

Handbook for Investors

# SWITZERLAND AS A BUSINESS LOCATION



Cover image: Stock image

© SWITZERLAND GLOBAL ENTERPRISE  
January 2023  
All rights reserved

# Welcome



**Guy Parmelin**  
Swiss Federal Council  
Director, Swiss Federal Department of Economic  
Affairs, Education, and Research (EAER)

Dear reader,

Switzerland is one of the world's leading locations; regular top positions in international rankings testify to this. Its innovative and competitive companies, excellent universities, first-class experts and excellent infrastructure form a strong foundation.

But we do not want to rest on our laurels with these achievements. As Director of the Swiss Federal Department of Economic Affairs, Education and Research (EAER), I am committed to maintaining and further consolidating these excellent conditions. We are thus cultivating and strengthening Switzerland to be a location that is attractive both now and in the future. We want it to enable local and international companies as well as research institutes from all sectors to keep performing at their best. These companies must remain consistently on the right path so they can assert themselves in global competition. If these conditions are met, our country can continue to score points with its performance, quality and innovation in the future.

The Swiss economy has mastered the international challenges of recent years very well, thanks not least to the good conditions, but above all thanks to the productivity and innovativeness of local companies.

We want your company to become part of this success story. An initial guide for the choice of location can be found in this manual. To help you learn more about the specific advantages and the circumstances of individual location factors, the settlement specialists from Switzerland Global Enterprise and the cantons here in Switzerland, and also those in the Swiss Business Hubs abroad, are on hand to advise you. They are very familiar with the concerns and needs of international companies as well as Switzerland's economic fabric and can actively support you.

We look forward to seeing you!

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Guy Parmelin  
Swiss Federal Council

## Investment Promotion

As part of its remit from the Swiss Confederation (State Secretariat for Economic Affairs SECO) and the cantons, S-GE provides potential foreign investors with information about the particular strengths and operating conditions of Switzerland as a business location. Its services for foreign companies include assessing the potential of their projects before they are presented to the cantons. S-GE assists the cantons by presenting Switzerland as a business location abroad and by coordinating the activities of all the bodies involved.



The image shows a modern, multi-level atrium with a large glass dome ceiling. In the foreground, a black information sign for the University of St. Gallen (Universität St. Gallen) is visible. The sign features the university's logo and lists various programs and departments, including the Hans Ulrich Auditorium, and provides contact information for the Executive Campus HSG, St. Gallen.

EG	UG
14-006-14-018	Diplomstudium Logistikmanagement / Modul 2 / Verkehrsmanagement
14-028	Business Engineering Accelerated 2013
14-021	Executive MBA HSG / Lehrgang 41
14-030-14-034	TNE 2013
14-U113-14-U114	ES-HSG / Wirtschaftsrecht für Manager
15-001-15-002	Universität St. Gallen / St. Galler Finanz- und Controlling-Zertifikat 2013
15-003-15-004	Hypo-Akademie



# Table of Contents

<b>SWITZERLAND – YOUR BUSINESS LOCATION</b>	<b>8</b>	2.3.5 Blockchain.....	37
<b>INNOVATION AND TECHNOLOGY</b>	<b>10</b>	2.3.6 Life Sciences.....	37
Research and Development Hub.....	11	2.3.7 Engineering.....	38
Leading Industries and Technologies.....	12	2.3.8 Information and Communication Technology (ICT).....	38
Strong Education System.....	13	2.3.9 Finance.....	39
<b>SECURITY AND TRUST</b>	<b>14</b>	2.3.10 Headquarters in Switzerland.....	39
Reliable Governance.....	15	<b>3 ECONOMIC FRAMEWORK</b>	<b>40</b>
Liberal Labor Market.....	16	3.1 Economic Freedom.....	41
Sound Financial and Capital Market.....	17	3.2 International Exchange of Goods and Services.....	42
Attractive Taxes.....	18	3.2.1 Free Trade Agreements, WTO, and Elimination of Trade Barriers.....	42
Easy Start-Up Process.....	19	3.2.2 Customs and Excise.....	42
<b>ENVIRONMENT AND LIFE</b>	<b>20</b>	3.2.3 Rules of Origin.....	43
Unique Quality of Life.....	21	3.3 Protection of Free Competition.....	43
International Environment.....	22	3.4 Protection of Intellectual Property.....	43
Reliable Infrastructure.....	23	3.4.1 Patents.....	43
<b>1 SWITZERLAND – FACTS AND FIGURES</b>	<b>24</b>	3.4.2 Trademarks.....	44
1.1 Geography.....	25	3.4.3 Design.....	45
1.2 Climate.....	25	3.4.4 Copyright.....	45
1.3 Political System.....	26	3.5 Product Regulations and Product Liability.....	45
1.3.1 Federal Structure.....	26	3.5.1 Foodstuffs.....	46
1.3.2 Separation of Powers at Federal Level.....	26	3.5.2 Pharmaceutical Products.....	46
1.3.3 Direct Democracy and the Concordance System.....	27	3.5.3 Medical Devices.....	46
1.3.4 Political Stability and Social Harmony.....	27	3.6 Land Use Planning and Environmental Protection.....	47
1.4 Public Finance.....	28	3.6.1 Building and Zoning.....	47
1.5 Neutrality.....	28	3.6.2 Environment.....	47
1.6 Population.....	28	<b>4 SWITZERLAND AND EUROPE</b>	<b>48</b>
1.7 Cosmopolitanism and International Outlook.....	29	4.1 Trade and Direct Investments.....	49
1.7.1 Languages and Origins.....	29	4.2 Political and Economic Cooperation.....	49
1.7.2 International Organizations.....	29	4.2.1 Free Movement of Persons.....	50
<b>2 ECONOMIC STRUCTURE</b>	<b>30</b>	4.2.2 Schengen Agreement.....	50
2.1 Gross Domestic Product and Industry Structure.....	31	4.2.3 Elimination of Technical Barriers to Trade.....	50
2.2 International Integration.....	34	4.2.4 Research.....	50
2.2.1 Goods and Services Trade.....	34	4.2.5 Rail, Road, and Air Transport.....	50
2.2.2 Direct Investments.....	35	4.2.6 Public Procurement in Switzerland.....	51
2.3 Important Technologies and Industries.....	36	4.2.7 Trade in Agricultural Products.....	51
2.3.1 Artificial Intelligence.....	36	4.2.8 Taxation of Savings Income.....	51
2.3.2 Robotics.....	36	4.3 The Euro.....	51
2.3.3 Advanced Manufacturing.....	36	<b>5 ESTABLISHING AND MANAGING A COMPANY</b>	<b>52</b>
2.3.4 Personalized Health.....	37	5.1 Corporate Structures.....	53
		5.1.1 Stock Corporation (AG).....	54

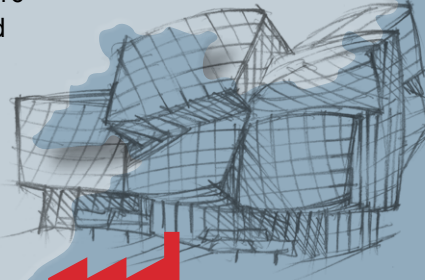
5.1.2	Limited Liability Company (GmbH)	54	8.4	Working Hours and Holidays	81
5.1.3	Branch Office	57	8.4.1	Normal Working Hours, Maximum Working Hours, and Working Time Models	81
5.1.4	Limited Partnership for Collective Investment	57	8.4.2	Overtime and Excess Hours	81
5.1.5	Sole Proprietorship	57	8.4.3	Daytime and Evening Work	81
5.1.6	General Partnership	57	8.4.4	Night Work, Working on Sundays and Holidays	82
5.1.7	Joint Venture	57	8.4.5	Leave and Public Holidays	82
5.1.8	Ordinary Partnership	57	8.5	Termination and Short-Time Work	82
5.2	Accounting	57	8.5.1	Notice Periods and Termination Protection	82
5.3	Auditing	57	8.5.2	Short-Time Work and Mass Layoffs	83
5.4	Revision of Company Law	58	8.6	Social Insurance	83
5.5	Establishing a Company	58	8.6.1	Old-Age and Survivors' Insurance	85
5.5.1	Process	58	8.6.2	Disability Insurance	85
5.5.2	Entry in the Commercial Register	59	8.6.3	Accident Insurance	85
5.5.3	Costs of Forming a Company	59	8.6.4	Health Insurance and Daily Sickness Insurance	85
			8.6.5	Compensation for Loss of Income, Maternity Benefits, Paternity Leave	85
			8.6.6	Unemployment Insurance	86
			8.6.7	Occupational Pension Funds	86
			8.6.8	Family Allowances	86
			8.7	Recruitment	87
			8.7.1	Public Employment Service	87
			8.7.2	Private Employment Agencies	87
			8.7.3	Headhunters	87
			8.7.4	Staffing/Temporary Employment Agencies	87
<b>6</b>	<b>VISAS, RESIDENCE PERMITS, AND WORK PERMITS</b>	<b>60</b>	<b>9</b>	<b>FINANCIAL CENTER AND CAPITAL MARKET</b>	<b>88</b>
6.1	Entering the Country and Visas	61	9.1	Banks	89
6.1.1	Visa Requirements	61	9.1.1	Structure and General Conditions	89
6.1.2	Visa Procedure	62	9.1.2	Supervision	90
6.2	Temporary and Permanent Residence	62	9.1.3	Services	90
6.2.1	Family Reunification	63	9.1.4	Protection of Deposits	91
6.3	Residing in Switzerland without Gainful Employment	63	9.2	Swiss Stock Market: SIX Swiss Exchange	91
6.3.1	Stays of up to 3 Months	63	9.3	Business Lending and Real Estate Financing	92
6.3.2	Longer Stays	63	9.3.1	Financing of Current Business Activity	92
6.3.3	Special Case: Students	64	9.3.2	Mortgages	93
6.4	Residing in Switzerland with Gainful Employment	64	9.4	Risk Capital	93
6.4.1	Recognition of Foreign Qualifications	64	9.4.1	Venture Capital	93
6.4.2	Residence and Employment for EU/EFTA Citizens	66	9.4.2	Business Angels	94
6.4.3	Residence and Employment for Non-EU/EFTA Citizens	66	9.4.3	State Support	94
6.4.4	Trainees/Interns	67	9.5	Interest and Capital Costs	95
6.5	Naturalization	67	9.6	Inflation	95
<b>7</b>	<b>REAL ESTATE</b>	<b>68</b>	<b>10</b>	<b>OVERVIEW OF THE SWISS TAX SYSTEM</b>	<b>96</b>
7.1	Looking for the Right Property	69	10.1	Taxation of Corporate Taxpayers	97
7.1.1	Residential and Commercial Real Estate	69	10.1.1	Corporate Income Tax – Federal Level	97
7.1.2	Temporary Accommodation / Furnished Apartments	69	10.1.2	Corporate Income Tax – Cantonal and Municipal Level	98
7.2	Commercial Real Estate	70	10.1.3	Capital Tax	99
7.2.1	Renting	70	10.1.4	Tax Relief	99
7.2.2	Buying	71	10.2	Tax Rate in International Comparison	100
7.3	Residential Real Estate	72	10.3	Taxation of Individual Taxpayers	101
7.3.1	Renting	72	10.3.1	Personal Income Tax	101
7.3.2	Buying	73	10.3.2	Wealth Tax	102
7.4	Building Permits	74	10.3.3	Expatriates	102
7.5	Purchase of Real Estate by Persons Abroad	74	10.3.4	Cross-Border Commuters	102
7.5.1	No Permit Required	74	10.3.5	Lump-Sum Taxation	103
7.5.2	Permit Required	75	10.3.6	Inheritance and Gift Tax	103
7.5.3	Reasons for Permit	75	10.4	Withholding Tax	104
7.5.4	Enforcement	75	10.4.1	Domestic Rates	104
			10.4.2	Treaty Rates	104
<b>8</b>	<b>LABOR MARKET AND LABOR LAW</b>	<b>76</b>			
8.1	Employment and Unemployment	77			
8.2	Cost of Labor	78			
8.2.1	Wages	78			
8.2.2	Non-Wage Labor Costs	78			
8.2.3	Productivity	78			
8.3	Employment Contracts and Employee Representation	79			
8.3.1	Individual Employment Contract	79			
8.3.2	Collective Bargaining Agreements	80			
8.3.3	Co-Determination and Employee Representation	80			

10.4.3	Bilateral Agreements with the EU	105	13.3.2	House Rules and Maintenance	134
10.5	Value Added Tax	105	13.4	Telephone, Internet, and TV	134
10.5.1	Taxable Persons	105	13.5	Insurance	135
10.5.2	Taxable Supplies	106	13.6	Public Transport	135
10.5.3	Taxable Amount	106	13.7	Leisure Activities	135
10.5.4	Tax Rates	106	13.7.1	Recreational and Cultural Offers	135
10.5.5	Excluded and exempt revenue	106	13.7.2	Associations and Volunteer Work	136
10.5.6	Deduction of Input Taxes	107	13.8	Income and Cost of Living	136
10.5.7	Exports	107			
10.5.8	International Business Activity	107	<b>14</b>	<b>INVESTMENT PROMOTION</b>	<b>138</b>
10.5.9	Non-Resident Enterprises	108	14.1	Responsibilities and Services	139
10.6	Other Taxes	108	14.2	Promotional Policy and Instruments	140
10.6.1	Stamp Taxes	108	14.2.1	Cantonal Promotion	140
10.6.2	Real Estate Taxes	108	14.2.2	Tax Relief as Part of Regional Policy	140
10.7	Double Tax Treaties	109	14.2.3	Switzerland Innovation	141
10.8	Transfer Pricing Rules	109	14.2.4	Innosuisse – Swiss Agency for Innovation Promotion	141
10.9	BEPS 2.0	109	14.2.5	Technology Parks and Business Incubators	141
<b>11</b>	<b>INFRASTRUCTURE</b>	<b>110</b>	<b>15</b>	<b>APPENDIX</b>	<b>144</b>
11.1	Transportation	111	15.1	International Network	145
11.1.1	Road Traffic	111	15.1.1	Swiss Business Hubs Investment Promotion	145
11.1.2	Rail	112	15.2	National Network	146
11.1.3	Shipping and Navigation	112	15.2.1	Cantonal Business Promotion Agencies	146
11.1.4	Air Travel	113	15.2.2	Intercantonal Location Promotion Organizations	147
11.2	Communication	115	15.3	List of Figures	148
11.3	Energy	116			
11.4	Water	116			
11.4.1	Drinking Water	116			
11.4.2	Waste Water Disposal and Water Pollution Control	117			
11.5	Post	117			
11.6	Healthcare	117			
11.6.1	Medical Care	117			
11.6.2	Health Insurance	117			
<b>12</b>	<b>EDUCATION AND RESEARCH</b>	<b>118</b>			
12.1	Schooling and Vocational Training	119			
12.1.1	Basic and Further Education	119			
12.1.2	Vocational Training	122			
12.2	Further Education	122			
12.3	Universities and Colleges	122			
12.3.1	Universities and Institutes of Technology	122			
12.3.2	Universities of Applied Sciences	124			
12.3.3	Executive MBA (EMBA) Programs	124			
12.4	International Private Schools and Boarding Schools	125			
12.5	Research and Development	125			
12.5.1	Conducting Research in Switzerland	125			
12.5.2	International Collaborative Research	127			
12.6	Switzerland Innovation – The Swiss Innovation Park	128			
12.6.1	Innovation Focus Areas	128			
12.6.2	Switzerland Innovation Parks	128			
12.6.3	Target Audience	129			
12.6.4	Services	129			
<b>13</b>	<b>LIVING IN SWITZERLAND</b>	<b>130</b>			
13.1	Safety and Quality of Life	131			
13.2	Relocation and Integration	133			
13.2.1	Moving	133			
13.2.2	Language Courses	133			
13.3	Renting an Apartment	133			
13.3.1	Deposits and Rental Agreements	133			

Exclusively for purposes of better legibility, gender-specific terms will not be used in this brochure. All personal terms are thus to be understood as gender neutral.

