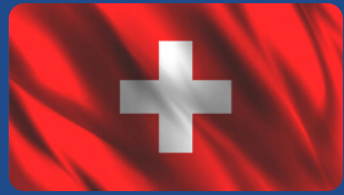


Guide to do business in

SWITZERLAND

Chandrawat
& Partners





ABOUT SWITZERLAND

A peaceful, prosperous and stable modern economy, Switzerland has a highly skilled labor force, with its per capita GDP larger than that of the many western European economies. Its independence and neutrality have always honored by the major world powers. However, the political and the economic integration of Europe, as well as role of Switzerland's in United Nations (UN) and international organizations has strengthened Switzerland's ties with its neighbor countries. Though, the Switzerland officially did not become a UN member until 2002, but it remained active in many UN and international organizations, with strong commitment to neutrality.

ADVANTAGES

Switzerland is a safe and secure place for foreign investors, as it has maintained a degree of bank secrecy and has kept up the franc's long-term external value. However, starting and running a business in Switzerland requires that one should require understanding the country's laws, rules, and regulations. Below are the some advantages of doing business in Switzerland:

Banking and Financial Services

Banking and financial services are the largest sector of any country, whereas, the Swiss banking is highly known around the world for its efficiency. Due to its financial stability and a strong tradition of fiscal discipline Switzerland's banking policy, expertise, and reliability, make it an attractive option for foreign investors and companies alike. It is true that, the most of the world's wealth is managed through Swiss banks.

Tradition of Neutrality

After devastating losses during the middle ages against France, triggering a deep need for self-preservation, Switzerland took a strong attitude on remaining neutral in global affairs which it upholds through the present day. Switzerland has become a symbol of diplomacy and is the historical neutral intermediary, hosting major international treaty conferences. Though, Switzerland is not the only country in the world that embraces neutrality but, it was among the first to do so.

Infrastructure and technology

It has one of the most developed infrastructures in the world with extensive rail and road networks connecting to the rest of Europe. It also ranked highly on innovation and for its technological advancement. Switzerland has the highest ratio of European patent applications to population, world-class research institutes, and attracting heavy investment from multinational corporations.

Access to neighboring EU countries

Originally, the Switzerland is not a part of the European Union, but, it has access to the every single European market through a special agreement with the block. The country has adjusted some of its regulations to conform with those of the EU, helping to influence Switzerland's international competitiveness.

Commodities Trade

Switzerland is world's one of the most important commodities trading hubs with more than 500 trading companies. The Switzerland government supports the various sector's global reform efforts and is actively participate in efforts to improve sustainable production and fair trade.

Being a lean country with low tax rates and levies, Switzerland is a favorable location for foreign companies. As the Swiss taxation system mirrors the country's federal structure, the effective tax rates for companies are different in each canton (local area), starting from 11.91% to 21.6%.

- At the federal level, a statutory tax rate levy at the rate of 8.5% for limited companies and partnerships.
- Associations, foundations and other legal Entities as well as investment funds are taxed at rate, the rate of 4.25%.
- Furthermore, VAT rate the Switzerland is the second lowest in Europe.

Individual Income tax

In Switzerland Income Tax is levied by both the Federal Government and canton. This means that the tax calculation in Switzerland is a combination of the rate set by the government and the rate in the local area. In Switzerland's the families should be considered as one unit for tax purposes.

A married couple needs to fill out a joint tax return and calculation will be based on their combined income.

In Switzerland, tax scales vary in relationship status and whether you have children. Such as, a single taxpayer must pay 11.5% federal tax when they earn more than CHF 755,200, but married people and single parents won't pay this tax rate unless they earn more than CHF 895,900.

Corporate Taxes

- A company with a registered office in Switzerland is liable for Swiss tax, while foreign companies are liable for limited taxation if they hold real estate in Switzerland.
- The federal Swiss corporate tax rate is a flat rate of 8.5%, but additional cantonal and municipal rates can vary considerably.
- The maximum corporate tax rate, including all federal, cantonal, and communal taxes is between 11.9% to 21.6%. However, a range of allowances are provided.

