure is unusual, inappropriate, or inadequate having regard to its economic purpose;
- Tax considerations are deemed to be the only motive for the transaction; and
- The transaction effectively would lead to significant tax savings if it were accepted by the tax authorities.

**Other:** Measures against treaty abuse may apply, including a base erosion test.

## Value added tax

Rates	
Standard rate	8.1%
Reduced rate	0%/2.6%/3.8%

**Taxable transactions:** VAT applies to the sale of goods and services in the Swiss territory, the acquisition of services from businesses domiciled abroad, and to the import of goods. Exports of goods and most services provided to nonresident recipients are, in principle, either zero-rated or not subject to Swiss VAT. The acquisition and sale of intellectual property are VATable transactions.

Distance selling companies generating annual turnover in Switzerland exceeding CHF 100,000 from low value shipments (i.e., those on which the import VAT does not exceed CHF 5) are liable for VAT in Switzerland.

**Rates:** As from 1 January 2024, the standard rate of VAT is 8.1%, the special rate for accommodation services is 3.8%, and the reduced rate is 2.6% (increased from 7.7%, 3.7%, and 2.5% respectively). Supplies that span the rate change must be apportioned accordingly, regardless of the invoice date. If a supplier cannot apportion the supply, the higher rate will apply on the entire supply.

**Registration:** Enterprises conducting business in Switzerland with annual worldwide turnover exceeding CHF 100,000 and that are not exempt from VAT without credit must register for VAT purposes, irrespective of the level of VATable turnover in Switzerland.

Persons not registered as VAT payers that acquire services from abroad exceeding CHF 10,000 in a calendar year subject to VAT under the reverse charge mechanism must register with the Swiss Federal Tax Administration in writing by 28/29 February of the following year and account for VAT at 8.1% (for services received on or after 1 January 2024), or 7.7% (for services received prior to 1 January 2024) on the services.

**Filing and payment:** VAT returns generally must be filed quarterly, and the relevant VAT amount remitted to the Federal Tax Administration within 60 days after the end of the quarter.

## Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the federal level.

**Social security contributions:** Federal old age and disability insurance (AHV/IV/EO) is mandatory for all employees. The annual contribution of 10.6% of total employee remuneration (with no ceiling) is divided between the employer and

employee. The employer is required to deduct the contributions from the salary and remit the total amount to the social security authorities. Professional pension plans are mandatory for employees; private pension plans are voluntary.

**Payroll tax:** There is no general payroll tax, but payroll tax is imposed on the wages of foreigners without permanent Swiss residence. For all other Swiss resident employees, wages are taxed as part of ordinary income.

**Capital duty:** There is no capital duty, but see “Stamp duty,” below.

**Real property tax:** Some cantons impose real property tax.

**Transfer tax:** The transfer of securities by Swiss securities dealers is subject to a 0.15% tax on Swiss securities and a 0.3% tax on foreign securities.

**Stamp duty:** A 1% stamp duty applies on contributions to the equity of a Swiss company, whether in cash or in kind. A CHF 1 million exemption threshold applies to the issuance of shares. Reorganizations, such as mergers, spinoffs of corporate assets, or transfers of a company’s domicile from abroad to Switzerland typically are exempt from stamp duty.

**Net wealth/worth tax:** Corporate net wealth tax is imposed at varying rates depending on the canton and the type of tax privilege (typically between 0.001% and 0.5%). The net wealth tax may be credited against the income tax liability in many cantons.

There is no federal individual net wealth tax or net worth tax, but these may be imposed at the cantonal level.

**Inheritance/estate tax:** There is no federal inheritance tax, estate tax, or gift tax, but these may be imposed at the cantonal level.

**Other:** Businesses with a registered office, domicile, or PE in Switzerland that are VAT-registered and whose total annual turnover (excluding VAT) is at least CHF 500,000 are subject to the radio and television fee of between CHF 160 and CHF 49,925, depending on turnover.

**Tax treaties:** The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS MLI) entered into force for Switzerland on 1 December 2019.

For information on Switzerland’s tax treaty network, visit [Deloitte International Tax Source](#).

**Tax authorities:** Federal, Cantonal, and Communal Tax Administrations

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