# SWITZERLAND – YOUR BUSINESS LOCATION

Switzerland is the most competitive business center in the world. There are numerous good reasons to locate a business in Switzerland: innovation and technology, a liberal economic system, political stability, close links with foreign markets, excellent education and healthcare systems, an outstanding infrastructure, a high standard of living, and a competitive tax system.



Globally leading education system



Leading Industry Clusters:

- Life Sciences
- Engineering
- ICT



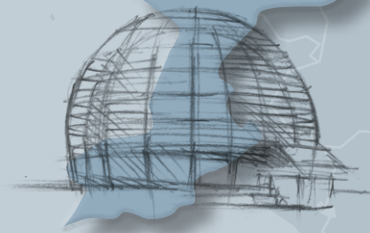
Leading technology ecosystems

- Artificial Intelligence (AI)
- Robotics
- Advanced Manufacturing
- Personalized Health
- Blockchain

## INNOVATION + TECHNOLOGY



World's most innovative country



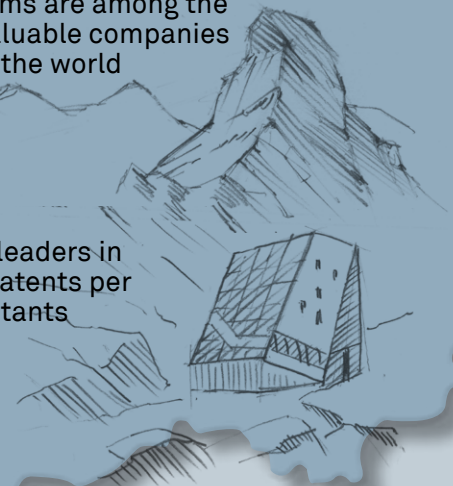
One of the happiest nations in the world




3 Swiss firms are among the 50 most valuable companies in the world




Among the world leaders in the number of AI patents per million inhabitants








Motivated workforce:  
No general strikes for  
more than 100 years




Most attractive country  
for highly qualified foreign  
workers


## SECURITY + TRUST




Employees with significant  
international experience



World's highest  
purchasing power




World's best working  
conditions




Multilingual employees  
with 4 national languages  
plus English


## ENVIRONMENT + LIFE



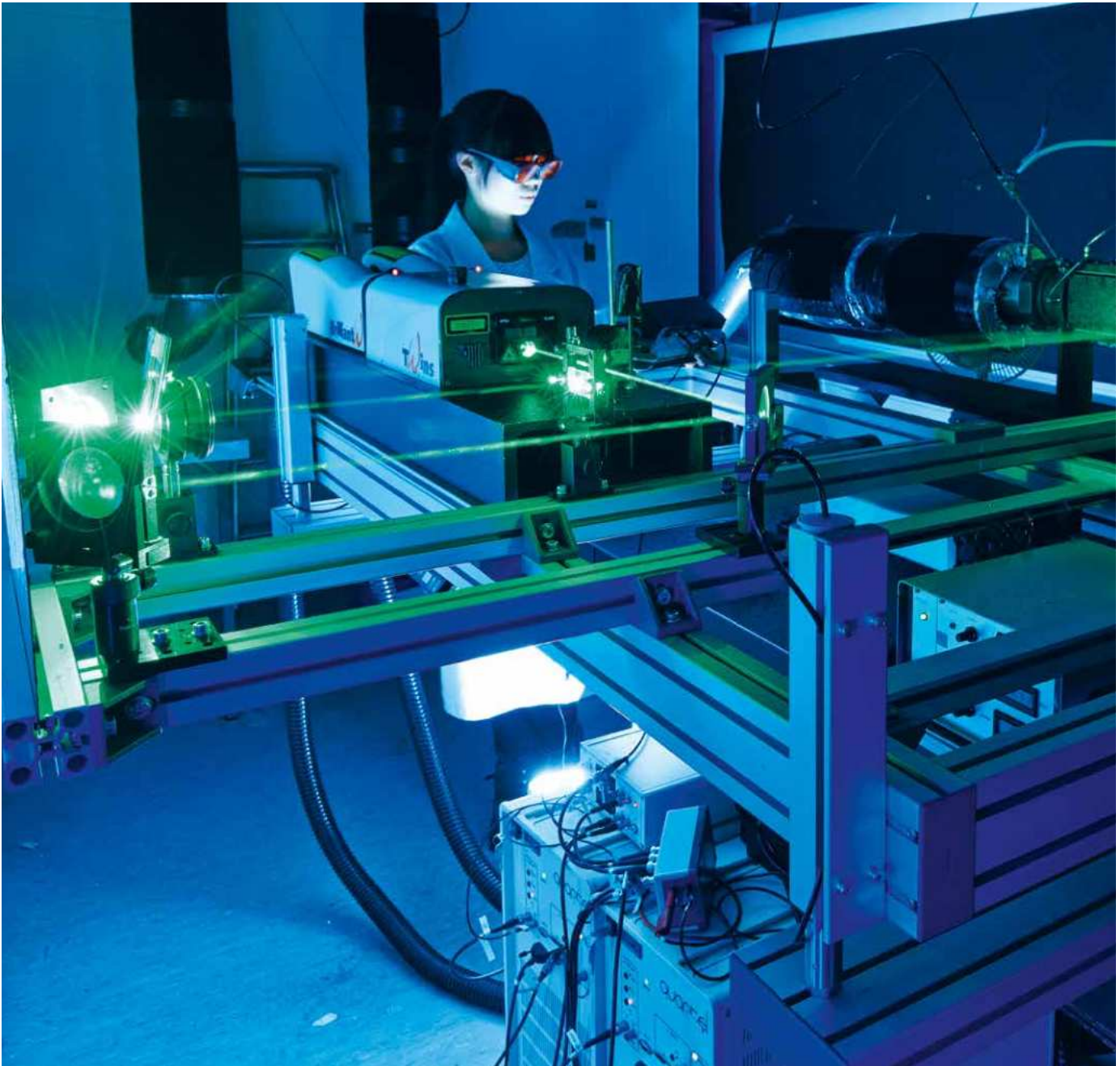
Highest macroeconomic  
and political stability



Among the top 10 most  
popular countries for  
expatriates



3 in the top 15:  
Swiss cities offer a very  
high standard of living



# INNOVATION AND TECHNOLOGY

Three of Switzerland's strengths are especially prominent: high degree of innovation, supremely educated workforce and first-class scientific research organizations. Cutting-edge technologies and a business-friendly climate also contribute to our country's productivity.

**Image**  
Swiss Federal Laboratories for Materials  
Science and Technology (EMPA),  
Dübendorf



## Research and Development Hub

Image  
UCB Farchim, Bulle

### WORLD-CLASS UNIVERSITIES AND RESEARCH

Switzerland invests more than 3% of its GDP in research and development, one of the highest percentages in the world. More than 60 universities help to ensure the highest level of professional work. They work closely with the international research community and take part in scientific partnerships. They connect with industry through the exchange of knowledge and technology, support innovative start-ups, and establish strong spin-offs. Organizations and companies from Switzerland and abroad value the country's excellent research platform and its role as an international innovation hub. No wonder so many companies are based here, from biopharmaceutical giants Bristol-Myers Squibb and Roivant Sciences to the research centers of Disney and Google.

Almost half of Swiss workers are employed in knowledge-intensive industries. High-tech products form an important pillar of the country's economic success and excellent reputation. Around one quarter of all high-tech products are exported. This underlines the innovation potential of the Swiss economy, which holds a leading position in international rankings. Intellectual property is effectively protected through patent, trademark, design, and copyright law. In 2021, more than 8,000 patent applications were filed in Switzerland. This is the seventh highest figure in the world and it is the highest figure worldwide per capita. Switzerland's international leadership in research is also apparent in the number of Nobel Prize laureates per capita: Here, too, Switzerland is far ahead.

### CROSS-BORDER COOPERATION

As an important center of research, Switzerland attracts highly qualified foreign researchers. Several internationally important institutions are based here. For example, the European Organization for Nuclear Research CERN, the Swiss Center for Electronics and Microtechnology CSEM and the Paul Scherrer Institute (PSI). CERN is considered to be one of the most important centers in the world for basic research in physics. It was here, in the late 1980s, that the World Wide Web was developed.

The Swiss research community actively participates in the cross-border exchange of knowledge. It is well integrated in the cooperation networks of major European nations and covers a wide spectrum of research fields. Albert Einstein once studied and taught at the Swiss Federal Institute of Technology in Zurich (ETHZ). And he's far from being the only one: ETHZ has always welcomed foreign researchers and lecturers; indeed more than half of its professors are non-Swiss.





## Leading Industries and Technologies

Image  
Smart Factory, digital manufacturing,  
stock image

- Artificial Intelligence (AI)
- Robotics
- Advanced Manufacturing
- Personalized Health
- Blockchain

### A STRONG LOCATION FOR STRONG BUSINESSES

Significant international companies choose to locate their headquarters in Switzerland, a highly industrialized technology location with leading research institutions. The excellent collaboration between academia and industry in Switzerland ensures the rapid transfer of technology in the field of research and development. Three Swiss groups, Roche, Nestle, and Novartis, are among the 50 most valuable companies in the world. More than 850 multinational companies have their regional or global headquarters here, including giants like Johnson & Johnson, Google, Japan Tobacco, Medtronic, and Adidas.

### A UNIQUE COMBINATION OF INDUSTRY CLUSTERS

Switzerland has world-renowned universities and research institutes in the field of artificial intelligence (AI). Thanks to legislation favorable to data protection and the proximity to top research, prestigious major tech corporations like Google, IBM, and Microsoft conduct their AI research from Switzerland. Thanks to outstandingly educated ICT specialists, Switzerland has an excellent base for further growth and innovation in the field of digitization technologies.

Based on a long tradition in the machine, electrical engineering, metalworking, and watchmaking industries, a highly industrialized precision cluster has developed in Switzerland and is taking up a leading position in the area of robotics and advanced manufacturing in the digital shift era. Various international companies such as ABB, Oerlikon, Schindler, and Hamilton are optimizing their existing production processes in Switzerland with digital solutions.

Switzerland has one of the most well-established life sciences clusters in the world. As a leading neutral location for global company headquarters, it is extremely attractive for global chemical and pharmaceutical companies such as BeiGene, Takeda, and Biogen, which have located their headquarters and production here. Thanks to this traditional strength in life sciences as well as considerable know-how in ICT, Switzerland is optimally equipped for the new era of personalized health, in which data is integrated into the healthcare system.

Switzerland's decentralized, grassroots political system provides the ideal environment for crypto technologies. Crypto Valley, originating in Zug, has now become a global hub for international development in blockchain technology. Blockchain technology is used in the fields of supply chain management, the insurance industry, energy provision, and logistics. The new DLT legislation came into force in 2021. Switzerland thus has one of the most progressive legislations in the world, which creates room for innovative projects and completely new business models.





## Strong Education System

**Image**  
Swiss Federal Institute of Technology  
Lausanne (EPFL)

### HIGHLY SKILLED WORKFORCE

Excellent, practice-oriented basic education, renowned private and boarding schools, and world-class universities and technical colleges – these are the ingredients for the success of Switzerland’s top-level educational landscape. These factors provide businesses in Switzerland with substantial, lasting benefits. In Switzerland, investors find well-educated, multilingual, motivated, and loyal employees. It is hardly surprising that Google and Oracle, two of the world’s most attractive employers, have chosen to be located in Switzerland. Major international companies work in close partnership with regional universities and recruit large numbers of highly educated employees from this high-quality pool.

The Swiss education system combines practice-oriented vocational training with outstanding university education. This dual system fuels the economy’s capacity for innovation and creativity. Low unemployment rates, even among young people, testify to the strength of the Swiss education system.

### WORLD-CLASS STATE AND PRIVATE SCHOOLS

Public schools in Switzerland enjoy an excellent reputation – and with good reason. Students regularly achieve very good results in international PISA assessments. In mathematics, Switzerland’s mean is statistically significantly above the OECD average. Swiss universities regularly occupy top places in international university rankings. Four Swiss universities rank among the world’s top 100: the Zurich and Lausanne Federal Institutes of Technology and the Universities of Basel and Zurich. In fact, the first two are classed among the 40 best universities in the world.

The state school system is complemented by several hundred private and boarding schools. Internationally oriented families will find a tailor-made education system for them. Some staff members of foreign companies often stay in Switzerland only temporarily. Their children receive education in their native language or take part in international education at numerous international schools. They are well prepared for school-leaving exams in their home country, be it the Abitur, the Baccalaureate, or the admission requirements for a U.S.-American university.



# SECURITY AND TRUST

The Swiss economy is one of the most liberal and competitive economies in the world. Low capital costs, a stable currency, strong purchasing power, moderate taxation, a federal state system, and economic and political stability guarantee a high level of security for investments in Switzerland.





## Reliable Governance

Image  
Bundesplatz, Bern

### **POLITICAL STABILITY: FERTILE GROUND FOR BUSINESS**

Switzerland's federal structures create strong links between government, business, and civil society. The government is lean, consisting of the seven-member Federal Council. Each member is appointed Federal President for one year on a rotating basis. The constituent states of the Swiss Confederation, the 26 cantons, enjoy a large degree of autonomy, particularly in healthcare, education, and culture. Municipalities enjoy autonomy as well: each municipality – around 2,150 in all – decides its tax rate independently. Swiss citizens can participate directly in the political process through referendums, initiatives, and plebiscites. The stable political situation guarantees a high degree of dependability for business and practical decisions that are well supported by the population.

### **INDEPENDENCE IN THE HEART OF EUROPE**

It takes one to two hours by plane to travel from Switzerland to Europe's major economic centers. A multilingual country, Switzerland is situated in the heart of Europe, combines different cultures, and borders three of the four biggest markets in Europe: Germany, France, and Italy. Their languages are also national languages of Switzerland, spoken by many Swiss alongside English.

There are close economic relations between Switzerland and Europe. The European Union is Switzerland's most important trade partner: around half of all Swiss exports go to EU countries and two thirds of all imports come from the EU. A comprehensive free trade agreement and bilateral agreements enable the free movement of goods and services even without EU membership. Through this agreement, Switzerland is fully integrated in the EU market, with its around 4500 million consumers, while remaining politically independent. More than 30 free trade agreements with more than 40 partners compliment the EFTA Convention and the Free Trade Agreement with the EU. Swiss free trade policy creates ideal conditions for trading goods and services with important partners. Agreements with all important industrial nations ensure that companies are only taxed in one country.



## Liberal Labor Market

Image  
Application situation, studio shot

### **EMPLOYERS AND EMPLOYEES: A SOLID PARTNERSHIP**

Swiss labor law is very liberal and the labor market is subject to very few regulations. This is one of the factors that has made the Swiss economy one of the most productive in the world. Unemployment is low – especially in comparison with other countries. There is an active social partnership between employers and trade unions: conflicts are resolved around the negotiating table. Strikes are very rare in Switzerland; the last general strike occurred more than 100 years ago.

Swiss workers are generally well-educated and multilingual with above-average international experience. They are motivated, reliable, and dedicated employees. Switzerland is an attractive place to work for many foreign workers. A dual system applies to the employment market: persons pursuing gainful employment from EU/EFTA states get easy access to the Swiss labor market thanks to the agreement on the free movement of persons. Work permits for citizens of other countries (third-party states) are allocated by quota.

