

## **Fiscal representation for Swiss VAT**

### **1) What is it about?**

Foreign businesses that make supply goods or services on Swiss territory must in principle VAT register in Switzerland if they generate worldwide a yearly six-digit turnover in francs from supplies that are not exempt from tax<sup>1</sup>.

### **2) What is fiscal representation?**

When registering for VAT in Switzerland, foreign companies without a domicile, registered office or permanent establishment on Swiss territory must appoint a tax representative with a place of residence or business in Switzerland to represent them towards the Swiss authorities. This is called fiscal representation or tax representation.<sup>2</sup>

### **3) What is a fiscal representative doing?**

The fiscal representative clarifies the VAT liability, carries out the VAT registration and serves as the main contact person for the VAT authorities for queries. In the event of a VAT audit (which takes place at the fiscal representative's premises), the fiscal representative hosts the authority officials and provides them with support.

The fiscal representative must therefore know the business of the represented enterprise in detail and know which transactions are carried out in Switzerland.

As part of the fiscal representation, VAT Support GmbH also fills out the Swiss VAT returns and submits them electronically to the authorities.

### **4) What does fiscal representation cost?**

The fiscal representative determines the price of a fiscal representation. If you provide us your [contact details](#), we will be happy to send you our price overview.

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<sup>1</sup> [Art. 10 para. 1 let. a VAT Act](#) in conjunction with [Art. 10 para. 2 let. a and b VAT Act](#)

<sup>2</sup> [Art. 67 para. 1 VAT Act](#)

**5) Does a fiscal representation in Switzerland lead to a permanent establishment?**

The appointment of a fiscal representative does not constitute a permanent establishment in Switzerland in accordance with the direct tax provisions<sup>3</sup>.

**6) Which businesses are subject to VAT in Switzerland?**

In Switzerland, every foreign business that performs supplies in Switzerland and generates annual turnover of ≥ CHF 100,000 worldwide from supplies that are not exempt from tax is in principle subject to pay VAT<sup>4</sup>.

**7) Are there exemptions from the VAT liability for foreign businesses?**

Foreign businesses are exempt from VAT liability in Switzerland if they only perform supplies in Switzerland that fall under one of the following three categories<sup>5</sup>:

1. Supplies exempt from VAT,
2. Domestic services pursuant to [Art. 8 para. 1 VAT Act](#) ("catalogue services"); however, foreign providers of telecommunications or electronic services to recipients who are not liable to the tax, are excluded from the tax exemption;
3. Energy supplies to persons liable to the tax on Swiss territory (electricity in cables, gas via the natural gas distribution network and district heating).

**8) When does the VAT liability begin in Switzerland?**

According to the law, the VAT liability in Switzerland commences on making a supply for the first time on Swiss territory<sup>6</sup>. This point in time is primarily determined by the date of the invoice<sup>7</sup>, especially in the case of advance payments. In the case of supplies without invoicing, the VAT liability begins with the receipt of the payment<sup>8</sup>.

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<sup>3</sup> [Art. 67 para. 3 VAT Act](#)

<sup>4</sup> [Art. 10 para. 2 let. a and b VAT Act](#)

<sup>5</sup> [Art. 10 para. 2 let. b VAT Act](#)

<sup>6</sup> [Art. 14 para. 1 let. b VAT Act](#)

<sup>7</sup> If the registration is to take place earlier, the time of performance can be proven with suitable evidence such as contracts.

<sup>8</sup> Cf. [VAT Info 22, para. 1.1](#) / [VAT Info 02, para. 5.1.2](#) and [5.2.2f](#).

In practice, it has proven useful to issue a partial invoice at an early stage and to use its date of issue as the registration date. Ideally, a written contract/order already exists at this time.

Anyone who becomes liable for VAT in Switzerland must register with the authorities of their own accord in writing within 30 days of the start of the tax liability<sup>9</sup>.

### **9) Can foreign businesses register voluntarily for VAT in Switzerland?**

Businesses not established in Switzerland can only be entered in the VAT register if they provide local supplies in Switzerland<sup>10</sup>.