Formation of a company in Switzerland is a suitable option for private clients, small companies and large corporations. The followings are the main types of companies in Switzerland:

Limited Liability Company

This type of Company can be formed by at least two shareholders with a minimum share capital of CHF 20,000 and with the liability of the members limited by their contribution to the capital. At least one of the directors of the company should be a resident of Switzerland.

The Stock Corporation

The Stock Corporation can be established by at least three shareholders who will provide a share capital of CHF 100,000, and their liability is limited by their contribution. The managers must be Swiss residents and also be the shareholders of the entity.

Sole Proprietorship

One of the simplest manners to enter in the Swiss market is by registering the basic business form i.e., sole proprietorship wherein, the founder is fully liable for the company's obligations.

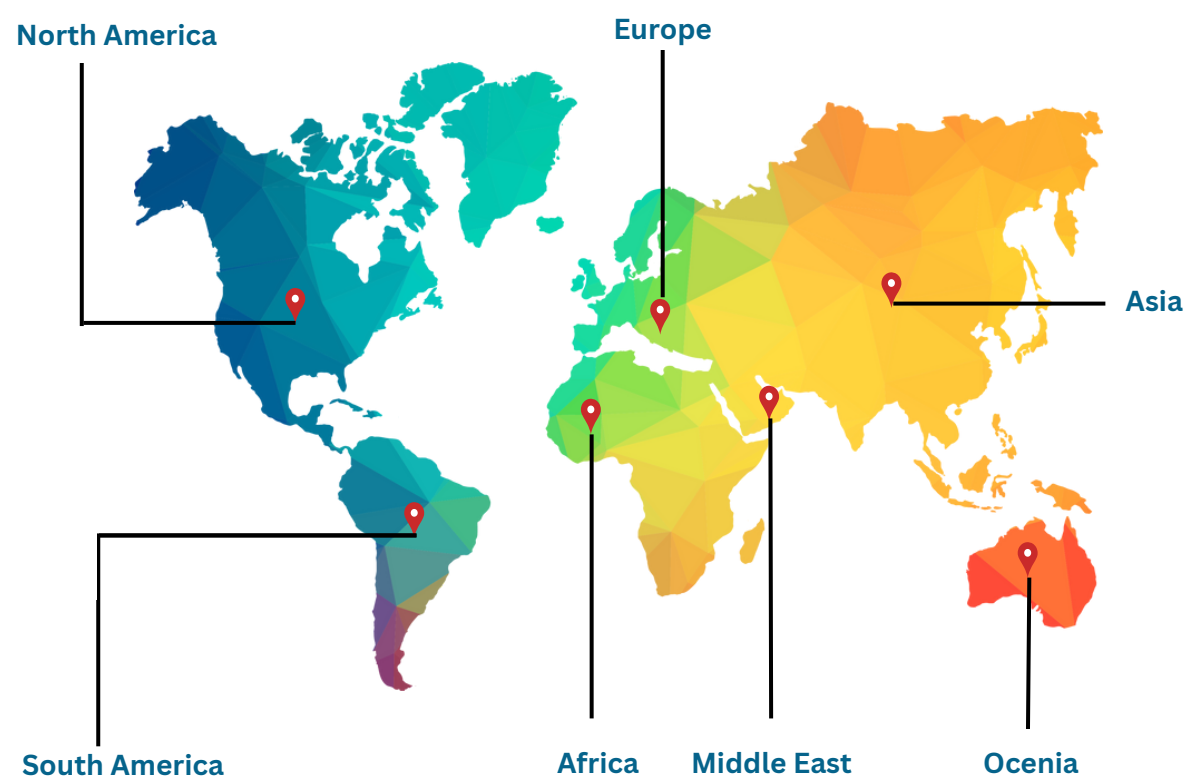
General Partnership

In Switzerland, the general partnership can be set up by minimum two members, who associate in a business for a certain purpose. There is no need to submit a minimum share capital, but the liability of the members is unlimited.

Limited Partnership

It can be formed by at least one partner who has full liability (general partner) and at least one partner with liability only up to the contribution initially brought to the entity (limited partner).

SERVING CLIENTS WORLDWIDE



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