### **A MODEL SOCIAL INSURANCE SYSTEM**

Switzerland has a large network of social insurance providers that offer extensive protection against risks with financial consequences to people who live and work in the country, as well as their families. Provision for retirement is based on three pillars: state, employer, and individual contributions. The individual shoulders a high degree of personal responsibility. This means that contributions for companies and insured parties are correspondingly moderate.





## Sound Financial and Capital Market

Image  
Paradeplatz, Zurich

### **EXCELLENT STABILITY AND PURCHASING POWER**

Switzerland is among the countries with the highest purchasing power in the world. The stable Swiss franc is a central pillar of national competitiveness. Switzerland is a byword for economic and monetary stability. Even in times of global turmoil, prices change moderately and the Swiss franc is still one of the most sought-after currencies for reserve and diversification purposes.

SIX Swiss Exchange gives companies access to an international circle of investors. Those seeking capital will find committed long-term oriented backers offering advantageous conditions. The state also plays a role in promoting an investment-friendly climate, for example through tax relief for venture capital financing. Healthy competition in the banking sector testifies to the functioning Swiss money market, which also greatly benefits business.

### **THE SECURITY AND KNOW-HOW OF A LEADING FINANCIAL CENTER**

Geneva and Zurich are among the most important financial locations in the world. This success is rooted in the stable and future-oriented basic conditions. Swiss companies like UBS, Swiss Re, and Zurich Financial Services enjoy an excellent reputation around the globe in their core competencies of private banking, asset management, and insurance. Private and business customers benefit in equal measure from the wide range of financial and insurance products and services. The Swiss stock exchange draws many domestic and foreign companies and is Europe's leading stock exchange for life science companies. Globally in-demand blue chips in corporations such as ABB, Alcon, Clariant, and Givaudan are traded here.



## Attractive Taxes

Image  
Tax return, stock image

### AN INTERNATIONALLY COMPETITIVE TAX SITUATION

Switzerland's federal tax system is a successful model: taxes are determined and levied at the federal, cantonal, and municipal levels. Domestic tax competition plays a significant role in the very low rates of taxation. A debt brake introduced in 2003 obliges the government to maintain a balance between revenue and expenditure. The most attractive cantons in tax terms are international leaders with regard to both corporate taxes and the tax imposed on highly skilled workers.

### MODERATE TAXES FOR INDIVIDUALS AND BUSINESSES

On a national level, companies are taxed on profit after taxes with a corporate income tax rate of just 8.5%. Alongside the income taxes levied by the cantons and municipalities, a combined tax burden of between around 12% and around 22% applies, depending on the canton. If a company creates jobs in certain regions in Switzerland with an investment project, it may even be granted a full or partial tax exemption. Double taxation in Switzerland and abroad can in many cases be avoided based on double taxation treaties. Such agreements exist with all important trade partners, such as the United States, the United Kingdom, Germany, France, Italy, China, and many other countries.

The relationship between taxpayers and tax authorities is distinguished by its constructive, pragmatic thinking. Notable companies for tax consultancy and auditing also value this form of trusting cooperation.

With BEPS 2.0, the OECD wants to improve tax fairness between traditional and digital companies. Switzerland wants to adopt the OECD minimum taxation rules. In August 2022, the Swiss government opened the consultation on the ordinance regarding minimum taxation of large corporate groups (Minimum Taxation Ordinance, MindStV). This temporarily regulates minimum taxation in Switzerland by means of a supplementary tax. The new regulations are expected to enter into force on January 1, 2024.



## Easy Start-Up Process

Image  
Business plan, stock image

### SET UP YOUR BUSINESS WITHOUT THE RED TAPE

Companies and individuals can set up a new business quickly and easily. In most cases it only takes two to four weeks to legally establish a company and the cost is usually between 3,000 and 9,500 Swiss francs.

International founders are very welcome and enjoy wide-ranging support. Under the principle of economic freedom (formerly freedom of trade), any person in Switzerland can essentially run a business, set up a company, or own a share in a company. The only requirement: an authorized signatory for the company must be domiciled in Switzerland; however, they do not necessarily need to be a Swiss citizen.

### EASY TO MOVE IN

Switzerland Global Enterprise offers valuable support, providing potential foreign investors with information about the general framework, what Switzerland has to offer as a business location and the procedures for setting up a company in the country. If a company has clear criteria for its new location, the economic development agencies of the respective canton will help to coordinate the project locally. Banks, consultants, trust companies, and specialized lawyers can all provide assistance on specific issues. Extensive support is also available online, from tips on writing a business plan to registering a company in the commercial register.

Companies that relocate to Switzerland usually choose the legal form of an incorporated company, either an Aktiengesellschaft (stock corporation) or a Gesellschaft mit beschränkter Haftung (limited liability company). It is possible to set up a Swiss subsidiary as a sole proprietorship, general partnership, or limited partnership online.





# ENVIRONMENT AND LIFE

Switzerland inspires talented individuals to create and achieve. It's a country where work, innovation, creativity, leisure time, family, and recreation are optimally balanced. With a vibrant cultural life, beautiful scenery, and high-quality real estate, Switzerland offers a high standard of living.





## Unique Quality of Life

**Image**  
Neuenburg Old Town, Neuchâtel  
Copyright by Vincent Bourrut

### **SPORT, LEISURE, RECREATION, AND CULTURE**

From the High Alps to the fertile central plateau and the Mediterranean ambiance of Ticino, Switzerland has a richly diverse landscape that inspires both residents and visitors, all packed into a small area. In the summer you can swim in crystal-clear lakes and rivers and enjoy the fresh air. Yet the nearest town is never far away, because with the short distances you can reach any destination quickly and comfortably, whether by rail, bus, car, or boat. Switzerland's major cities, including Zurich, Geneva, Basel, and Bern, are ranked as some of the most attractive cities in the world in the Mercer quality of living survey. No wonder Switzerland has been found to be one of the world's happiest nations.

It's the perfect place for people who love sports and the outdoors. Summer or winter, the legendary Swiss mountains invite you to enjoy the stunning surroundings. The cultural life is characterized by diversity in a multilingual, cosmopolitan environment. Museums, foundations, galleries, festivals, and independent bodies promote both Swiss and international art. Switzerland hosts numerous cultural events with international appeal: the Montreux Jazz Festival, the Neuchatel International Fantastic Film Festival, Art Basel, Festival del film in Locarno, and the Zurich Film Festival, to name just a few.

### **FIRST-CLASS VENUES FOR SEMINARS AND CONFERENCES**

First-class hotels with excellent facilities attract people seeking relaxation and well-being as well as seminar and conference participants. There are good reasons why the World Economic Forum (WEF) draws leading business and political figures to the paradise resort of Davos every year. By choosing to hold a business event in Switzerland, organizers are opting for variety and authenticity. And thanks to the short distances, there is never far to travel for things to see and do.



## International Environment

Image  
United Nations (UN), Geneva

### **COSMOPOLITANISM AND TOLERANCE**

Foreign workers and companies value the international outlook of the Swiss, who are characterized by their tolerance and linguistic and cultural diversity. Switzerland is one of the most popular destinations for expats. Conversely, foreign workers and companies make an important contribution to Switzerland's prosperity.

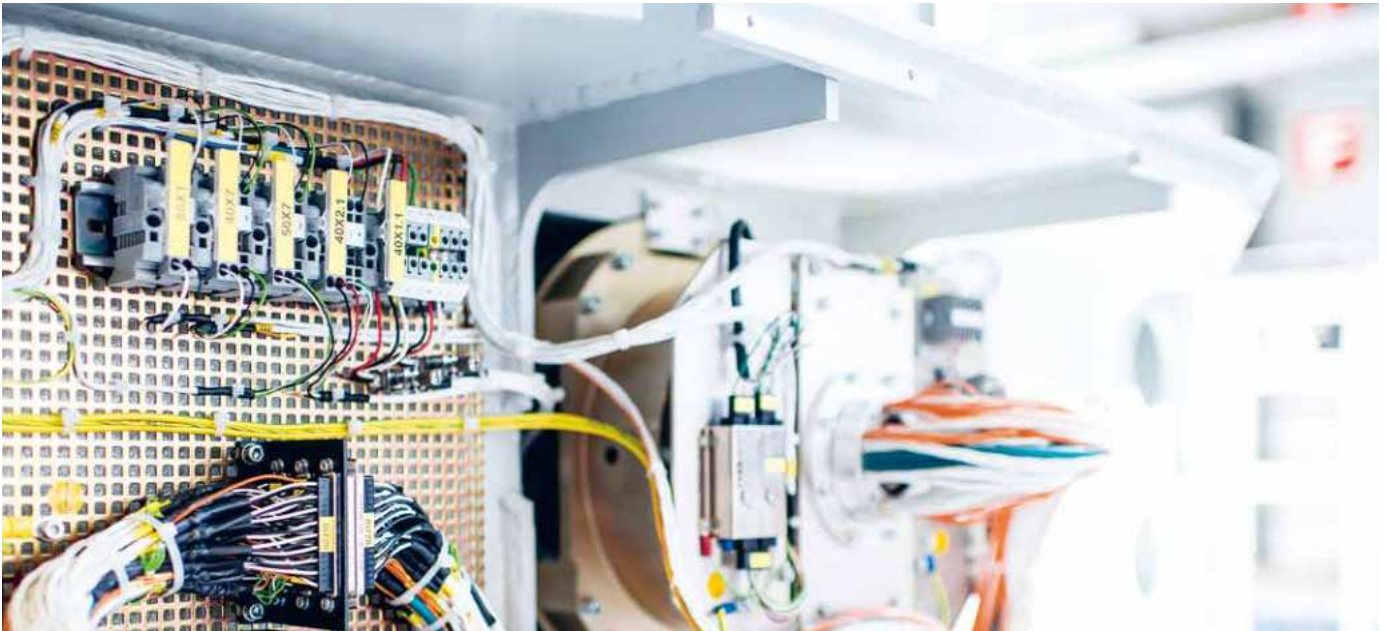
Switzerland is an open country. For visits of up to three months a valid travel document is usually sufficient. Citizens of some countries require a visa, which can be obtained from the Swiss representation in their country. Residence and permanent residence permits are issued by the cantonal migration offices. A permit is required to work in Switzerland for more than three months. The Swiss employer will usually take care of the necessary formalities.

### **NEUTRALITY AND INTERNATIONAL COOPERATION**

Diplomacy, humanitarian engagement, and international networking are at the heart of Switzerland's policy of neutrality. Switzerland has been a member of the United Nations since 2002 and has been actively involved in UN specialized agencies for much longer. Switzerland will also have a seat on the UN Security Council from 2023 to 2024. The country also participates in economic organizations such as the European Free Trade Association (EFTA). In addition, it represents the interests of countries that do not maintain diplomatic relations with certain third countries.

As neutral territory, Switzerland is the ideal location for politically sensitive meetings and conferences. It is for this reason that so many international organizations, like the World Health Organization (WHO) and the United Nations, have their headquarters in Switzerland. Geneva is one of the most important centers of international cooperation in the world. It is also the headquarters of the World Trade Organization (WTO) – the legal and institutional foundation of the multilateral trading system and the only organization to regulate trade relations between states at global level. Switzerland is also home to the International Olympic Committee (IOC), UEFA, FIFA, and more than 60 other international sports organizations, in most cases the global or European headquarters.





## Reliable Infrastructure

Image  
Acutronic, Olten

### MOBILITY AND SECURITY IN THE HEART OF EUROPE

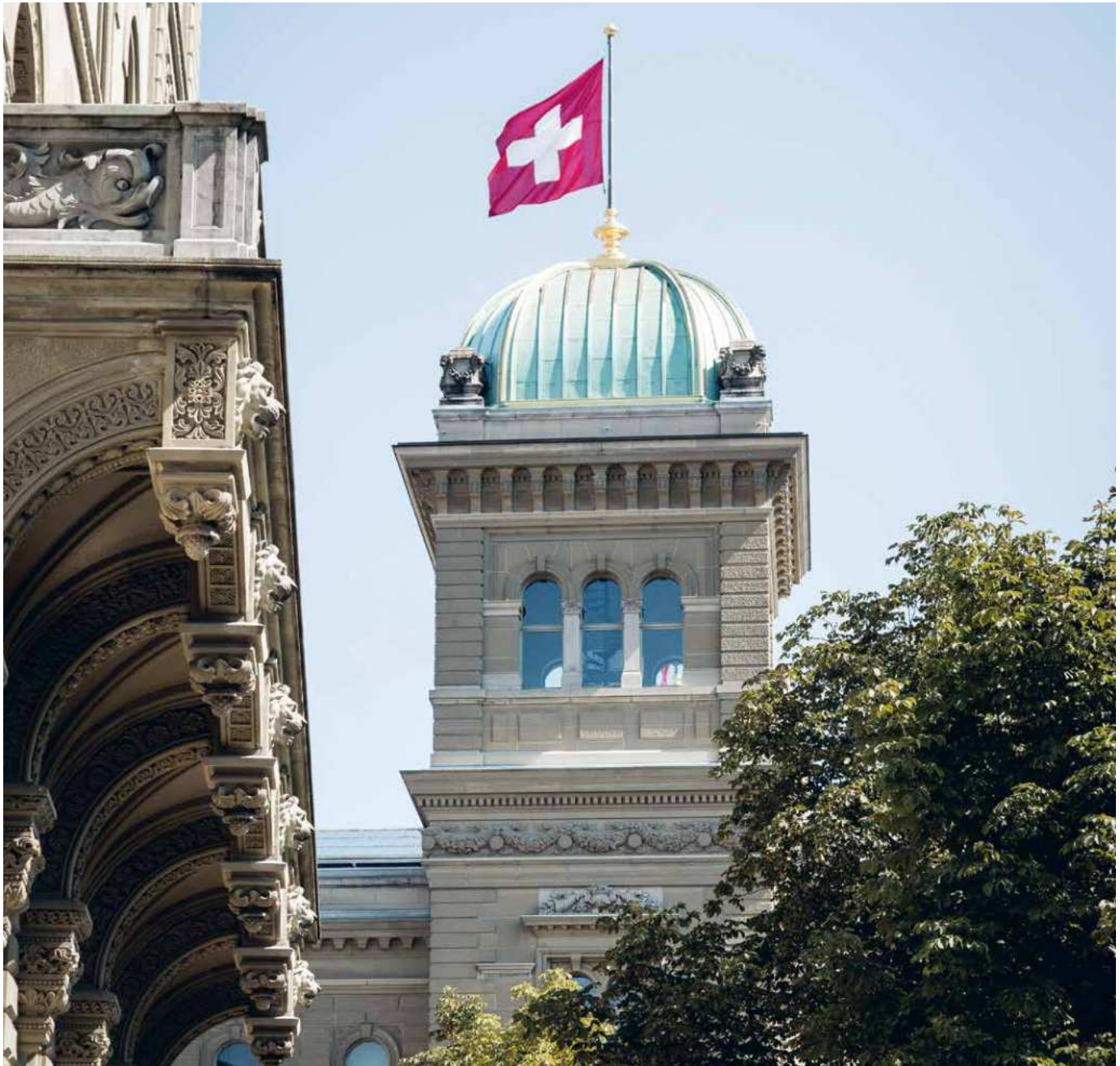
Switzerland has excellent transport links. Three international airports in Zurich, Geneva, and Basel provide direct flights to all major destinations in Europe and overseas. Switzerland's excellent road network is one of the most dense in the world and is seamlessly linked to Europe's major routes. Urban and rural areas are connected by reliable rail and bus services. The Gotthard Base Tunnel, opened in 2016, is of huge importance not only for Switzerland but also for the whole of Europe. The longest railroad tunnel in the world connects people and goods more quickly, more frequently, and more reliably along the north-south axis. In terms of transport policy, this means a shift of heavy goods traffic from road to rail. Switzerland is thereby offering a high-quality solution to the constantly changing logistics requirements.