### **10) When does the VAT liability end in Switzerland?**

Deletion from the VAT register can take place at the end of the calendar year in which a supply was made on Swiss territory for the last time<sup>11</sup>. The foreign companies must deregister at the latest with the finalisation<sup>12</sup> of the last tax period<sup>13</sup> in which they still made supplies in Switzerland.

If a company does not deregister and it turns out that no more supplies were made in Switzerland in the following tax period, the deletion is effected retroactively to the end of the calendar year in which supplies were made for the last time. For foreign companies that are not entitled to the refund procedure due to a lack of reciprocal rights, this can lead to the reclaiming of input tax already deducted in the meantime.

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<sup>9</sup> [Art. 66 para. 1 VAT Act](#)

<sup>10</sup> [VAT Info 02, para. 5.1.2f.](#)

<sup>11</sup> [Art. 14 para. 2 let. b VAT Act](#) and [Art. 66 para. 2 VAT Act](#), cf. [VAT Info 02, no. 6.1](#)

<sup>12</sup> Finalisation is the obligation to reconcile the VAT returns with the financial statements and to report separately any errors found within 240 days of the end of the relevant fiscal year.

<sup>13</sup> Currently, the tax period is exclusively the calendar year ([Art. 34 para. 2 VAT Act](#)).

## 11) What is considered a supply of goods in Switzerland?

The term "supply of goods"<sup>14</sup> is very broadly defined in Swiss VAT law<sup>15</sup>. In contrast to European VAT law, the processing of goods is always considered a supply of goods under Swiss VAT law. All work on goods is deemed to be processing, even if the good is not altered by the work, but only tested, calibrated, regulated, checked for its function or has been treated in another way. The extent of the work is not decisive. It is also not necessary that material is used, exchanged, or added.

The following supplies shall be explicitly deemed to be supplies of goods<sup>16</sup>:

- Sale of gas, electricity, heat, energy, fuels, steam, water, etc.
- Fitting, assembly, installation, etc. of goods
- Contractual services
- Software installations at the customer's site
- Rental, chartering, leasing, repair, maintenance, upkeep, cleaning and replacement of goods
- Equipment rental with or without operating personnel (regardless of rental period)
- Provision of transmission cables for exclusive use by the tenant
- Rental of refrigerated compartments, lockers and safe deposit boxes
- Mortuary services, washing of corpses, cremation
- Parking space rental
- Lending of books, CDs etc. in libraries and archives
- Modifying, checking, adjusting and commissioning goods
- Finishing of goods
- Inclusion of advertising material (e.g., inserts, samples) in printed products
- Packaging and dispatch work
- Disposal services
- Tailoring
- Textile cleaning
- Meal services
- Mining and extraction of mineral resources (gravel, sand, lime, etc.)
- Timber felling
- Harvesting
- Soil management
- Gardening work, planting, lawn mowing, shredding garden waste, hedge trimming, tree pruning etc.

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<sup>14</sup> [Art. 3 let. d VAT Act](#)

<sup>15</sup> This has historical reasons and is one of several "Swiss VAT specialities".

<sup>16</sup> Official guidance on the delimitation is provided in [VAT Info No. 06 Place of supplies](#).

- Plant service
- Snow clearing
- Exploratory drilling
- Leaf raking
- Construction work
- Scaffolding
- Pavement works
- Road construction
- Grooming
- Veterinary treatment and other care of animals
- Forestry work
- Wintering plants

## **12) Which areas are considered domestic?**

For Swiss VAT purposes, the Swiss national territory, the Principality of Liechtenstein, the German municipality of Büsingen and the Swiss section of the EuroAirport Basel-Mulhouse-Freiburg are regarded as domestic. The Grisons valleys of Samnaun and Sampuoir are only deemed to be domestic for services, but foreign for supplies of goods<sup>17</sup>.

