

Introduction to the Swiss market and business environment



REPUBLIC OF SLOVENIA



EUROPEAN UNION
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Workshop “Entering the Swiss market” organised by Spirit Slovenia and the Chamber of Commerce Switzerland – Central Europe

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PRODIGO



Agenda

1. Overview of company forms:
 - a. Advantages and disadvantages
 - b. Setting up costs & capital
 - c. Procedures & timing
2. Tax environment for business
3. Where to seek legal advice
4. Check-up before exporting to Switzerland
5. Posting workers in Switzerland
6. Useful links

1. Overview of company forms

➤ Most common company forms :

- Stock Corporation (AG or SA)
- Limited Liability Company (GmbH or Sàrl)
- Branch office

	Stock Corporation	Limited Liability Company	Branch office
Specificities	Adapted for medium and large companies	Adapted for small and medium companies	Operations that is legally part of a larger company but has a certain degree of economic autonomy
Company name	Any name + legal form (AG or SA)	Any name + legal form (GmbH, Sàrl or Sagl)	Same name as main company + location of main company, location of branch office + legal form

1. Main advantages of various company forms

	Stock Corporation	Limited Liability Company	Branch office
Advantages	<ul style="list-style-type: none"> • Limited liability and risk capital • Foreigners can own all shares (but at least one person resident in Switzerland is entitled to represent the company) • Swiss character of company • Easy access to the capital market • Partner anonymity (no disclosure obligation) • Annual financial statements only published if the company is listed 	<ul style="list-style-type: none"> • Limited liability and risk capital • Foreigners can own all shares (but at least one person resident in Switzerland is entitled to represent the company) • Swiss character of company • Easy access to the capital market • Lower minimum capital 	<ul style="list-style-type: none"> • No separate capital required • Simpler and cheaper to set up than an incorporated company Parent company can exert direct influence • Tax exemption for Swiss profits in parent company's country under numerous double taxation agreements

1. Main disadvantages of various company forms

	Stock Corporation	Limited Liability Company	Branch office
Disadvantages	<ul style="list-style-type: none">• More complex and expensive formation process, professional advice recommended• Amount of capital is higher	<ul style="list-style-type: none">• More complex and expensive formation process, professional advice recommended• No shareholder anonymity	<ul style="list-style-type: none">• Foreign parent company shares liability for branch office• Difficult from a tax point of view• Lack of Swiss character

1. Setting up costs & capital

	Stock Corporation	Limited Liability Company	Branch office
Minimum capital	Min 100 k EUR, deposit of 50 k EUR	Min 20 k EUR, deposited in full	No capital required (endowment capital of foreign parent company is sufficient)
Costs of funding	From 1,900 EUR (electronic) to 5,000 EUR (traditional)	From 1,500 EUR (electronic) to 5,000 EUR (traditional)	From 1,000 EUR

1. How to open a legal entity in Switzerland

- Depends on the company form
- Average time needed to open a legal entity in CH : 5-6 weeks
- Most easy and less expensive : open a branch office
 - No additional capital needed
 - No need to ask the help of a notary (and pay for it), a consultant or fiduciary can do it for you
 - Need to translate some documents (company statutes, extract from the Commercial Register)
- Stock Corporation and Limited Liability Company forms require to pass through a notary and to bring in additional capital

2. Tax environment for business

➤ Lowest VAT rates in Europe:

- General rate: 7,7%
- Hotels: 3,7%
- Food, water, books: 2,5%

➤ Import taxes: Access2Markets (European database) or Tares (=Swiss customs platform)

➤ Additional taxes on some products: alcoholic beverages, tobacco products, ...

➤ Fiscal difference between cantons for tax on benefits, ranging from 11.85% in Zug to 21.04% in Bern (source: KPMG Switzerland)

2. Tax environment for business

Example from Tares: HS code 0407 2110 eggs for consumption

Header data

Transport direction: Import from Iso/Country: SI Slovenia

Date: 08.09.2022

HTML documents

[Decisions](#) [Explanatory notes](#)
[Notes](#) [Remarks](#)

Tariff search

Display details Display all rates

Tariff number: 0407.2110 RC: Key: 911

Tariff number	RC	CRKC	Text
0407			Birds' eggs, in shell, fresh, preserved or cooked:
			- other fresh eggs:
0407.21			-- of fowls of the species Gallus domesticus:
0407.2110			--- within the limits of the tariff quota (Q. No. 9)