Whether you are looking for a private building for your business, a technology park or serviced offices, there is an enormous choice of high-quality, attractive commercial real estate. The regulations governing the purchase of real estate by foreigners have been much relaxed in recent years.

### RELIABILITY AND COMPLETE COVERAGE

A well developed infrastructure meets the requirements of even the most demanding users in the information age. Leading IT companies such as Google, Huawei Technologies and the Walt Disney Company have chosen to locate in Switzerland and depend on the security and reliability of Swiss infrastructure and data technology. Switzerland also boasts a stable energy and water supply network that covers the entire country. As the "reservoir of Europe" the country makes significant use of renewable hydropower.

The Swiss healthcare system is among the best in the world. Complete medical care of the highest standard is provided by highly trained staff in medical practices, state-funded hospitals, and numerous private and specialist clinics. The Swiss have one of the longest life expectancies on the planet at an average of 83 years.



# SWITZERLAND – FACTS AND FIGURES



1.1	Geography.....	25
1.2	Climate .....	25
1.3	Political System.....	26
1.4	Public Finance .....	28
1.5	Neutrality.....	28
1.6	Population.....	28
1.7	Cosmopolitanism and International Outlook.....	29



Nestled between the Alps and the Jura mountains, Switzerland is a communications and transport center between northern and southern Europe – a place where European cultures and languages meet. No other country offers such great variety in so small an area. The Swiss economy's high degree of development exists thanks to a liberal economic system, political stability, and close integration with the economies of other countries. The state creates the necessary framework and only intervenes when this serves the interests of society at large. The high-quality education system and outstanding infrastructure form the basis for the competitiveness of the Swiss economy.

## 1.1 GEOGRAPHY

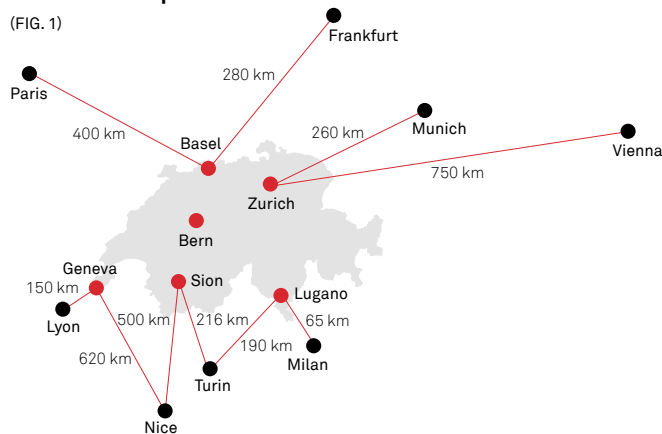
The total area of Switzerland is 41,285 square kilometers. The Swiss landscape is characterized by chains of hills, rivers and lakes, forests, and grassland. The Swiss Alps, the hilly Mittelland region that stretches from Lake Constance to Lake Geneva, and the Swiss Jura, a long range of fold mountains, form the three main geographical areas of the country. The Central Plateau accounts for 30% of Switzerland's total area and is home to two thirds of its population. Most industrial locations are to be found in the Central Plateau region. Due to its central location, Switzerland is a place where different cultures intersect and, at the same time, a communications and transportation hub between northern and southern Europe.

As a reservoir for Europe's water, Switzerland has around 1,500 lakes as well as numerous rivers. The two largest Swiss lakes are shared with the country's neighbors: Lake Geneva (Lac Léman) is shared with France in the southwest and Lake Constance is shared with Germany and Austria in the northeast.

[www.swissworld.org](http://www.swissworld.org)  
Switzerland – Facts and Figures

### Reference Map

(FIG. 1)



Source: compiled by the author

## 1.2 CLIMATE

The Swiss climate is characterized by a mild climate with moderate heat, coldness, and humidity. In the summer months, temperatures in the day range between 18°C and 28°C, and in the winter months, between -2°C and 7°C. In spring and fall, temperatures in the day lie between 8°C and 15°C. Temperatures in Switzerland depend primarily on the altitude. The Alps act as a clear climatic divider between northern and southern Switzerland. As its weather comes primarily from the direction of the Mediterranean, the South enjoys much milder winters than the North.

[www.meteoschweiz.ch](http://www.meteoschweiz.ch)  
Weather and Climate

## 1.3 POLITICAL SYSTEM

### 1.3.1 Federal Structure

Switzerland is a nation created of its own will and formed from several ethnic groups with different languages and religions. The modern Swiss state was founded in 1848. Before this time, Switzerland consisted of a loose association of independent cantons. The abbreviation CH for Switzerland, as found in Internet addresses, for example, dates back to the official Latin name “Confoederatio Helvetica”.

The state has a federal structure and is divided into three political levels: municipal, cantonal, and federal. The federal government is responsible for everything assigned to it under the constitution, such as foreign and security policy, customs and excise, the monetary system, national legislation, and defense. By global comparison, the 26 cantons have a high degree of control. Health-care, education, and culture are among the political areas in which they have a great deal of influence. As small and flexible political entities, the cantons also compete with each other in various areas. The proximity of politics to the business community and citizens is achieved through the federal structure, in which many public functions are executed at cantonal or municipal level. These in turn have a certain amount of autonomy and can thus implement solutions which are designed to meet local requirements.

[www.ch.ch](http://www.ch.ch)  
Online information from the federal, cantonal, and municipal administrations

### 1.3.2 Separation of Powers at Federal Level

In accordance with the federal constitution, the Swiss people are the “sovereign” of the country – in other words, the highest political body, responsible for electing parliament. Every citizen with voting rights also has the right to participate in shaping the constitution and the law by means of referendum or initiative.

The legislative body at the federal level is the parliament, which consists of two chambers: the National Council, representing the people with 200 members, and the Council of States, representing the 26 cantons with a total of 46 members. The National Council is elected directly by the people every four years; each canton forms one constituency. Cantonal representation is based on population, although each canton is entitled to at least one representative.

The federal government is known as the Federal Council, and it operates as a collegial body. Each of its seven members, who are elected by the Federal Assembly comprising the members of both chambers, heads one of the seven departments (ministries). The presidency of the government rotates between the Federal Councilors on an annual basis.

The highest jurisdiction in Switzerland is enforced by the Federal Supreme Court in Lausanne. There is also the Federal Insurance Court in Lucerne, the Federal Criminal Court in Bellinzona, and the Federal Administrative Court in St. Gallen.

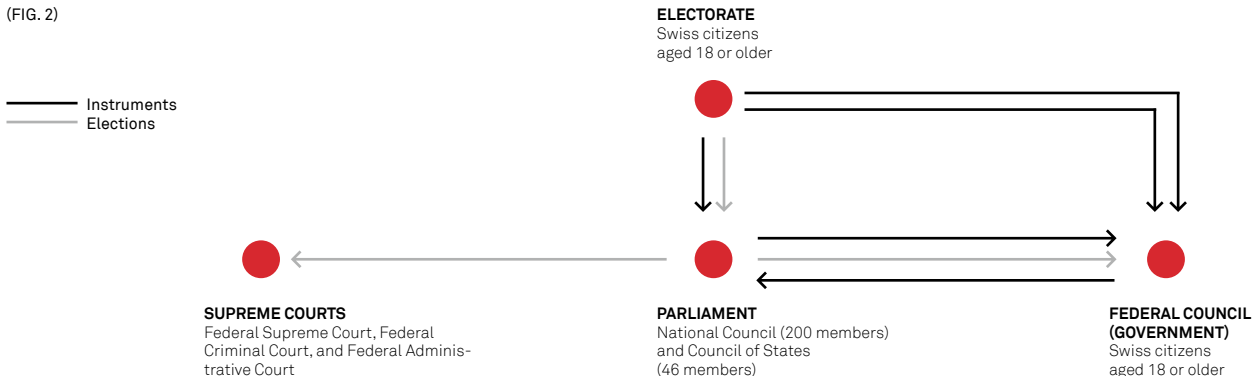
[www.bger.ch](http://www.bger.ch)  
Federal Supreme Court/Insurance Court

[www.bstger.ch](http://www.bstger.ch)  
Federal Criminal Court

[www.bvger.ch](http://www.bvger.ch)  
Administrative Court

## The Swiss Political System

(FIG. 2)



Source: Presence Switzerland

### 1.3.3 Direct Democracy and the Concordance System

There is hardly any other country where the electorate has such wide-ranging rights as it does in Switzerland. Citizens can request that a change or addition be made to the constitution by means of a popular initiative, or they may decide on parliamentary resolutions after the event by means of a referendum. Switzerland's long tradition of democracy, its relatively small size and population, high level of literacy, and a wide variety of media are all factors which are key to the functioning of this special form of government. As a rule, the electorate is called upon to vote on federal bills four times a year.

A unique feature of Swiss politics is the concordance system. For decades, the most important political parties have put forward the seven Federal Councilors in a kind of coalition. Equally, not only those who win the elections have a seat in parliament; all parties are represented proportionally by number of votes. Resolutions are reached with varying majorities, depending on respective interests. Thus, as many groups as possible have the opportunity to express their opinions on a topic and contribute to achieving a broad-based compromise. This striving for consensus on the basis of the principles of collegiality and concordance contributes significantly to Switzerland's political stability.

### 1.3.4 Political Stability and Social Harmony

Studies on personal security and prosperity, social coherence, and political stability have shown that Switzerland regularly leads all international comparisons in this regard (Fig. 3). The Swiss attach great importance to their independence. Despite the close proximity of different cultures and language groups, domestic stability is considerable. There is a high degree of tolerance and personal freedom. The relationship between employers and employees or their representatives is generally cooperative. Both sides are committed to resolving issues by negotiation. Thanks to this social harmony, the general level of prosperity in Switzerland has been rising for decades.

[www.admin.ch](http://www.admin.ch)  
Swiss Federal Authorities

#### Political Stability

Political direction: stable = 10, unstable = 0  
(FIG. 3)

1	Switzerland	9.50
2	Denmark	9.49
3	Finland	9.12
5	Sweden	8.65
6	Germany	8.55
7	The Netherlands	8.50
8	Luxembourg	8.49
9	China	8.44
11	Singapore	8.36
16	Australia	7.80
18	India	7.57
19	Japan	7.54
20	Canada	7.39
22	Ireland	7.25
23	France	7.11
24	Austria	6.79
32	United Kingdom	5.98
38	USA	5.56
45	Korea Republic	4.29
46	Italy	4.12

Source: IMD World Competitiveness Center 2022



## 1.4 PUBLIC FINANCE

In spite of the effects of the Corona pandemic, Switzerland lives up to its reputation as a stable country. The rate of inflation lies well below that in the EU and the most important industrialized nations. This is also true for unemployment, which is regularly below 4%. Interest rates in Switzerland are also traditionally low, while the savings rate is high (national saving as a percentage of GDP in 2021: 26.5%).

The public spending ratio measures expenditure by public administrations as a percentage of the gross domestic product (GDP). It includes spending by public authorities and the mandatory social insurances. In Switzerland, this ratio was 35.2% in 2021. Many European countries have a ratio of well above 50%.

The country is in a healthy financial situation. This applies to the financial budget of the central state, the federal government, and the cantons and municipalities. The deficit ratio was 0.5% of the nominal gross domestic product in 2021. As the economic recovery from the Corona pandemic progresses, the fiscal position of public budgets is expected to normalize in 2022.

National debt is also below that of most countries in Europe. Total public sector debt amounts to 27.5% of GDP (2021). Compared to the average national debt ratio of EU countries (88.1% 2021), Switzerland's ratio is extremely low. Most European countries have much higher levels.

[www.efv.admin.ch](http://www.efv.admin.ch)  
Federal Finance Administration (EFV)

**Switzerland's national debt is far below that of most countries in Europe.**

## 1.5 NEUTRALITY

In terms of foreign policy, Switzerland acts in accordance with the principle of neutrality. However, this does not in any way mean that it is an outsider on the world stage: Switzerland has been a member of the UN since 2002 and also plays an important role in the UN's specialized agencies. Furthermore, Switzerland has always played and still plays an active part in important economic organizations, such as the European Free Trade Association (EFTA).

Switzerland has been neutral since 1515, which was also acknowledged by the great European powers after the Napoleonic Wars in 1815. No other country in Europe can look back on such a long tradition of neutrality. Since the end of the Cold War, Switzerland has relaxed its definition of neutrality. As the role of NATO changed and it started to perform more peacekeeping missions, Switzerland signed up to the NATO Partnership for Peace in 1996. Thanks to its neutrality, Switzerland often acts as a mediator. In some cases, Swiss diplomats also represent the interests of countries which have no official contact with each other. Switzerland offers its neutral territory as a location for meetings and conferences of particular political delicacy.

[www.eda.admin.ch](http://www.eda.admin.ch)  
Federal Department of Foreign Affairs (EDA)

## 1.6 POPULATION

The permanent resident population of Switzerland was around 8.7 million at the end of 2021. Approximately 25% of the population is of foreign nationality. Life expectancy is one of the highest in the world: 81.7 years for men and 85.7 years for women. The settlement structure is relatively decentralized and therefore not overly crowded: more than two thirds of the population lives in the five largest cities (Zurich, Geneva, Basel, Bern, and Lausanne) and their greater metropolitan areas.

There are four official national languages: German, French, Italian, and Romansh. In northern, eastern, and central Switzerland, the prevailing language is German, with the Swiss German dialect being used in everyday conversation. French is spoken in the western part of the country, as well as some parts of the Mittelland; Italian is spoken in the south (Ticino), and Romansh in certain parts of the canton of Grisons. The English language is very widespread in Switzerland.

[www.statistik.admin.ch](http://www.statistik.admin.ch)  
Swiss Federal Statistical Office (FSO)

## 1.7 COSMOPOLITANISM AND INTERNATIONAL OUTLOOK

### 1.7.1 Languages and Origins

Most Swiss nationals speak at least one foreign language, which they learn in elementary school. English is also increasingly included in the curriculum at an early stage. Due to the country's openness – including in terms of immigration – the range of languages actually spoken and used for communication is wide. In international business, English is very much in evidence alongside the national languages, and is used by many managers.

The co-existence of various language groups and different religions, and the large proportion of foreign residents result in a high degree of openness and tolerance. This makes it easier for foreign companies to conduct business from Switzerland. Although Europe is Switzerland's most important business partner, it also has very close relationships with other markets, particularly the U.S. and Asia. The financial centers of Zurich and Geneva in particular are melting pots of diverse cultures. In terms of culture, too, Switzerland has a tradition of tolerance and openness. Its neutrality means it has access to all countries, and it also welcomes reciprocal contact. This diversity has made it easy for both global companies and numerous international organizations to settle in Switzerland.

### 1.7.2 International Organizations

Because of its political independence and conscious commitment, also to international understanding, Switzerland serves as a platform for many international organizations including the UN with its headquarters in Geneva. Around 250 NGOs in consultative status with the UN also have their headquarters in Switzerland.

## Most Cosmopolitan Economies

(FIG. 4)

Rank		Globalization Index overall
1	<b>Switzerland</b>	<b>91</b>
2	The Netherlands	90
3	Belgium	90
4	Sweden	89
5	United Kingdom	89
6	Germany	88
7	Austria	88
8	Denmark	88
9	Finland	87
10	France	87
11	Ireland	86
12	Luxembourg	85
18	Canada	84
20	Singapore	83
22	Italy	83
24	USA	81
36	Korea Republic	78
41	Japan	75
65	Hong Kong	67
86	India	63

Source: KOF Globalization Index 2022, as of 2020



# ECONOMIC STRUCTURE

# 2

2.1	Gross Domestic Product and Industry Structure .....	31
2.2	International Integration .....	34
2.3	Important Technologies and Industries .....	36



One of the most liberal and competitive economies in the world, Switzerland has always maintained close economic ties with other countries. A secure legal system, long-term stable fundamentals for investors, relatively little regulation, and the proximity to research institutions make it the location of choice in Europe for businesses offering high-quality products and services.