## **13) What documents and information are required for registration?**

In addition to the signed [declaration of tax representation for Switzerland](#), VAT Support GmbH requires an [excerpt from the commercial register](#) for as well as the information required for [online registration](#)<sup>18</sup>.

## **14) Are further sector-specific documents necessary?**

Depending on the activity, further documents are required for the VAT assessment of the business activity in Switzerland.

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<sup>17</sup> [Art. 3 let. a VAT Act](#), [Art. 1 VAT Ordinance](#) / Details in [VAT Info No., para 2.4](#)

<sup>18</sup> Cf. [VAT Info 22, para. 1.1.2](#)

### 15) How long does it take to get the VAT number?

VAT registration usually takes less than two weeks. The VAT number is sometimes available just a few days after registration.

### 16) How much is the security deposit?

Foreign companies without a registered office or permanent establishment in Switzerland must provide the Swiss Tax Administration a financial security in connection with the VAT registration. The security can be provided in two ways:

- a. Payment of a non-interest-bearing cash deposit to the account of the Federal Tax Administration
- b. Joint and several guarantee of a bank domiciled in Switzerland in favour of the Federal Tax Administration for an unlimited period.

The security deposit amounts to 3% of the expected taxable domestic turnover (excluding exports), but at least CHF 2,000<sup>19</sup>. It remains in place until the Swiss VAT registration is terminated.

### 17) What is a ZAZ (CSD) account and when does it make sense?

For companies that frequently import goods to Switzerland, it is recommended to open a Swiss customs account (ZAZ or CSD account: [link](#)) in addition to VAT registration. This requires a separate security deposit of at least CHF 2,000 (in addition to the security for VAT registration of also at least CHF 2,000).

A customs account (ZAZ/CSD account) allows to get through Swiss customs quickly, cashless and free of charge. It also brings liquidity advantages, as the Federal Office for Customs and Border Security (BAZG) debits the import duties to it and requests weekly (one ZAZ statement -per week)

- immediate payment of customs duties (few days' payment period)
- and
- payment of the import tax with a deadline of 60 days.

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<sup>19</sup> Cf. [VAT Info No. 22, para 4.2](#) and [Notice on the provision of security](#)

### **18) When must down payments be declared in Switzerland?**

The time of taxation of advance payments depends on whether the VAT is reported based on collected considerations (at the time of payment) or based on agreed considerations (on invoicing).

In the case of VAT reporting based on collected considerations, customer payments, including down payments from customers, must only be taxed at the time of payment<sup>20</sup>.

In the case of VAT reporting based on agreed considerations, the VAT liability already arises when the invoice is issued and this also applies to down payment invoices, instalment invoices or advance payment invoices.

If a payment is received without a preceding invoice, the payment date shall be decisive<sup>21</sup>.

### **19) What is the import procedure for assembly deliveries to Switzerland?**

For assembly deliveries, it is mandatory that the works supplier acts as the importer and pays the import tax when importing materials into Switzerland.

Due to the VAT registration in Switzerland, the supplier must invoice his customers for the material value and the work plus Swiss VAT. The works supplier can deduct the import tax levied in Switzerland in his Swiss VAT return.

### **20) How are imports carried out in the case of pure supplies of goods?**

If a company sells goods without carrying out work on them (e.g., delivery of equipment or parts for installation by the customer), it carries out pure supplies of goods. The place of delivery is where the transport to the customer begins<sup>22</sup>. Such a good being sent or transported from abroad to a place in Switzerland, is considered a delivery abroad.

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<sup>20</sup> [Art. 40 para. 2 VAT Act](#)

<sup>21</sup> [Art. 40 para. 1 let. c VAT Act](#)

<sup>22</sup> [Art. 7 para. 1 let. b VAT Act](#)

When importing the good into Switzerland, the customer (buyer) – in contrast to assembly deliveries – must act as the importer. The basis of assessment for the import tax is the sales price to be paid by the customer plus transport and ancillary costs to the first domestic destination. The delivery conditions are to be chosen in such a way that the customer must bear any customs duties and the import tax (avoid DDP!). The resulting turnover is not subject to Swiss VAT at the supplier's, as it relates to a delivery abroad. The invoice to the customer must therefore be issued without Swiss VAT. This also applies if the supplier is VAT-registered in Switzerland, but not for mail-order companies (see question 21 below).

