

INPATRIATES Switzerland

Tax facts for International Assignees



INCOME TAX: WHO IS LIABLE/RESIDENCY

Foreign nationals working in Switzerland are subject to tax based on his/her residency status:

- Residents are subject to Swiss income and wealth tax on worldwide income and wealth (unlimited tax liability). An inpatriate whose center of personal and economic interests is in Switzerland, will be considered a resident.
- Non-residents are only subject to income tax based on their earned employment income (limited tax liability). An inpatriate having his/her center of personal and economic interests outside of Switzerland is considered a non-resident.

If a foreign national working in Switzerland is deemed to be a resident in both Switzerland and their home country, reference should be made to the relevant double taxation agreement between Switzerland and the other contracting state to determine which country is entitled to claim unlimited tax liability.

Swiss taxes are levied on worldwide income and assets. Income includes the following items: Employment; Self-employment; Pension and retirement income; Immovable property (real estate, etc.); Movable property (interest, dividends, royalties, etc.); Capital gains insofar as they are realized by a taxpayer who is liable as a commercial security trader; Lottery gains.

Switzerland is a confederation that is divided into 26 cantons. Each canton determines together with every commune its own tax legislation and sets its own tax rates. As a result, each Swiss taxpayer is subject to at least two different tax laws: direct federal tax as well as cantonal and communal taxes.

Foreign nationals who are Swiss tax residents will normally have to file a Swiss tax return each year (exceptions exist) if they meet the conditions for filing a Swiss tax return (gross salary > CHF 120'000). The tax year corresponds to the calendar year. The due date for submitting the tax return is usually 31 March of the following year (extensions of deadline are possible).

If a foreign national does not meet the conditions for filing a tax return, the paid withholding tax with the monthly salary is the final tax liability.

However, there is a possibility to reclaim a portion of the Swiss withholding taxes for employees without the obligation of filing a Swiss tax return. Since the tax year 2021 the refund claim can be submitted in order to avoid double taxation on the employment income only. Please note that no deadline extension for this reclaim is possible.

Since the tax year 2021 there is also a possibility of filing a voluntary tax return in order to claim additional costs, the individual had during the tax year and are seen tax deductible in a Swiss tax return. However, filing a voluntary tax return needs to be reviewed in detail with a respective tax advisor.

REGISTRATION/FORMALITIES

Before you enter Switzerland, you must obtain a residence and work permit for the canton in which you intend to stay (exceptions exist, different rules for EU/non-EU).

All residents of Switzerland must register at the local community office where they are living within 14 days after their arrival. Foreign nationals arriving in Switzerland should register as soon as possible after their arrival and before starting work. The residence and work permit will be issued which document status (B/L permit holder, etc.).

INCOME TAX RATES

Canton	Taxable Income					Taxable Assets			
	100k	500k	1m	5m	10m	500k	1m	5m	10m
Aargau	12.38	29.12	32.23	34.04	34.26	0.29	0.33	0.42	0.43
Appenzell Ausserrhoden	15.14	29.55	30.74	30.74	30.74	0.39	0.40	0.41	0.41
Appenzell Innerrhoden	11.37	23.19	24.38	24.38	24.38	0.24	0.24	0.24	0.24
Basel Stadt	23.72	33.27	37.38	39.88	40.19	0.49	0.58	0.81	0.80
Basel-Landschaft	14.06	35.46	39.38	42.03	42.12	0.59	0.76	0.76	0.76
Bern	19.75	36.23	39.41	41.00	41.20	0.33	0.41	0.56	0.57
Freiburg	16.73	34.61	35.80	35.80	35.80	0.47	0.58	0.59	0.59
Genf	15.86	35.85	40.24	44.00	44.50	0.51	0.61	0.90	0.95
Glarus	13.95	28.88	31.48	31.48	31.48	0.35	0.35	0.35	0.35
Graubunden	13.12	29.20	31.73	32.18	32.18	0.30	0.32	0.32	0.32
Jura	17.52	34.81	37.81	39.26	39.44	0.35	0.41	0.53	0.55
Luzern	13.77	28.47	30.58	30.82	30.82	0.31	0.31	0.30	0.30
Neuenburg	18.36	35.77	37.37	37.95	38.03	0.52	0.68	0.68	0.68
Nidwalden	12.31	24.38	25.56	25.55	25.55	0.14	0.13	0.13	0.13
Obwalden	14.77	23.11	24.30	24.30	24.30	0.14	0.14	0.14	0.14
Schaffhausen	13.29	29.93	31.11	31.10	31.10	0.33	0.46	0.46	0.46
Schwyz	12.25	24.26	26.85	26.85	26.85	0.22	0.22	0.22	0.22
Solothurn	16.07	32.11	33.67	33.66	33.66	0.23	0.22	0.29	0.28
St. Gallen	15.38	32.07	33.26	33.26	33.26	0.44	0.44	0.44	0.44
Tessin	15.11	34.75	37.97	39.71	39.93	0.35	0.44	0.48	0.48
Thurgau	13.64	28.67	31.12	32.13	32.25	0.29	0.29	0.29	0.29
Uri	15.88	24.17	25.35	25.35	25.35	0.21	0.20	0.20	0.20
Vaud	18.76	38.56	41.50	41.50	41.50	0.53	0.65	0.77	0.78
Wallis	13.86	33.44	35.56	36.31	36.41	0.46	0.53	0.63	0.63
Zug	7.49	21.19	22.38	22.38	22.38	0.14	0.21	0.26	0.27
Zuerich	12.72	32.36	36.76	39.33	39.65	0.11	0.19	0.48	0.57

SOCIAL SECURITY TAX

Foreign nationals working in Switzerland for a Swiss employer are required to contribute to the Swiss social security system (AHV/IV/EO, AVS/AI/APG) unless they maintain a foreign social security system based on a totalization agreement. The benefits include old age, survivors and disability pensions (pillar 1). The contributions amount to 10.6% (5.3% + 5.3%) of uncapped employment income, borne half by the employee and half by the employer (percentages valid for calendar year 2022).

Further, there is a contribution for Unemployment Insurance (ALV, AC). The 2022 rates are 2.2% on a capped salary of up to CHF 148,200. In addition, a solidarity contribution of 1% has been introduced on employment income above CHF 148,200. The contributions are also borne half by the employee and half by the employer.

Contributions for the pension fund (pillar 2) are based on the individual pension agreement and

calculated on the basis of the annual gross salary. The contributions are mostly borne 50% by the employer and the employee. Other types of contributions are possible.

In addition to the mandatory pillar 1 and pillar 2, Switzerland has also a voluntary pension scheme (pillar 3). A contribution into pillar 3 is tax deductible when filing a Swiss tax return.

All employees are covered by law for workplace accidents (contribution is made by the employer). Additionally, they are covered for leisure accidents if they are working at least eight hours per week for the same employer (employer can reclaim a portion of the contributions from the employees).

Health care is not covered by the Swiss social security system and it is therefore a legal requirement to take out medical insurance with a Swiss insurance company soon after the arrival (exceptions exist).

For further information and to register for future updates contact expat@bdo.global

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