## 2.1 GROSS DOMESTIC PRODUCT AND INDUSTRY STRUCTURE

Switzerland's per capita gross domestic product was the third largest in the world in 2021 (see Fig. 5). The per capita GDP is above the EU average. The service sector generates over 70% of the gross domestic product. Comprising over 25% of GDP, the industrial sector is also an important mainstay of the economy. Key sectors are the pharmaceutical industry, the financial sector, ICT, and the mechanical, electrical engineering and metal industry. The Swiss economy is strongly export-oriented; the ratio of export trade to the gross domestic product is one of the highest in the world. The EU plays a key role here, accounting for 47% of exports and 61% of imports (2021).

Small and medium-sized enterprises (SMEs) dominate the Swiss economic landscape. More than 99% of companies have fewer than 250 full-time employees. However, Switzerland is also home to multinational companies that account for around one third of the country's value creation. They employ nearly 1.5 million people, with the result that one in three jobs is at a multinational concern. Employees are highly motivated, possess a keen sense of responsibility, and are very loyal to their company. These typical Swiss characteristics are responsible for the quality and service ethos in both the industrial and service sectors.

### Gross Domestic Product per Capita (Nominal)

in thousands of US dollars

(FIG. 5)

1	Luxembourg	137
2	Ireland	100
3	<b>Switzerland</b>	<b>92</b>
4	Norway	89
5	Singapore	73
7	USA	69
9	Denmark	68
11	Sweden	61
12	The Netherlands	58
14	Austria	53
16	Canada	52
17	Belgium	52
18	Germany	51
20	Hong Kong	50
22	United Kingdom	47
23	France	45
26	Japan	39
27	Italy	35
28	Korea Republic	35

Source: IMF Online 2022, as of 2021

Nearly 80% of people employed in Switzerland work in the service sector. The industrial sector accounts for nearly 21% (see Fig. 6). Although the industrial sector is increasingly diminishing in importance in advanced industrialized countries, in Switzerland the absolute number of people working in the secondary sector has remained stable for nearly 20 years.

### Industry Structure and Shares of Workforce

(FIG. 6)

INDUSTRY	WORKFORCE (2 <sup>ND</sup> QUARTER 2022)	
	in 1,000	in %
<b>Total (not including agriculture and forestry)</b>	<b>5,316</b>	<b>100%</b>
<b>Sector II Total</b>	<b>1,107</b>	<b>20.82%</b>
Mining and mineral extraction	5	0.09%
Processing and manufacturing	682	12.83%
Energy	31	0.58%
Water supply and purification	21	0.40%
Construction	368	6.92%
<b>Sector III Total</b>	<b>4,209</b>	<b>79.18%</b>
Vehicle trading, maintenance, and repair	624	11.74%
Transport and warehousing	252	4.74%
Hospitality	255	4.80%
Information and communication	193	3.63%
Financial and insurance services	244	4.59%
Real estate and housing	73	1.37%
Professional, scientific, and technical occupations	486	9.14%
Other economic services	369	6.94%
Public administration	216	4.06%
Education	395	7.43%
Healthcare and social services	807	15.18%
Arts, entertainment, and leisure	113	2.13%
Other services	181	3.40%

Source: Swiss Federal Statistical Office (FSO), employment statistics (BESTA), 2022

In international competitiveness indexes, Switzerland has occupied one of the top spots for many years. Switzerland scores highest for innovativeness, a strong education system, and a flexible labor market.

### International Competitiveness Ranking

Overall score from 1 to 100

(FIG. 7)

1	Denmark	100.0
2	<b>Switzerland</b>	<b>98.9</b>
3	Singapore	98.1
4	Sweden	97.7
5	Hong Kong	94.9
6	The Netherlands	94.3
7	Taiwan, China	93.1
8	Finland	93.0
9	Norway	93.0
10	USA	89.9
11	Ireland	89.5
13	Luxembourg	87.8
15	Germany	85.7
17	China	83.9
23	United Kingdom	78.5
27	Korea Republic	75.6
28	France	74.3
34	Japan	66.6
37	India	66.0
41	Italy	65.0

Source: IMD World Competitiveness Center 2022

Switzerland is also one of the world's leading innovators. In 2021, it was ranked as the world's most innovative country for the eleventh consecutive year, leading the Global Innovation Index.

### Global Innovation Index

Overall score from 0 to 100

(FIG. 8)

1	Switzerland	65.5
2	Sweden	63.1
3	USA	61.3
4	United Kingdom	59.8
5	Korea Republic	59.3
6	The Netherlands	58.6
7	Finland	58.4
8	Singapore	57.8
9	Denmark	57.3
10	Germany	57.3
11	France	55.0
12	China	54.8
13	Japan	54.5
16	Canada	53.1
18	Austria	50.9
19	Ireland	50.7
20	Norway	50.4
25	Australia	48.3
29	Italy	45.7
46	India	36.4

Source: INSEAD, The Global Innovation Index 2021

Switzerland is the world's most innovative country. It stands out primarily because of its innovation output, offering an ideal environment for innovation and proving its strength through the high maturity of the market and the economy.



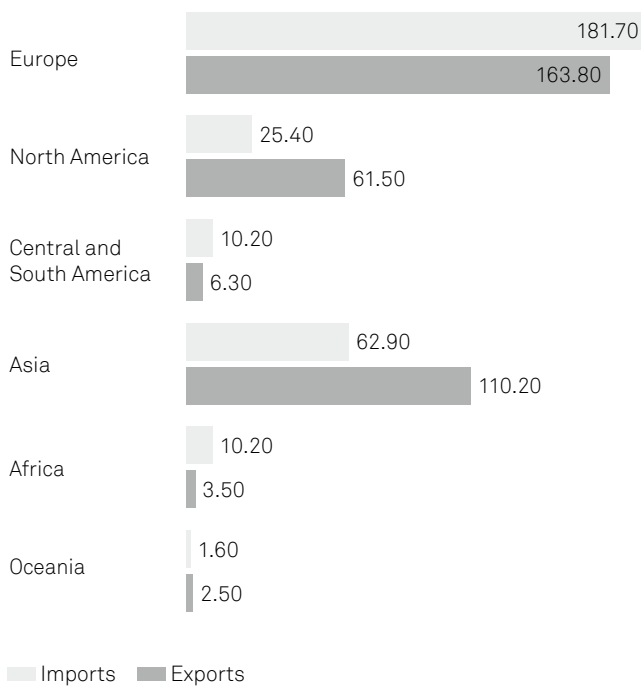
## 2.2 INTERNATIONAL INTEGRATION

As the Swiss domestic market is small and the country lacks natural resources (apart from water), Swiss companies have been forced to seek and cultivate abroad what have often been their key markets since the advent of industrial production. Due to this necessity to open the country to the outside, Switzerland is an important player in world trade. As a result, Switzerland has taken a leading role among the important exporters in world trade, with regard to both goods and services.

### Foreign Trade by Economic Area

Imports and exports (billions CHF), 2021

(FIG. 9)



Source: Federal Office for Customs and Border Security (FOCBS), 2022

### 2.2.1 Goods and Services Trade

Europe is by far Switzerland's most important trade partner (2021). Germany has traditionally been Switzerland's most important buyer and also supplier. Italy and France are further important European suppliers. Internationally, the United States and China are Switzerland's most important trade partners.

The classic example of a successful export-oriented branch of industry is what is known as Switzerland's "secret automobile and aviation industry" – a little-known network of highly specialized manufacturing companies and problem-solvers providing components for a range of areas, from precision and micromechanics to materials technology, plastics, and textiles. As technology and innovation leaders, these Swiss companies have been able to position themselves as reliable suppliers of quality and precision products.

Switzerland is a co-signatory of the WTO Agreement, and has continually championed market liberalization through free trade agreements, as a member of EFTA, and through bilateral agreements with the EU. As a result of its consistent market liberalization policy, Switzerland has become an efficient trading center and a market of economic significance – not only relative to its market size.

**Switzerland is an attractive location for foreign investors. At the end of 2020, foreign direct investments amounted to approximately 1'220 billion Swiss francs.**

### 2.2.2 Direct Investments

Switzerland's exposure to global markets is among the strongest of any country. At the end of 2020, direct investments abroad totaled 1,460 billion Swiss francs. Swiss companies with direct investments abroad employ around two million people in their foreign subsidiaries and operating units, and they are also important employers in Switzerland. Switzerland is among the top fifteen largest direct investors in the world. Switzerland is an important direct investor in the USA as well; in 2020, 20.04% of all Swiss direct investments were made in the USA, a total of 292,617 million Swiss francs.

Switzerland is also an attractive location for foreign investors, in particular from the EU (72.6% or 882,751 million Swiss francs) and the USA. The capital stock of U.S.-American investors in Switzerland was 12.7% or 153,927 million Swiss francs at the end of 2020.

### Direct Investments Capital Stock

(FIG. 10)

CAPITAL STOCK AT YEAR END, 2020	SWISS DIRECT INVESTMENTS ABROAD		FOREIGN DIRECT INVESTMENTS IN SWITZERLAND	
	CHF (millions)	in %	CHF (millions)	in %
<b>Total</b>	<b>1,460,050</b>	<b>100.0%</b>	<b>1,216,319</b>	<b>100.0%</b>
<b>EU</b>	<b>664,664</b>	<b>45.5%</b>	<b>882,751</b>	<b>72.6%</b>
United Kingdom	89,384	6.1%	62,005	5.1%
Germany	69,464	4.8%	14,014	1.2%
The Netherlands	158,899	10.9%	332,439	27.3%
Luxembourg	114,710	7.9%	283,070	23.3%
France	64,810	4.4%	48,054	4.0%
Italy	21,439	1.5%	2,805	0.2%
Ireland	57,900	4.0%	94,537	7.8%
Austria	10,881	0.7%	16,122	1.3%
<b>Rest of Europe</b>	<b>153,826</b>	<b>10.5%</b>	<b>99,078</b>	<b>8.1%</b>
Offshore financial centers	27,199	1.9%	N/A	N/A
Russian Federation	27,792	1.9%	N/A	N/A
<b>North America</b>	<b>324,447</b>	<b>22.2%</b>	<b>153,817</b>	<b>12.6%</b>
USA	292,617	20.0%	153,927	12.7%
Canada	31,830	2.2%	-109	0.0%
<b>Central and South America</b>	<b>144,196</b>	<b>9.9%</b>	<b>31,230</b>	<b>2.6%</b>
Brazil	8,098	0.6%	N/A	N/A
Offshore financial centers	113,512	7.8%	35,118	2.9%
<b>Asia, Africa + Oceania</b>	<b>172,917</b>	<b>11.8%</b>	<b>49,444</b>	<b>4.1%</b>
Japan	21,952	1.5%	3,055	0.3%
Singapore	32,522	2.2%	N/A	N/A
China	25,191	1.7%	N/A	N/A
Hong Kong	15,528	1.1%	N/A	N/A
South Korea	19,938	1.4%	N/A	N/A
India	5,854	0.4%	N/A	N/A
Australia	10,148	0.7%	N/A	N/A

Source: Swiss National Bank (SNB), 2022

## 2.3 IMPORTANT TECHNOLOGIES AND INDUSTRIES

Clusters are industry groups that are formed based on a degree of regional proximity and through a common area of activity along the value chain. When these conditions are in place, a growth pool can arise, which attracts suppliers and specialized service providers and creates competitive advantages for all companies involved. Ecosystems, by contrast, describe a dynamic structure of wide-ranging, loosely connected economic players. These form a network and interact through common technologies, languages, and institutions.

Switzerland has several of these industry clusters and technology ecosystems, which are also important on an international scale. Over the next few pages, five technology ecosystems and the most important industry clusters in Switzerland will be presented briefly. The figures provided are for reference purposes only, as the clusters sometimes overlap.

### 2.3.1 Artificial Intelligence

Switzerland has world-renowned universities and research institutes in the field of artificial intelligence (AI). The proximity to high-caliber research is a key reason for the establishment in Switzerland of major tech giants like Google, IBM, and Microsoft. Thanks to its traditional strength in the area of life sciences, Switzerland is also driving forward AI developments in the healthcare system. In relation to number of inhabitants, the country has one of the highest number of AI patents in the world, underlining its high innovation potential. Companies here benefit to a considerable degree from efficient technology transfer, sustainable software systems, and unbureaucratic support from cantons and the government. Startups like StarMind, Sophia Genetics, and Recap work with universities and research institutes specializing in the field of AI, e.g. the Dalle Molle Institute for Artificial Intelligence (IDSIA) in Ticino, the IDIAP Research Institute in Valais, and the Schaffhausen Institute of Technology (SIT). Global groups such as Novartis and Microsoft have also founded a joint AI lab with the goal of developing intelligent and personalized therapies with the help of digital technologies.

[www.s-ge.com/artificial-intelligence](http://www.s-ge.com/artificial-intelligence)  
Facts and figures on artificial intelligence in Switzerland

### 2.3.2 Robotics

Due to its excellent technical universities, dynamic talent pool and established ecosystem, Switzerland has earned the reputation of being the “Silicon Valley of robotics”. One can trace this back to its longstanding traditional expertise in sectors such as mechanical engineering, precision engineering and watchmaking. This tradition forms the basis for first-class research in the still relatively young discipline of robotics, which is attracting global technology companies such as Google, Meta (formerly Facebook) and HP. You will find a wide range of experts and talents here. Thanks to the innovation-friendly and pragmatic attitude of the Swiss regulatory authorities, the legislative foundations for the Unmanned Traffic Management (UTM) sector are already in place. Switzerland was the first country in the world to introduce the U-Space concept nationwide, which was tested live in Geneva in 2017. Switzerland is also the birthplace of SORA (Specific Operation Risk Assessment), a non-binding risk assessment guideline for drones that is on its way to becoming a global standard. Due to the unique cooperation between industry and regulatory authorities, Switzerland offers companies the ideal framework for developing innovative products and testing and using them under real conditions.

[www.s-ge.com/invest-robotics](http://www.s-ge.com/invest-robotics)  
Facts and figures on robotics in Switzerland

### 2.3.3 Advanced Manufacturing

Thanks to the traditional watch, MEM, and medtech industries, a highly industrialized precision cluster has developed in Switzerland, which occupies a leading position in the field of advanced production processes in the digital age. As a production location, Switzerland allows companies to optimize their manufacturing processes by increasing efficiency and saving costs. Various international companies such as ABB, Oerlikon, Hamilton and Schindler as well as watchmaking industry groups such as Richemont SA are optimizing their existing production processes with digital solutions in Switzerland; its dual education system enables them to find very well qualified staff who can operate highly specialized machines. Most companies focus on innovation and quality in order to compete with cheaper locations and maintain and expand their global market position.

[www.s-ge.com/invest-advanced-manufacturing](http://www.s-ge.com/invest-advanced-manufacturing)  
Facts and figures on advanced manufacturing (Industry 4.0) in Switzerland



### 2.3.4 Personalized Health

Thanks to its strength in the life sciences and ICT sector, Switzerland is the ideal location for innovative companies that want to quickly and easily bring new ideas in relation to personalized health to the market. The close collaboration between science and industry plays a key role in this. Cutting-edge research is being carried out at Swiss pharmaceutical groups as well as at world-class universities and state institutes; SMEs and startups are also providing important momentum.