Customs clearance is therefore different for parts deliveries than for assembly deliveries. If there is a desire for a uniform procedure, this is possible by obtaining the [declaration of subordination abroad](#). It allows VAT-registered companies to release certain goods for free circulation from abroad in their own name and leads to a shift in the place of delivery from abroad to Switzerland<sup>23</sup>. In simplified terms, the declaration of subordination abroad has the same effect for Swiss VAT purposes as acting as an importer in the EU. The difference, however, is that the declaration of subordination abroad must be applied for and is permanently valid, unless the customer is named as the importer for a particular import (waiver of the application of the declaration of subordination abroad).

## **21) Does Switzerland have a mail-order regulation?**

Switzerland introduced a mail-order regulation as of 1 January 2019. If the (usually) foreign supplier achieves an annual turnover  $\geq$  CHF 100,000 from small consignments for which the import tax amounts to  $\leq$  CHF 5, the place of taxation has since shifted from abroad to Switzerland. As a result, the supplier becomes liable to pay VAT in Switzerland. You can find details on this in our specialist article on the mail-order regulation: [Link](#).

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<sup>23</sup> [Art. 7 para. 3 let. a VAT Act](#) and [Art. 3 VAT Ordinance](#)



## **22) Is it necessary to have customs software?**

Companies that make numerous imports into Switzerland should consider introducing customs software that, in conjunction with a ZAZ account, makes it easier to obtain and archive electronic assessment decisions. VAT Support GmbH is working with the customs software of Trade Monkey GmbH.

## **23) What are the requirements for accounting and record-keeping?**

The provisions of [Art. 958f. of the Swiss Code of Obligations](#) on keeping and retaining accounting records apply mutatis mutandis to foreign companies that perform supplies in Switzerland. The FTA recommends that income generated and benefits paid in Switzerland be recorded in separate accounts or at least recorded with special codes<sup>24</sup>.

## **24) Can we be deleted from the VAT register at the end of the project?**

In principle, the VAT obligation in Switzerland ends at the end of the calendar year in which a supply was made on Swiss territory for the last time<sup>25</sup>. The last domestic supply is made if no further domestic supply was provided by the end of the calendar year and it is also highly likely that no domestic supply will be performed in the next calendar year either.

If this is fulfilled, the VAT registration of a foreign business in Switzerland can be terminated immediately.

## **25) When is the security deposit repaid?**

The security deposit is repaid or the guarantee is terminated when the foreign business has submitted the final VAT return, paid all its VAT and been deleted from the VAT register.

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<sup>24</sup> [Art. 70 VAT Act](#), cf. [VAT Info No. 16](#), [para. 1.6.1](#), [VAT Info No. 22](#), [para. 2.2](#) and [para. 4.1](#)

<sup>25</sup> [Art. 14 para. 2 let. b VAT Act](#), cf. [VAT Info No. 02](#), [para. 6.1](#)

## 26) What VAT rates apply in Switzerland?

The following VAT rates have applied since 1 January 2018:

Normal rate	Special rate	Reduced rate
7.7%	3.7%	2.5%

Supplies performed until 31 December 2023 are subject to the old VAT rates.

Supplies performed as of 1 January 2024 are subject to the new VAT rates:

Normal rate	Special rate	Reduced rate
8.1%	3.8%	2.6%

Our newsletter answers the most important questions about the tax rate increase:

[Link](#).

## 27) Where can I find more information?

The following publications contain further information:

- [VAT Info No. 22 Foreign businesses](#)
- [VAT Info No. 06 Place of supplies \(German\)](#)
- [VAT Info No. 02 Tax liability \(German\)](#)
- Homepage of the FTA: [Link](#)

