

# Switzerland VAT

A tax professional's essential guide to calculating, reporting and paying VAT in Switzerland



## Introducing VAT in Switzerland...

Despite not being a member state of the European Union (EU), Switzerland's VAT regime bears a number of striking similarities to the system adopted across much of the bloc.

VAT was introduced in Switzerland in 1995 and is charged at a headline rate of 7.7% (with three other lower rates also in place), making it one of the lowest in Europe.

While Switzerland is a relatively small country of about nine million people, it is home to many of the world's largest organisations and governing bodies, meaning trade with and within the nation is widespread and extremely valuable. Businesses with an annual turnover in excess of CHF 100,000 must register for and pay VAT in Switzerland.

The tax also applies to organisers of one-off events providing they surpass the same threshold, while charities and clubs will

only be required to register if they generate revenue of more than CHF 150,000.

Small businesses will be able to use a simplified flat-rate accounting system that means they do not have to show the VAT collected.

VAT in Switzerland is governed by the Federal Tax Administration, which provides all rules and regulations relating to the tax.

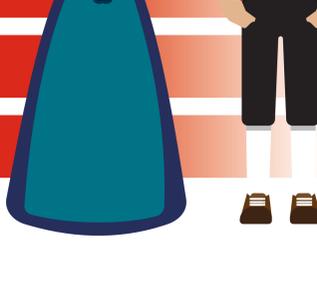
Foreign companies importing, buying or selling goods in Switzerland will need to register for VAT with the FTA as a non-resident trader.

Upon registration, businesses will be given a unique VAT number that must subsequently be used on all VAT invoices.

## What VAT rates apply?

Switzerland has a standard rate of 7.7%, as well as a range of other rates that businesses can apply:

- 7.7%** **Standard**  
e.g. most taxable goods and services
- 3.7%** **Special**  
e.g. hotel accommodation
- 2.5%** **Reduced**  
e.g. Agricultural supplies, food and drink, medicines, sporting events
- 0%** **Zero**  
e.g. exports, supplies of goods and services to airlines



## Do you need to register?

There are a number of scenarios that mean a foreign business must register for VAT in Switzerland. Do any of these look familiar? If so, your business is liable for the tax.



Import goods into Switzerland from another country



Organise live events with paid-for admission



Buy and/or sell goods in Switzerland



Hold goods in consignment stock



Sell goods online to Swiss consumers

## You need to know...

In many cases, Swiss tax authorities ask businesses to provide a bank guarantee when first registering for VAT in the country

VAT returns must be submitted to the tax authorities on a quarterly basis

Foreign businesses must appoint a local fiscal representative to be legally registered for VAT

The reverse charge can be used on B2B sales, but the seller must try to verify the Swiss customer's VAT number



## Exemptions

A number of goods and services are exempt from VAT in Switzerland, including:

Youth services

Transport of goods

Cultural services

Sporting events

Nursing care



## Compliance

As soon as a business successfully registers for Swiss VAT, it will be expected to meet several key regulations. These include:

- 1 Preparing invoices that include the required disclosure details.
- 2 Maintaining records that are held for a minimum of 10 years.
- 3 Invoicing customers while adhering to Swiss time of supply rules.
- 4 Using electronic invoices that feature proper signatures and authenticity.
- 5 Correctly invoicing customers in accordance with German time of supply VAT rules.

**Tax point**  
For the majority of goods in Switzerland, the tax point (or time of supply) is the moment of delivery.  
When it comes to services, it is typically the point at which the service is completed.  
Upon reaching the tax point, VAT becomes payable to the tax authorities within 30 days of the reporting period ending.



## VAT on digital services

Since 2010, foreign providers of digital services to consumers and businesses in Switzerland have been required to register for, charge and pay Swiss VAT. The digital services subject to VAT in the country include:

Movies and videos



Cloud software



Music streaming



Online ads



Online gambling



## Did you know...

Switzerland and neighbouring Liechtenstein are in a VAT union.

This means Liechtenstein has implemented Switzerland's entire VAT regime and operates under the same rules and with identical rates.

Despite this, Liechtenstein retains its own national VAT administration to implement regulations, ensure compliance and hand out penalties.



## The expert's view...

In 2018, a series of regulatory changes were made to the Swiss VAT regime. The most significant was that foreign businesses must pay VAT in Switzerland if their turnover exceeded CHF 100,000 worldwide - not just in Switzerland as per the previous set of rules.

This has significantly changed the picture for many global businesses; making many more organisations liable for VAT in Switzerland than before and leading to more complex calculations being required to accurately meet tax obligations in the country.

This - and Switzerland's position as a major trading hub, particularly in financial services, in central Europe - mean it is important for tax professionals to understand the country's tax system.

Switzerland has some of the lowest VAT rates in Europe, with a standard rate of just 7.7%. But it also operates a special rate and a reduced rate, in addition to zero-rated goods and services and exemptions, so it's crucial that your business is able to accurately determine which of these rates must be applied to each sale you make.

Whatever ERP or third-party systems your business uses to manage tax, we can implement automated solutions to ensure seamless, accurate VAT determination and reporting for Switzerland.

Our out-of-the-box solution for Oracle ERP is complemented by a selection of automated tools and configurations that can manage the tax in SAP, Workday or any other platform.

Get in touch with us today to find out more about how cutting-edge tax technology can help you save time and expense while achieving optimum performance for managing VAT in Switzerland.

**Katie Summerville**  
Functional Consultant, Innovate Tax