[www.s-ge.com/invest-personalized-health](http://www.s-ge.com/invest-personalized-health)  
Facts and figures on personalized health in Switzerland

### 2.3.5 Blockchain

Switzerland's decentralized political system is organized as a grass-roots democracy and forms the perfect environment for crypto technologies: In 2018, the Swiss Financial Market Supervisory Authority (FINMA) became the first regulatory authority in the world to publish clear guidelines for ICOs and classifications for tokens. Due to this pragmatic approach by the Swiss authorities, particularly favorable conditions exist for blockchain companies. The result is a blossoming ecosystem that produces world premieres by the dozen: In 2016, Zug became the first city in the world to recognize Bitcoin payments for tax purposes. In 2018, the fintech company 21Shares, formerly Amun, introduced the world's first exchange-traded products on the Swiss stock exchange, and in 2019, FINMA issued banking licenses to the companies SEBA and Sygnum, both located in Switzerland, making them the first crypto banks in the world. The new DLT legislation came into force in 2021. This has furnished Switzerland with one of the most advanced sets of laws in the world, creating scope for innovative projects and completely new business models that extend far beyond the financial industry.

[www.s-ge.com/invest-blockchain](http://www.s-ge.com/invest-blockchain)  
Facts and figures on Switzerland as a blockchain location

### 2.3.6 Life Sciences

Major groups that are extremely successful globally, such as Novartis, Roche, and Syngenta, as well as smaller companies form a unique industrial cluster that is concentrated in the regions of Basel, Zurich, Zug, and Lake Geneva. The Swiss chemical-pharmaceutical industry is virtually exclusively active in specialty chemicals and is very internationally orientated. Companies in the Swiss chemical-pharmaceutical industry have a leading worldwide position in many market sectors. With a 33% share of Swiss export goods, chemical-pharmaceutical products are Switzerland's most important export commodity.

Thanks to the momentum created by pharmaceutical giants Novartis and Roche, but also as a result of recent investments by international companies such as Indigo, Alnylam, Bluebird Bio, BeiGene, and Incyte, a unique biotech cluster has arisen. Switzerland is one of the strongest and most innovative locations in Europe for biotechnology, which is why these companies have moved their European headquarters to Switzerland. Over half of Swiss biotech firms are small companies with fewer than 20 employees. They profit from the geographical proximity to large companies both in Switzerland and in its neighboring countries. Switzerland has a high concentration of innovative and successful companies, research institutes, and universities along the entire value chain of the life sciences sector. Some well-known global players headquartered in Switzerland and which are industry leaders in Europe include Actelion, Amgen, Biogen, Bristol-Myers Squibb, and MSD Merck Sharp&Drone.

The concentration of medical technology companies in Switzerland is also unusually high with around 1,400 companies. 75% of all products manufactured in Switzerland are then exported, which makes up 3.4% of all Swiss exports in 2021. Investment in research and development, growth rates, and profitability are all above average. In total, around 67,500 people are employed in medical technology. At 1.3% relative to the working population, this is more than any other country. Global Swiss companies include Ypsomed, Sonova, and Straumann. Some major foreign corporations worth mentioning are Zimmer Biomet, Medtronic, B. Braun, and Jabil.

[www.s-ge.com/invest-lifesciences](http://www.s-ge.com/invest-lifesciences)  
Facts and figures on Switzerland as a life sciences location

[www.s-ge.com/biotech](http://www.s-ge.com/biotech)  
Facts and figures on Switzerland as a biotech location

[www.s-ge.com/invest-medtech](http://www.s-ge.com/invest-medtech)  
Facts and figures on Switzerland as a medical technology location

### 2.3.7 Engineering

The mechanical, electrical engineering, and metal industry (MEM) is the largest industrial sector and holds a key position in the Swiss economy, with around 320,000 employees: In 2021, the MEM industry's share of value creation amounted to about 7%. Almost 20% of jobs in the MEM industry are in the field of research and development. Countless companies of the Swiss MEM industry have a leading international role in their sub-sectors. Almost 80% of products from the MEM industry are exported. Global companies in the metal and mechanical industry with well-known names such as OC Oerlikon, Rieter, Schindler, and ABB are present in Switzerland.

The Swiss watch industry is primarily located in the Jura region stretching from Geneva to Schaffhausen (called the "watchmaker belt"). Companies such as the Swatch Group, IWC Schaffhausen, Rolex SA, Richemont SA, and the LVMH Group are headquartered here. The Swiss watch industry makes products whose high degree of mechanization is reflected in a very considerable division of labor. As a result, the sector generally comprises small and medium enterprises. Around 700 companies employ 57,500 people (as of 2021). 95% of all employees and businesses are located in the nine cantons of the Jura region, resulting in a watch industry cluster. Particularly in the luxury segment, the world market position of Swiss watchmakers is excellent. 95% of all watches are exported. The total value of Swiss watch exports was 22.3 billion Swiss francs in 2021.

The availability of highly qualified staff with professional know-how in the Jura regions has resulted in the relocation to this area of more and more companies outside the watchmaking industry which require similar technology for their production. In particular, this "precision cluster", which has developed over the course of years, includes medical technology, which has significantly expanded its presence in the region in recent years. Today, this precision cluster features production technologies from the fields of robotics and additive manufacturing especially. A cluster strongly orientated to micromechanics, optics, and photonics has also formed in Eastern Switzerland and in the regions of Bern and Neuchâtel.

[www.s-ge.com/invest-mem](http://www.s-ge.com/invest-mem)  
Facts and figures on Switzerland as an MEM location

### 2.3.8 Information and Communication Technology (ICT)

Switzerland leads the way with respect to the expansion of infrastructure for the information society. According to the OECD, over 50% of the population has a fixed high-speed Internet connection, putting Switzerland in first place worldwide ahead of Denmark and France. In 2017, 93% of Swiss households had an Internet connection. The World Economic Forum "Networked Readiness Index 2021" placed Switzerland in sixth place. The ICT occupational field employs approximately 240,000 people.

The ICT landscape is characterized by extremely specialized SMEs such as Abacus, Opacc, Elca, and Netcetera. Renowned companies, for instance IBM, Google, and Meta (formerly Facebook), have also established premises close to research institutes like ETH Zurich, EPFL, and their research establishments. Some of the largest employers in the sector are foreign companies such as Siemens, Dell, and HP. One important criterion encouraging foreign IT firms to settle in Switzerland is the extremely well educated, technically experienced, and often multilingual workforce.

[www.s-ge.com/invest-ict](http://www.s-ge.com/invest-ict)  
Facts and figures on Switzerland as an ICT location

[www.s-ge.com/invest-cybersecurity](http://www.s-ge.com/invest-cybersecurity)  
Facts and figures on cyber security in Switzerland

### 2.3.9 Finance

The Swiss financial center is an important element of the economy as well as a world-class cluster. In Switzerland there are some 240 banks, 200 insurance companies, and 1,400 pension funds as well as 380 FinTech companies. The majority of the financial institutions are located in Zurich, Geneva, Basel, and Lugano. In 2020, direct value creation by banks and insurance companies amounted to around 66.5 billion Swiss francs, with banks contributing 37.9 billion Swiss francs and insurers 28.6 billion Swiss francs. This corresponds to about 9.7% of the entire Swiss gross domestic product. Nearly 224,400 employees work in the financial sector (full-time equivalent), which is about 5.3% of the entire working population in Switzerland. Around 148,100 of these employees work at banks, while roughly 76,400 work in the insurance industry. The importance of the financial industry is also reflected in the courses offered by universities. Thanks to the “Swiss Finance Institute” – a collaborative effort between financial institutions and leading Swiss universities – education and financial research are guaranteed.

From an international perspective, the Swiss banking center is regarded very highly and is extremely competitive. Innovativeness, professionalism, and quality set Swiss banks apart. Their core competency is asset management. With a fourth of the world’s global cross-border investments, Switzerland is the market leader in cross-border private banking. In addition to the two major globally active banks, UBS and Credit Suisse, there are numerous regional and specialized institutions. This diversity is one of Switzerland’s major strengths as a banking center, because it guarantees that every customer will find the right Swiss bank for every need.

The key factors for success and the basic conditions for the insurance industry include a high per capita income, a strong need for security, a solidly structured old-age pension system, an open and internationally networked insurance center, a credible regulatory environment, and international know-how in the reinsurance business.

For more information and links relating to banking, see page 88 onward.

[www.s-ge.com/financial-center](http://www.s-ge.com/financial-center)  
Facts and figures on Switzerland as a financial center

### 2.3.10 Headquarters in Switzerland

Switzerland is a vital center for the global and regional headquarters of foreign companies. While European firms have their global headquarters in Switzerland, U.S. companies tend to open their regional headquarters here. Prominent examples demonstrate the attractiveness of Switzerland as a location for company headquarters.

Switzerland offers a multitude of benefits for businesses locating their company headquarters in the country. On the one hand, thanks to a high standard of education and excellent working conditions, there is a very large number of highly qualified workers available. On the other hand, Switzerland makes an excellent test market as it is a stronghold of political stability and legal certainty, has close proximity to research, and is home to important decision-makers. The country offers a strategically favorable location in the heart of Europe, providing direct access to the European market, excellent infrastructure, and an attractive tax system with a reliable double taxation treaty.

[www.s-ge.com/headquarters](http://www.s-ge.com/headquarters)  
Facts and figures on headquarters in Switzerland

**Upwards of 850 international companies have headquarters in Switzerland.**





# ECONOMIC FRAMEWORK

# 3

3.1	Economic Freedom .....	41
3.2	International Exchange of Goods and Services .....	42
3.3	Protection of Free Competition .....	43
3.4	Protection of Intellectual Property .....	43
3.5	Product Regulations and Product Liability .....	45
3.6	Land Use Planning and Environmental Protection .....	47

Free competition and trade and the protection of intellectual property are the cornerstones of economic success and make Switzerland attractive to both domestic and foreign companies. Efficiently organized administrative processes guarantee security for planning and day-to-day operations, while progressive environmental laws promote sustainability.

### 3.1 ECONOMIC FREEDOM

Switzerland is an extremely attractive location for global companies. The main reasons for this are its liberal economic environment, political stability, good general conditions, and an economic policy based on the free market.

Switzerland has greater economic freedom than any other country in Europe. Globally, it's in third place behind Hong Kong and Singapore, as confirmed by the annually published Economic Freedom of the World study. This index measures a country's economic liberty in five areas: extent of government activity, legal structure and security of property rights, currency stability, freedom to trade internationally, and level of regulation.

#### Economic Freedom

Overall score from 0 to 10

(FIG. 11)

1	Hong Kong	8.59
2	Singapore	8.48
<b>3</b>	<b>Switzerland</b>	<b>8.37</b>
4	New Zealand	8.27
5	Denmark	8.09
6	Australia	8.04
7	USA	7.97
10	Ireland	7.86
12	Japan	7.82
14	Canada	7.81
17	The Netherlands	7.75
22	United Kingdom	7.71
25	Germany	7.65
26	Finland	7.64
33	Austria	7.56
33	Sweden	7.56
36	Luxembourg	7.54
43	Korea Republic	7.42
44	Italy	7.40
46	Belgium	7.37
54	France	7.33
89	India	6.72
94	Russia	6.62
114	Brazil	6.33
116	China	6.27

Source: Fraser Institute, Economic Freedom of the World: 2022 Annual Report

## 3.2 INTERNATIONAL EXCHANGE OF GOODS AND SERVICES

The Swiss economy is characterized by a high degree of international integration, with half of the country's GDP generated abroad. This is only possible thanks to the highly effective cross-border movement of goods and people.

### 3.2.1 Free Trade Agreements, WTO, and Elimination of Trade Barriers

The continuous improvement of access to foreign markets is an objective of Swiss foreign trade policy. A growing number of countries are simultaneously concluding bilateral or plurilateral, regional or cross-regional free trade agreements to supplement the multilateral liberalization of trade. In addition to the EFTA Convention and the bilateral Free Trade Agreement with the European Union (EU), Switzerland currently has a network of 33 free trade agreements with 43 partners outside the EU and is also a member of the WTO. The agreements are normally concluded within the EFTA framework, but some stand outside it, such as those with Japan and China. The WTO applies the most-favored-nation clause in trade with all WTO member states and is generally committed to eliminating trade restrictions worldwide.

In joining the WTO Switzerland has also undertaken to convert most non-tariff trade barriers into customs duties. Apart from a few exceptions (primarily agricultural products), domestic products are not protected against international competition. There is no actual anti-dumping law. There are essentially no volume restrictions on the importation of processed products. Imports and exports of industrial goods basically enjoy full duty and quota exemption on the European markets thanks to the free trade agreements with the EU and EFTA. Duty and quota exemption does not mean that customs clearance is not necessary but that it is not an obstacle. It is now a largely automated process conducted via the IT applications e-dec and NCTS.

[www.seco.admin.ch](http://www.seco.admin.ch) > Foreign Trade and Economic Cooperation  
Free trade agreements (WTO)

### 3.2.2 Customs and Excise

Although Switzerland has been a member of the Schengen Area since the end of 2008, it is not part of the European Customs Union and the European internal market. As a result, customs controls remain in place. The most important document for customs clearance is the customs declaration, which must be accompanied by the exporter's invoice (indicating the weight) and proof of origin, where necessary. A certificate of origin is required in order to benefit from preferential duty rates within the scope of free trade agreements or the Generalized System of Preferences (developing countries) or if the goods are to be re-exported and the origin is to be carried over.

Unlike most other countries Switzerland uses a system of customs clearance based on gross weight. This so-called specific customs duty is therefore levied on products for which no exemption from duty is granted. Swiss customs duties are usually lower than those of other countries. This system favors the import of high-quality technical components, which weigh very little but are extremely valuable.

In line with other countries, Switzerland levies taxes and duties at its borders, such as the automobile tax, tobacco and beer tax, mineral oil tax, the CO<sub>2</sub> levy, the VOC incentive tax, and the mileage-related heavy vehicle toll (MRHVT). At a standard rate of 7.7%, VAT is much lower than in neighboring countries (Germany: 19%, France: 20%, Austria: 20%, Italy: 22%). Within the European Union, value added tax rates vary between 17% (Luxemburg) and 25% (Denmark and Sweden).

Goods that are only intended to be held temporarily in Switzerland in intermediate storage can be stored without customs clearance and duty unpaid in bonded warehouses. The goods are therefore in transit between the border and the bonded warehouse. The subsequent exportation of the goods is then subject to the customs tariff of the importing country. The goods so stored may not be processed, or they become liable for normal customs clearance. Bonded warehouses are public facilities. They are operated by private warehousing companies and are open to all interested parties. Open bonded warehouses, meanwhile, are used for storing goods that have not been cleared through customs on a company's own premises, but separately from domestic goods. They are usually operated by shipping companies and are becoming increasingly important.

Used household effects of people moving to Switzerland that are intended for their continued personal use are exempt from customs duty. At the time of importation, the completed official form must be submitted to the Swiss customs office. Clearance of household effects must take place during customs office opening hours (see chapter 13.2.1).

[www.ezv.admin.ch](http://www.ezv.admin.ch)  
Federal Office for Customs and Border Security

[www.s-ge.com](http://www.s-ge.com) > Services > ExportHelp  
Information about exports and customs tariffs worldwide



### 3.2.3 Rules of Origin

Raw materials and component parts that are imported from third countries can acquire Swiss-origin status and consequently be delivered tax-free to countries which have signed the free trade agreement (e.g. the agreement with the EU), if they have been sufficiently processed in Switzerland within the scope of the relevant free trade agreement. In many situations this is the case if the added value created in Switzerland is between 60% and 80% of the finished product's selling price (depending on the product).

This regulation is of interest because high-quality products often have a low weight but a high product value. They can therefore be imported cheaply into Switzerland, be processed, and then be exported to countries with tariff preference, with which a free trade agreement exists. If, for example, goods are imported in this way from a country outside the EU/EFTA area and processed in Switzerland in such a manner that they acquire Swiss-origin status, no duty is normally payable when the goods are exported to an EU/EFTA country.

