

Checkliste Swiss Tax Declaration

**Please note that the following information may not be complete and possibly does not fit your case. In more complex cases it might be indicated to get professional advice. The lawyers of Schenkel & Serrago AG are always available to answer your questions.*

Dear Customer,

This memo should give you an idea about the Swiss tax system and below you find our

Checklist – what do we need to assist you handling in your tax declaration

◇ When do Swiss taxes apply?

This guide explains the Swiss tax system, including Swiss tax rates, income tax calculations, how to file a Swiss tax return and applicable Swiss tax refunds for expats.

If you are a foreigner living and working in Switzerland, you will typically be liable to pay Swiss taxes. However, when filing your Swiss tax return, you may also be able to claim certain tax expenses and deductions as a foreigner.

The Swiss tax system is quite complex due to the federalist structure of Switzerland. There are 26 cantons and around 2,250 municipalities that levy their own income taxes, wealth taxes, inheritances taxes, property gains taxes and other taxes.

Certain circumstances dictate who needs to pay Swiss taxes, and at which tax rate in Switzerland, which are outlined below. Despite a complex tax system in Switzerland, this guide aims to help you navigate the maze of Swiss taxes.

Who needs to pay Swiss taxes?

Resident individuals or temporary residents in Switzerland are subject to unlimited Swiss tax liability. The same applies to Swiss resident legal entities. This means that Swiss taxes apply to worldwide income and assets.

Limited tax liability applies to non-residents and companies having economic relations to Switzerland. In these cases, the Swiss tax is levied only on specific items of income that originate in Switzerland.

Residence is defined as the place where a person stays with the intention of settling permanently and which therefore provides the centre of his/her personal and business interests. A person will also be considered resident for tax purposes if they remain in the country for a protracted period, typically more than 90 days (30 days if working), even if they are not engaged in gainful activity.

Companies are considered resident when either their registered office or their actual administration is in Switzerland.

◇ Automatic exchange of information

Cross-border tax evasion should be prevented with the help of the new global standard for the automatic exchange of information (AEOI). To date, approximately 100 countries, including Switzerland, have committed themselves to introducing this global standard. Domestic bank client confidentiality in Switzerland is not affected by the AEOI.

The legal foundations for introducing the AEOI entered into force on 1 January 2017. Since then, Switzerland has been collecting data which will be exchanged for the first time from 2018.

◇ Which Swiss taxes are applicable?

Switzerland places taxes on income and wealth (direct taxes), as well as on goods and services (indirect taxes, through VAT in Switzerland). In addition, most cantons levy inheritance and gift taxes in Switzerland (although spouses and direct descendants are typically exempt), which is a tax on gains derived from the sale of immovable property, and certain other taxes and dues.

On an international scale, taxes in Switzerland are fairly moderate. Note, however, there are considerable differences between the various cantons and municipalities.

◇ **Checklist – what do we need to assist you handing in your tax declaration**

Income

- employed activity: official salary statement (from your employer); the name of your employer and your working place, if not obvious from the salary statement
 - self-employed activity: financial statement per 31th December (accounting, which states all expenses and income. The financial statement has specially to state and prove by documents all income, expenses over CHF 400.00 and information about a company car.)
 - Pensions or unemployment benefits
 - Inheritances
- ⇒ all worldwide income, which is in the economic justification of the taxable person, must be declared. It is irrelevant if the income are already taxed abroad.

Deductions

- children (Name, Age, place of residence, current education and expected ending time of education, alimony)
- type of child care (self or extern / if extern the cost must be proved by documents)
- company car
- cost for traveling to work with the public transport (proven with documents)
- pillar 3a and second pillar contribution (proven with documents)
- account statement of your credit card (annual statement including debt interests)
- annual or monthly healthcare statement / invoice

Estate

- bank accounts (annual financial statement per 31th of December for bank accounts in Switzerland or if available, otherwise an account statement which shows the balance at 31th of December and all interests receipt over the year.)
 - shares and options etc.
 - all other moveable assets
- ⇒ all worldwide assets, which are in the economic justification of the taxable person, must be declared. It is irrelevant if the assets are already taxed abroad.

Property

- value of the property (for property in Switzerland the “Katasterschätzungswert” is needed), year of construction, imputed rental value, purchasing date and price, if the property is least to a third party; rental income, maintenance costs
 - mortgage (annual financial statement, which shows the outstanding debt and all the interest paid through fiscal year.
- ⇒ All worldwide assets, which are in the economic justification of the taxable person, must be declared. It is irrelevant, if the assets are already taxed abroad.

additional movable assets

- cars (purchasing date and price)
- additional assets as gold or precious metals

It is our pleasure to assist you be filing your tax declaration. Please do not hesitate to give us a call if you have any further questions.

Yours sincerely,

Mario Schenkel, Attorney at Law