

SWITZERLAND

Switzerland - Civil law (Swiss)

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Incorporating a company in Switzerland

Switzerland taxes

If you want to incorporate in Switzerland, this article will educate you on the tax laws for an AG (plc) or GmbH (LLC) which are the most common company structure in Switzerland.

Swiss resident companies are taxed on their worldwide income. However, profits derived from foreign branches or PE or foreign real properties and profits undistributed by foreign subsidiaries may not be subject to taxation. CIT is imposed at both federal, communal and cantonal levels. Federal effective tax rate is 7.83%. Communal and Cantonal tax rate varies depending on territory. Overall CIT effective rate ranges between 11.5% and 24.2%. However, certain Holding Companies may be exempted of both communal and cantonal taxes and subject to an effective tax rate of 7.83%. In addition, under certain conditions, companies with predominantly foreign business activities, may have cantonal and communal tax reduction or exemption, and taxed at an effective tax rate between 7.83% to 11% on foreign-source income. This ranks Switzerland as 29th when compared to CIT globally.

The value added tax (VAT) rate in Switzerland is 8.00%, that ranks Switzerland as 24th when compared to VAT globally. In terms of other taxation, an employer will contribute 5.125% to the equivalent of a social security fund and an employee will contribute 5.125%. The overall complexity of the tax system is low. This is measured by average time to comply with a country's labor tax requirements is as it is 40 hours. Contributing to this is the number of yearly labor tax payments, which is 7 in CH.

Thin capitalization rules are in play. This refers to any type of requirements on companies' debt-to-asset ratios. Dividends are included in taxable income. However a participation relief may apply if recipient holds at least 10% of the capital of the paying company or participation has a market value of at least CHF 1m. Dividends are distributions of earnings of the legal entity, voted by the board of directors, to shareholders. Dividends can be either stock, cash, or property.

Capital Gains are subject to corporate income tax, but a relief is generally available for those derived from the disposal of a qualifying participation. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

Payments on interests to non-residents are not generally subject to withholding tax. Except for those from Swiss-bank deposits, bonds and bond-like loans, which are subject to 35% withholding tax. The dividends withholding tax rate is 35%. This should be interpreted that the relevant tax authorities expects relevant legal entities to automatically withhold 35% of dividends paid to non-residents. There are no withholding taxes on payments on royalties abroad. Withholding taxes may be reduced or exempt under tax treaties.

The Cantons may levy taxes on net wealth, inheritance and real property in Switzerland. There is a transfer tax on the sales of securities by Swiss security dealers. We are not aware of any commonly used credits for innovation spend that include tax incentives in CH.

The above is not tax or legal advice for your individual circumstances. We are able to point you to an expert in Switzerland who can get you an answer. Ready to get started? Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in Switzerland is 8% which ranks 42 in the world.

- ✓ **Patent box**
- ✗ **RND credit**
- ✗ **Wealth tax**
- ✓ **Estate tax**

- 109 **Tax treaties**
- 7.83% **Offshore Tax**
- 7.83% **Corp rate**
- **Loss carryback years**

Switzerland Legalese

The underlying legal code in SWITZERLAND is civil law (swiss) law. You will want to get some local advice as to how to best structure a company in SWITZERLAND. E-signatures are allowed.

The country code CH is for SWITZERLAND and the most common company type type in SWITZERLAND is an AG (plc), GmbH (LLC).

The amount you'll have to wait is about 7 Days to put together the paperwork and file an AG (plc), GmbH (LLC) in CH. The types of cash you can use to setup your business is most commonly any legal currency.

Yes, one is allowed to re-domicile an AG (plc), GmbH (LLC) from CH. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least This means it is not possible for you to own an AG (plc), GmbH (LLC) in SWITZERLAND as a sole shareholder. You must have other shareholders, they can be nominees or de facto shareholders. Corporate Shareholders are encouraged, which means you can have a corporate shareholder. Foreign ownership is tolerated, up to 100% of the total equity of the company.

A legal entity is only required to have one director. Moreover, corporate directors are not permitted. Directors can have some expectation of privacy, as they are not disclosed publicly. There is a requirement to have annual meetings of shareholders.

A registered office is a requirement, whom the company will pay yearly, for a legal services company which can receive a service of process on behalf of the registered legal entity. Furthermore, a corporate secretary is not always necessary, at least not by law.

There is a legal obligation to file accounts on a yearly basis. On that note, there is no requirement that these accounts be audited.

Overall we think Switzerland is a good option and have given it a score of 79 as an IO score, using the Incorporations.IO proprietary formula.

- ✓ **Directors not disclosed in a public registry**
- ✓ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✗ **Corporate director permitted**
- ✗ **Local Secretary not required**
- ✗ **Local Director not required**
- ✓ **Electronic signature**

- 2 Shareholders required**
- 1 Directors required**
- 7 Days to form**



SWITZERLAND

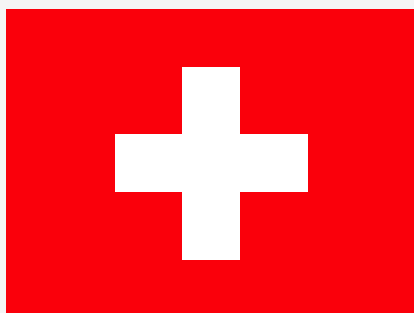
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Country Info



🚩 National Flag of

Confédération suisse
(fra)

Schweizerische
Eidgenossenschaft
(gsw)

Confederazione
Svizzera (ita)

Confederaziun svizra
(roh)

\$ Currency

CHE

☎ Area Code

+41

🏛 Capital

Berne

📍 Region

Western Europe

🗣 Native Languages

French

Swiss German

Italian

Romansh