[www.ezv.admin.ch](http://www.ezv.admin.ch) > Information companies > Exemptions, reliefs, preferential tariffs and export contributions > Exportation from Switzerland  
Information about origin

### 3.3 PROTECTION OF FREE COMPETITION

Switzerland's economic system is based on the principles of the free market. The key regulatory task in a market economy is protecting competition. In Switzerland, this is primarily ensured via the instruments of the Cartel Act and the Internal Market Act. The Cartel Act, which has been largely harmonized with EU regulations since 1995, strengthens free and fair competition. Cartels are not illegal, but abuses are sanctioned. The Internal Market Act ensures greater internal competition and the elimination of protectionist regulations at cantonal and municipal level.

The application of the Cartel Act and the Internal Market Act is the responsibility of the Competition Commission, an independent government authority. The Competition Commission's tasks are to combat harmful cartels, to monitor abuses by companies dominant on the market, to carry out merger checks, and to prevent state restrictions of competition and intercantonal business transactions.

[www.weko.admin.ch](http://www.weko.admin.ch)  
Competition Commission

### 3.4 PROTECTION OF INTELLECTUAL PROPERTY

The protection of intellectual property rights is well established in Switzerland. The Swiss Federal Institute of Intellectual Property (Eidgenössisches Institut für Geistiges Eigentum, IGE) located in Bern, is the national authority for all issues concerning patent and trademark protection, indications of source, design protection, and copyright.

A comprehensive system of patent, trademark, design, and copyright protection guarantees that the results of innovation and creativity in Switzerland are protected both nationally and internationally.

The IGE has a user friendly website where information about intellectual property rights in Switzerland can be accessed. The Swissreg database also provides free access to much important information in relation to patents, trademarks, designs, and copyright.

Switzerland has signed many bilateral and multinational agreements within the framework of the World Trade Organisation (WTO), including the protection of intellectual property to facilitate and enhance the export-oriented Swiss economy. Switzerland also cooperates in the worldwide protection of IP rights as a member state of the World Intellectual Property Organisation (WIPO) which is based in Geneva.

[www.ige.ch](http://www.ige.ch)  
Swiss Federal Institute of Intellectual Property (IGE)

[www.swissreg.ch](http://www.swissreg.ch)  
Database of the Swiss Federal Institute of Intellectual Property

[www.wipo.int](http://www.wipo.int)  
World Intellectual Property Organization (WIPO)

#### 3.4.1 Patents

A Patent provides the owner of an invention with the right to prevent others from using it for a maximum of 20 years. Patent rights can be used to give a competitive advantage while exploiting the invention directly, or can provide a legal basis for licensing someone else to make use of the invention.

To be eligible for a patent, the invention must fulfill the following basic criteria:

1. **Technical invention:** the resolution of a technical problem by technical means.
2. **New:** an invention is considered novel when it is not in the public domain at the time of the patent application. It must not be a simple modification to something that already exists. It must also be inventive such that the invention must not be obvious to someone with specialist knowledge and experience in the same field.
3. **Industrial application:** the invention must be something that can be made or used and must be suitable for industrial use.

There are three options to register a patent:

- National / Swiss patent: patent applications can be submitted to the IGE. Swiss patent protection extends to Switzerland and the Principality of Liechtenstein.
- Regional / European patent: patent applications can be submitted to the European Patent Convention (EPC) to obtain protection in the member states of the EPC including Switzerland, through a standardized patent investigation and granting procedure conducted by the European Patent Office.
- International patent: patent applications can be submitted to the WIPO pursuant to the Patent Cooperation Treaty (PCT), which Switzerland has ratified and which enables inventors to submit an international application which then has the same effect as a national application in all named member states.

An application to patent an invention can be filed by individuals or legal entities, however the inventor will always be an individual and will be named as the inventor in the patent application.

A patent is protected in the country in which it is registered and in force. It takes an average of three to five years between the filing of a national application and the granting of the patent. An accelerated process is possible upon request. The patent remains in force as long as the annual fees and annuities are paid during the 20-year validity period.

A patent costs 200 Swiss francs for the application, 500 Swiss francs for the Swiss patent application search and 500 Swiss francs for the examination. Annual annuities are payable starting four years after the date of filing and increase on an annual basis according to the taxes outlined by the IGE (as of October 2022).

[www.ige.ch](http://www.ige.ch)  
Swiss Federal Institute of Intellectual Property

[www.ige.ch](http://www.ige.ch) > Intellectual Property > IP Rights at a Glance  
IP Rights at a Glance

[www.epo.org](http://www.epo.org)  
European Patent Office

**According to the World Intellectual Property Organization, Switzerland has the highest number of patent applications per resident.**

### 3.4.2 Trademarks

Switzerland recognizes trademarks as any word, slogan, or device used to distinguish a trader's goods and/or services from those of another trader (individual/company). Trademarks are business identifiers. In Switzerland, rights arise from registration of a trademark with the Swiss trademark register, Swissreg. To be eligible for a trademark, the word, slogan, or device must fulfill all of the following basic criteria:

- The trademark must not infringe another's rights (e.g. an earlier registered trademark);
- The trademark must be distinctive;
- The trademark must not be descriptive of the goods or services; and
- The trademark must not be against public order or public morality.

An application to register a trademark in Switzerland can be filed with Swissreg by individuals or legal entities. A trademark is registered for ten years from the date of filing the application and thereafter can be kept in force indefinitely by renewal at intervals of ten years. In Switzerland, trademark applications can be submitted electronically. The registration fee is 550 Swiss francs (plus class fees). If the mark meets the protection requirements, it is normally registered within a maximum of six months. Swissreg does not check whether an identical or similar trademark exists. It is therefore recommended that a trademark availability analysis is conducted directly or with the support of a trademark attorney in advance of filing the application. International trademarks protected in Switzerland can be consulted, free of charge, online via the WIPO Madrid Monitor.

There are three options for protecting trademarks abroad:

- National trademark registration: trademark applications can be submitted to the relevant national intellectual property authority and are subject to local legal requirements (use of a local trademark attorney is thus recommended).
- Regional / European registration: trademark applications can be submitted to the European Union Intellectual Property Office via one single trademark application, which ensures registration and provides protection in all EU member states.
- International registration: trademark applications can be submitted to the WIPO, according to the Madrid System, the trademark owner can register its trademark in any of the 122 member states with a single application, while the assessment of such applications is carried out by the trademark authorities in the respective countries.

[www.ip-search.ch](http://www.ip-search.ch)  
Trademark search

[www.ige.ch/ma-berater](http://www.ige.ch/ma-berater)  
Trade mark consultants

### 3.4.3 Design

A design refers to the visual appearance of articles which are produced industrially. The features of appearance that are relevant are the three-dimensional shapes of the article or part of the article as well as the two-dimensional decoration on the surface of the article. To be eligible for registration as a design, it must fulfill both of the following basic criteria:

1. New: the design must be new; and
2. Individual Character: the design must be sufficiently distinguishable from existing designs.

An application to register a design in Switzerland can be filed with the IGE by individuals or legal entities. A design can be protected for a maximum of 25 years provided that renewal fees are paid at intervals of five years and publication can be deferred for up to 30 months after filing to protect the novelty of the design from competitors. The IGE does not check whether an identical or similar design exists. It is therefore recommended that a design availability analysis can be conducted directly, or with the support of a specialist attorney in advance of filing the application. There are three options for protecting designs abroad:

- National design registration: design applications can be submitted to the relevant national intellectual property authority and are subject to local legal requirements.
- Regional / European registration: design applications can be submitted to the European Union Intellectual Property Office via one single application, which ensures registration and provides protection in all EU member states.
- International registration: design applications can be submitted to the WIPO, according to the Hague System, the design owner can register its design in any of the 77 contracting parties in 94 countries (including Switzerland) with a single application, while the assessment of such application is carried out by the design authorities in the respective countries.

[www.ige.ch](http://www.ige.ch) > Protecting your IP > Designs  
Protection of Designs

### 3.4.4 Copyright

A copyright, protects the author of literary and artistic works; it arises automatically whenever such work is created and does not require any registration. Copyright lasts for the lifetime of the author plus up to 70 years. The first owner of copyright is the author however, if the author creates the work in the course of his or her employment duties, then the first owner is the employer. While there is no registration procedure for copyright, the Swiss Society for Authors, the SSA, protects the rights of stage writers and authors of audiovisual works in Switzerland and abroad.

[ssa.ch/en/](http://ssa.ch/en/) > About > Vision/Mission  
Swiss Society for Authors

## 3.5 PRODUCT REGULATIONS AND PRODUCT LIABILITY

For health and safety reasons, certain products such as medicines, cosmetics, cleaning agents, electrical appliances, measuring and weighing equipment, heating systems, pressure containers and motorcycles for example are subject to certain regulations when imported into and sold in Switzerland. These products are also subject to environmental and consumer protection regulations and comply with international and national standards. The law regulates which particular conformity assessment procedures shall apply, depending on the product's hazard potential. The procedures range from self-checks (e.g. for machines) to assessments by officially approved independent conformity assessment centers (e.g. for pressure containers) to government licensing (e.g. for medicines).

Mutual recognition agreements (MRAs) are a politically important tool for removing technical trade barriers in the state-regulated sector and are recognized by the World Trade Organization. If the product regulations in two states are of a comparable standard, a conformity assessment conducted under the exporting country's regulations is sufficient to allow the product to be distributed in the other country. Switzerland's MRA with the European Union is the most economically important example (CE marking [Conformité Européene]). The health and safety requirements for products are determined by laws and ordinances. With regard to product safety, Switzerland has largely adopted the regulations of the European Union (EU), so that no major market barriers exist in this area for exports and imports to and from the EU.

In addition, since July 1, 2010, the so-called Cassis de Dijon principle has applied to the EU. According to this principle, many products from the EU/EEA, which previously had to be produced, repacked or relabeled solely for the Swiss market, can now be imported more easily and without technical obstacles. The condition for this is that the products meet the regulations of the relevant EU or EEA country and were circulated there lawfully. Swiss product liability regulations are largely comparable with those in the European Union - the manufacturer is liable for damage caused by defective goods, irrespective of whether the manufacturer himself is negligent. In Switzerland, liability applies to all products put into circulation from 1994 onwards. The following sections give further details on the regulations relating to a number of important product categories. However, due to the large number of laws and ordinances in existence, it is essential to seek detailed information in specific cases.

[www.seco.admin.ch](http://www.seco.admin.ch) > Work > Product safety  
Product safety regulations

[www.seco.admin.ch](http://www.seco.admin.ch) > Foreign Trade and Economic Cooperation  
Technical trade barriers

[www.snv.ch](http://www.snv.ch) > Switec InfoCenter  
Standards: switec - Swiss information center for technical regulations

[www.sas.admin.ch](http://www.sas.admin.ch)  
Accreditation: Swiss Accreditation Service (SAS)

### 3.5.1 Foodstuffs

The Swiss Ordinance on the Identification and Pricing of Foodstuffs (LKV) contains strict regulations on the information that must be declared. All ingredients must be named and listed on the packaging or labels of pre-packed foodstuffs in descending order of quantity. Foodstuffs which are not defined in a federal ordinance must be approved by the Swiss Federal Office of Public Health (FOPH). FOPH's approval is mandatory for foodstuffs, additives, and processing agents which are genetically modified organisms (GMOs), contain such or have been obtained from such, and which are intended for sale to consumers. The presence of GMOs is tolerated if they do not constitute more than 0.9%. All other products require approval. Nutritional values and health-related information must comply with legal requirements as per the Foodstuffs Identification Ordinance (LKV). It is forbidden to market foodstuffs as having a therapeutic effect. Products with a therapeutic effect are medicines and must be approved by Swissmedic (see section 3.5.2).

For foodstuffs, parliament has passed a special resolution relating to the Cassis de Dijon principle: foreign foodstuffs that do not fully satisfy Swiss technical regulations must be approved by the Swiss Federal Office of Public Health (FOPH).

[www.bag.admin.ch](http://www.bag.admin.ch)

Information from the Swiss Federal Office of Public Health (FOPH)

**It takes a few months to license a new pharmaceutical product with Swissmedic, the Swiss Agency for Therapeutic Products (excluding the company's internal processing time), making Switzerland's registration process one of the fastest in the world.**

### 3.5.2 Pharmaceutical Products

The manufacture and sale of medicines is subject to mandatory licensing in Switzerland. It takes a few months to license a new pharmaceutical product with Swissmedic, the Swiss Agency for Therapeutic Products (excluding the company's internal processing time), making Switzerland's registration process one of the fastest in the world. Normal evaluation of a license application for a human medicine with a new active ingredient costs 80,000 Swiss francs (medicines with a known active ingredient with innovations cost 30,000 Swiss francs).

The licensing requirements largely correspond to those in the EU, which makes it easier to apply for licensing in Switzerland and the EU simultaneously. Swiss registration enjoys high international standing, thanks to the country's exceptional scientific reputation, its strict criteria, and the large number of renowned hospitals for clinical testing. The fast-track process enables fast licensing decisions to be made (within 140 days, excluding the company's internal processing time) for vital medicines (e.g. to treat AIDS or Alzheimer's), despite rigorous testing.

[www.swissmedic.ch](http://www.swissmedic.ch)

Swiss Agency for Therapeutic Products

### 3.5.3 Medical Devices

In Switzerland the regulation of medical devices is mainly based on the Federal Law on Medical Products and Medical Devices (HMG), the Medical Devices Ordinance (MepV) and the Ordinance on Clinical Tests with Therapeutic Products (VKlin). The same regulations for medical devices apply in Switzerland as in the EU. Bilateral contracts thereby enable free trade in medical devices produced by Swiss manufacturers within the European Union, EFTA member states, and Turkey. A medical equipment supplier that wishes to sell its product in Switzerland must be able to prove to the authorities that the product meets the fundamental requirements of EU directives and has undergone a suitable conformity assessment procedure in accordance with EU directives.

Medical devices bearing the CE mark from a recognized European test center are also deemed to comply with Swiss law, provided all the product information is provided in three languages (German, French and Italian). A manufacturer in Switzerland may use the CE mark on its medical devices and sell them on the Swiss market or export them to the EU, EFTA or Turkey. Some of these states also demand the registration of certain medical devices and their manufacturers with national authorities, in addition to the CE marking. Some non-EU states demand export certificates from the country of origin for medical devices. Swiss companies can order these certificates from Swissmedic.

[www.swissmedic.ch](http://www.swissmedic.ch) > Medical devices > Regulation of medical devices

Guide to the regulation of medical devices



## 3.6 LAND USE PLANNING AND ENVIRONMENTAL PROTECTION

### 3.6.1 Building and Zoning

Thanks to progressive legislation on land use planning and environmental protection as well as densely populated economic areas can exist in harmony with rural and agricultural land in Switzerland. The high population density has always promoted both environmental awareness and building development. Populated areas account for only 7.5% of Switzerland's total space. In the Central Plateau, their share is over twice that of the national average at 16.0%, while it is considerably less in the Alpine regions. Service and industrial buildings are erected in special zones. Building and zoning regulations are governed by cantonal law, and a building permit must be obtained. The duration and scope of this process depend on the type of investment being planned. In the interests of occupational safety, industrial buildings, for example, require both planning consent and an operating license.

For straightforward building projects, such as commercial/industrial projects with no particular level of difficulty or requirement for supplementary investigations or special approvals, the process usually takes a few months. This assumes that there are no grounds for appeal or protests. The process may vary from canton to canton.

The cantonal economic development agencies (see Section 15.2) provide information on commercial land development and available commercial buildings, as well as on the necessary administrative steps. They can also initiate and, where necessary, coordinate these steps.