Statistical key: 911 - eggs, for consumption

Duty rates:

Normal	50.00 Fr.	per 100 kg gross
EU	47.00 Fr.	per 100 kg gross

for consumption, within the limits of the preferential tariff quota no. 129 (s. "Remarks", "Tariff Quotas");

Value added tax: 2.5 % objects under art. 55 para. 2 VAT Act (s. "Remarks", "Value Added Tax")

Additional tare: 5 % of the net weight

Remarks on how to fill out the declaration / additional data

Net mass in kg with 3 decimals

Supplementary units -

obligation to stamp: note "chicken eggs, stamped in accordance with the regulations"

Abbreviations:

EU	European Union
Normal	Normal rate

Import from the selected country

Tariff number based on customs code

Duty rate according to the origin of the product
Quota can be imposed for some product categories

Applicable VAT

Additional tax when products are bulk imported

3. Where to seek legal advice

- Official sources: federal departments, cantonal administrations, federations
- Investment promotion agencies (with sector focus): Switzerland Global Enterprise (S-GE), Greater Zurich area (GZa), Greater Geneva Bern area (GGBa), Baselarea, St.GallenBodenseeArea (SGBA), etc.
- Chambers of commerce
- Lawyers and notaries but expensive (300-400 EUR/hour)
- Consultancy companies,
 - Big four (KPMG, PwC, Deloitte, EY), but expensive
 - Other advisory companies (fiduciaries and business development experts)

4. Check-up before exporting to Switzerland

➤ For goods:

- Do a check-up of possible tariff and non-tariff trade barriers for your product (Switzerland is not a member of the EU): could have an impact on your price-setting
- Before exporting check with your transport partner or customs agency if an EORI (Economic Operator Registration and Identification) number is needed

➤ When providing services, in most cases a fiscal representative must be appointed for VAT purposes. Quarterly declare to the Swiss tax administration of the turnover realised in Switzerland.

➤ When realising a project in Switzerland by sending workers, specific rules apply.

5. Posting workers in Switzerland (1)

➤ When sending employees to Switzerland :

- Obligation of announcement (8 days before coming in CH) in sectors such as construction, restaurants and hotels, cleaning services, security service)
- Type: short-term work (up to 90 working days per calendar year)
- Adaptation of wages to minimum standard applying in CH based on some criteria (experience, position, education)
- Working conditions defined by collective labour agreements
- In some cases, surety bonds or enforcement fees.

➤ Independent (=self-employed) workers are not submitted to specific rules, but control of their status is strict and not always accepted (even if considered as such in the home country)

Questions & Answers



Castle of Oberhofen, Thoun Lake

6. Useful links

Name	Theme	Link
My Trade Assistant on the Access2Markets	Information about tariffary and non tariffary measures applying to third (non-EU) countries	https://trade.ec.europa.eu/access-to-markets/
Tares	Swiss customs platform	https://xtares.admin.ch/tares/
Swiss Federal Tax Administration	VAT related questions	https://www.estv.admin.ch/estv/en/home.html
Posting worker platform	Information about posting workers in Switzerland	https://entsendung.admin.ch/cms/content/willkommen_en
SME Portal	Platform for SMEs with checklists and information on setting up a business	www.kmu.admin.ch
EasyGov	Online desk for companies to electronically process authorization, application and reporting procedures	www.easygov.swiss
Fedlex	The publication platform for federal law	https://www.fedlex.admin.ch/en

6. Useful links

Name	Theme	Link
Switzerland Global Enterprise (S-GE)	National economic promotion agency.	https://www.s-ge.com/en/
Greater Zurich area (GZa)	Regional economic promotion agency (Zurich region)	https://www.greaterzuricharea.com/en
Greater Geneva Bern area (GGBa)	Regional economic promotion agency (Western Switzerland region)	https://www.ggba-switzerland.ch/
Baselarea	Regional economic promotion agency (Basel region)	https://baselarea.swiss/
St.GallenBodenseeArea (SGBA)	Regional economic promotion agency (St. Gallen region)	https://www.sgba.ch/en/

Thank you for your attention and see you in Switzerland!



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