Special regulations apply with respect to the acquisition of property by persons abroad, in accordance with the Act on the Acquisition of Real Estate by Persons Abroad ("Lex Koller"). This requires approval from the relevant cantonal authorities for the acquisition of property subject to approval.

Through their adoption of the second-home initiative in 2012, Swiss voters pronounced themselves in favor of restrictions on the building of second homes. In concrete terms, this means that the share of second homes is limited to 20% per municipality. The Federal Act on Second Homes (SHA) implements the constitutional article and has been in force since January 1, 2016.

[www.are.admin.ch](http://www.are.admin.ch)  
Federal Office for Spatial Development (ARE)

### 3.6.2 Environment

Swiss environmental legislation largely conforms to EU rules. Environmental law and the protective measures are based on the principle of cooperation. In cooperation with the business community, solutions are developed to meet both economic and environmental considerations. The measures initiated are seen as exemplary around the world. When erecting and operating industrial and commercial sites, there are a variety of federal and cantonal decrees to consider. The federal laws on environmental protection as well as water pollution, and natural and cultural heritage are especially important. The Federal Environmental Protection Act sets out regulations on air and soil contamination, noise, non-ionizing radiation, waste, and environmentally harmful substances. Based on the principles of "precaution" and "polluter pays," this act requires environmental damage to be kept to a minimum and the costs of preventing damage to be borne by the polluter. Emissions are limited by means of thresholds and regulations on building, equipment, transport, and operations, although the technology to be employed is not prescribed. Companies are granted a specific period of time to undertake remedial action, thereby allowing them to determine how and when they make the necessary investments.

Environmental impact assessments (EIA) are conducted for projects involving the planning, erection, or modification of installations that could have a serious impact on the environment. Although these assessments are a tool for protecting the environment, they only apply to specific projects as part of the regular building and planning consent process. Projects that require an environmental impact test are listed in the relevant ordinances. Such projects include transport systems, power generating plants, and high-polluting industrial plants.

[www.bafu.admin.ch](http://www.bafu.admin.ch)  
Federal Office for the Environment (FOEN)

[www.bafu.admin.ch/uvp](http://www.bafu.admin.ch/uvp)  
Environmental Impact Assessment (EIA)



# SWITZERLAND AND EUROPE

# 4

4.1	Trade and Direct Investments.....	49
4.2	Political and Economic Cooperation.....	49
4.3	The Euro.....	51

**Image**  
European Union delegation for Switzerland  
and the Principality of Liechtenstein, Bern

Culturally and geographically, Switzerland is situated in the heart of Europe. Although it is not a member of the European Union, it shares close economic and political ties with its European neighbors. Various bilateral agreements and a dynamic European policy form the basis for deep-rooted political partnerships and a substantial amount of economic integration, which benefit both the Swiss economy and the financial center, as well as the EU.

#### 4.1 TRADE AND DIRECT INVESTMENTS

Switzerland and Europe share close economic ties. As the destination for 47% of Swiss exports and with a share of 61% of Swiss imports (as per 2021), the EU is by far Switzerland's most important trading partner. Together with the USA, China, and the United Kingdom, Switzerland is among the EU's most important trading partners. The EU is also the most important trading partner for foreign direct investments. At the end of 2020, Swiss direct investments in the EU totaled 665 billion Swiss francs. That represents a share of almost 45% of all direct Swiss investments abroad.

With the exception of agricultural and food products, there are no restrictions on trade between Switzerland and EU member states. Goods with a certificate of origin from one of the member states of the EU and EFTA (Switzerland belongs to the latter, along with Iceland, Liechtenstein, and Norway) can circulate freely without quotas or customs barriers.

#### 4.2 POLITICAL AND ECONOMIC COOPERATION

For numerous Swiss companies, including branches of foreign firms, the European market is very important. Various agreements to liberalize the market create almost equal access to the European single market. These agreements make it easier for companies from Switzerland to tap into a market of around 450 million consumers. With the extension of these agreements to the new EU member states, Switzerland also has access to the growth markets of eastern Europe.

The bilateral agreements between Switzerland and the EU have been broadly expanded. Various barriers to market access were eliminated by the Free Trade Agreement of 1972 and the Bilateral Agreements I of 1999. Bilateral I includes agreements covering technical barriers to trade, public procurement, the free movement of persons, agriculture, research, and overland and air transport. Bilateral II, the second round of more extensive agreements of 2004, brought additional economic advantages as well as cross-border cooperation in other political areas. The following sections explain the most important agreements and their significance.

[www.europa.admin.ch](http://www.europa.admin.ch)

Swiss Directorate for European Affairs

#### 4.2.1 Free Movement of Persons

With the Swiss-EU Freedom of Movement Agreement (FZA), the basic rules for the free movement of persons were gradually introduced in Switzerland vis-à-vis the EU. The AFMP allows Swiss nationals to live, work and study in any EU member state; the same applies to EU citizens in relation to Switzerland. The prerequisite is that they have a valid employment contract with an employer in Switzerland, are self-employed, or – in the case of non-employed persons – can prove they have sufficient financial means and comprehensive health insurance.

The agreement also liberalizes the cross-border rendering of services by individuals for up to 90 days per calendar year. Service providers can therefore render their services in a guest country for a maximum of 90 working days. This free movement of persons is reinforced by mutual recognition of vocational qualifications and coordination of the national social insurance systems. For several years, local companies have not been able to find enough workers in Switzerland. As a supplement to the domestic labor force, the Swiss economy is able to recruit in the EU/EFTA region as necessary thanks to the FZA. The free movement of persons also works in the other direction, of course: Swiss nationals can work and take up residence freely in the EU as well. At the moment around 450'000 Swiss people, around 57% of all Swiss abroad, live in the EU.

Since January 1, 2022, the full free movement of persons has also applied to Croatian nationals. Should the immigration of Croatian workers exceed a certain threshold, Switzerland can invoke a safeguard clause and limit the number of permits again from January 1, 2023, and until the end of 2026 at the latest.

#### United Kingdom

Following Brexit, the AFMP between Switzerland and the United Kingdom will no longer apply from January 1, 2021. Both countries have therefore concluded an agreement on the acquired rights of citizens. Based on this agreement, those Swiss and UK nationals will retain their right of residence (and other rights) which they acquired on the basis of the AFMP until December 31, 2020. UK nationals who migrate to Switzerland after December 31, 2020, cannot invoke the agreement on acquired rights. Newly arriving UK nationals who wish to work in Switzerland will, in principle, be treated the same way as third-country nationals under immigration law from January 1, 2021. In order to take up gainful employment in Switzerland, a permit must be applied for in advance.

In addition to this, a temporary agreement between Switzerland and the United Kingdom on the mobility of service providers has been in place since January 1, 2021. The agreement ensures mutual, simplified access for service providers. Based on this agreement, the online declaration procedure for short-term employment applies to cross-border service providers from the United Kingdom for up to 90 working days per calendar year.

For more information about residence and employment for EU/EFTA citizens, see section 6.4.2

#### 4.2.2 Schengen Agreement

The Schengen cooperation has made travel easier by abolishing identity checks at the borders between Schengen countries (internal borders). At the same time a range of measures has improved international cooperation between courts and the police in the fight against crime. This cooperation includes security measures such as strengthened controls on external Schengen borders, increased cross-border police cooperation (for example through the European search system SIS), and more efficient cooperation between judicial authorities. The Schengen visa is also valid for Switzerland. Tourists from India, China, Russia, or other countries that require a visa no longer need an additional Swiss visa for a short visit to Switzerland during their travel through Europe, which increases Switzerland's attractiveness as a vacation destination.

#### 4.2.3 Elimination of Technical Barriers to Trade

For most industrial products, conformity evaluations – such as tests, certificates, and product approvals – are mutually recognized. Re-certification upon export to the EU is no longer necessary because product inspections by Swiss testing institutes recognized by the EU are sufficient. This also eliminates double inspections according to Swiss and EU requirements. In areas where EU and Swiss regulations differ and two conformity certificates are still required, both can be issued by the Swiss testing institute. This process simplifies administrative procedures, reduces costs, and strengthens the competitive position of the export industry.

#### 4.2.4 Research

Cooperation between Switzerland and the EU in the area of research and innovation has a long tradition. Researchers in Switzerland have been participating in the EU's research framework programs since 1988. Switzerland is considered a non-associated third country in the ninth generation of the Horizon Europe program (2021-2027). Funding for Swiss project participation is provided by the State Secretariat for Education, Research, and Innovation (SERI) as part of the transitional measures and is secured for positively evaluated projects. SERI provides regular updates on the status of Switzerland's participation in the EU Framework Programmes for Research and Innovation. Switzerland's full association with Horizon Europe remains the Federal Council's declared goal.

#### 4.2.5 Rail, Road, and Air Transport

The Overland Transport Agreement regulates the mutual opening up of the market for the transport of persons and goods by road and rail, together with fee systems based on the cost-by-cause principle. Network access in the EU is increasing the competitiveness of the railways and opening up new market opportunities for Swiss transport companies. Swiss airlines have access to the liberalized European air transport market, on the basis of reciprocity, putting them on a more or less equal footing with their European counterparts. Duty-free sales at Swiss airports or on flights to and from Switzerland are still available.



#### 4.2.6 Public Procurement in Switzerland

In accordance with the multilateral agreement on public procurement (GPA) of the World Trade Organization (WTO), certain clients must make an international request for a proposal for the procurement of goods and services and construction projects over a certain amount (termed the threshold value) in order to promote transparency and competition within public procurement. On the basis of the GPA, the scope of application of the WTO rules has been extended. This now comprises procurement by districts and communities; procurement by public and private clients in the rail transport, gas, and heat supply sectors; and procurement by private companies that operate on the basis of a special or exclusive right granted by an authority in the sectors of drinking water and power supply, municipal transportation, airports, or river and maritime shipping.

The agreement provides for the option of removing procurement or contracting in certain sectors, in which there is verifiable competition, from the scope of application. Accordingly, the telecommunication sector was removed in 2002.

The rules for contracting are based on three principles:

- Equal treatment of all providers (non-discrimination)
- Transparency of the process
- Right of recourse against decisions within the scope of the tender and awarding process (above certain threshold values)

In accordance with WTO regulations, the public sector and affected companies are obliged to issue and carry out tenders for procurement and orders that exceed a certain threshold level. In principle the most economical or best-value offer must be chosen, as long as the offered goods or services are of comparable quality. However, the selection may also be based on the lead times, quality of service, or environmental friendliness. The client can also define requirements for the observance of regional or sector-wide wage and working conditions. Public tenders by the federal government and cantons are posted on an electronic information system. With regard to the considerable public expenditure in the EU and Switzerland, this further opening of the procurement market creates opportunities for the export industry (e.g. mechanical engineering) and the services sector (e.g. engineering and architecture firms). Furthermore, the increased competition among providers leads to reduced prices and thus considerable savings for the public bodies that issue the contracts.

[www.europa.admin.ch](http://www.europa.admin.ch) > Bilateral agreements > Agreements and implementation > Texts of the agreements > Public procurement markets  
Public procurement in Switzerland

[www.simap.ch](http://www.simap.ch)  
Information-sharing platform for public contract awarding bodies and providers

#### 4.2.7 Trade in Agricultural Products

The agreement on processed agricultural products governs trade in products from the foodstuffs industry (e.g. chocolate, cookies, and pasta). The EU does not impose import or export duties on trade with Switzerland. In response, Switzerland has reduced its import and export duties accordingly. There is free trade of sugar and of products which do not contain any raw materials besides sugar that are relevant to agricultural policy. The simplification of technical regulations is beneficial to consumers and increases opportunities for exporting quality agricultural products. A com-

prehensive agreement on the agricultural and foodstuffs sector, intended to fully open the markets for agricultural products and foodstuffs for both sides, is still being negotiated. The agreement would lift both tariff barriers to trade (e.g. duties and quotas) as well as non-tariff barriers (e.g. various product regulations and import requirements). This opening-up of the market will confront the agriculture sector with considerable challenges. To ensure that new market opportunities are seized and the affected sectors can be supported in the new market situation, free trade should be introduced gradually and supported by accompanying measures.

#### 4.2.8 Taxation of Savings Income

In 2004, Switzerland and the EU concluded an agreement on the taxation of savings income to combat cross-border tax evasion as part of the Bilateral Agreements II. This was replaced by the agreement on the automatic exchange of information (AEOI) in tax matters between Switzerland and the EU, which was signed on May 27, 2015. The new agreement implements the OECD's global AEOI standard and covers all types of investment income as well as trusts and foundations in addition to interest income. Within this framework, Switzerland and all EU member states have been collecting account data since 2017 and exchanging it since 2018.

By implementing the AEOI standard, Switzerland and the EU are making an important contribution to preventing tax evasion.

[www.efd.admin.ch](http://www.efd.admin.ch) > Topics > Taxes > International taxation > Taxation of savings agreement with the EU

Current information on taxation of savings income

### 4.3 THE EURO

Even though the official currency of Switzerland is the Swiss franc, the euro is an accepted form of payment at practically all hotels and in many businesses. Swiss banks offer euro accounts, and cash withdrawals in euros are possible at most ATMs. The globalized Swiss financial center is set up to conduct all bank transactions in euros. Due to its location in the heart of the European Monetary Union and the fact that the EU is its largest trading partner, the euro is extremely important for Switzerland. This is particularly the case in the tourism sector and for companies active in the import/export business.



# ESTABLISHING AND MANAGING A COMPANY

# 5

5.1	Corporate Structures .....	53
5.2	Accounting .....	57
5.3	Auditing .....	57
5.4	Revision of Company Law .....	58
5.5	Establishing a Company .....	58

**Establishing a company can be done quickly and easily. Numerous official and private organizations assist entrepreneurs in selecting the appropriate legal form for their company and can provide advice and support. The federal government's various websites offer a wide range of information on all aspects of the company formation process, from business plan to official registration.**

## **5.1 CORPORATE STRUCTURES**

Economic freedom (formerly freedom of trade) allows anyone, including foreign nationals, to operate a trade business in Switzerland, to form a company, or to hold an interest in one. Economic freedom, which is guaranteed under the Swiss Constitution, allows anyone, including foreign nationals, to operate a business in Switzerland, to form a company, or to hold an interest in one. No approval by the authorities, no membership of chambers of commerce or professional associations, and no annual reporting of operating figures are required to establish a business. However, foreign nationals must have both work and residence permits in order to conduct a business personally on a permanent basis; if a foreigner acquires property in Switzerland, approval may be required (Lex Koller, see chapter 3.6.1).

Swiss corporate law provides for a set number of corporate structures, the organization and content of which are restricted. A distinction is made between the following corporate structures: partnership-type unincorporated companies (sole proprietorship, limited partnership, or general partnership) and capital-based incorporated companies (stock corporation or AG, limited liability company or GmbH). The "limited partnership for collective investment" (KKK) corresponds to the "limited partnership" form common in English-speaking countries. The type of limited liability company referred to as GmbH & Co. KG, a legal form common in Germany and Austria, does not exist in Switzerland.

The appropriate form of business entity for a foreign company establishing a location in Switzerland depends on many factors, including the nature and time horizon of the business, general legal and tax conditions, and the strategic goals of management (headquarters, production facility, sales office, financial or service company, etc.). Companies and private individuals from foreign countries are allowed to determine the legal form that is right for their business. This requires careful evaluation, in which, among other aspects, tax considerations play a crucial role. It is therefore advisable to engage an advisor or consultant familiar with the Swiss legal and tax system at an early stage in the process. Institutions and partner organizations also offer efficient assistance, for example the State Secretariat for Economic Affairs (SECO) with EasyGov.swiss, cantonal location promotion organizations, Innosuisse, Venturelab, Genilem, and Eurostars. The state does not, however, grant any direct financial support for the establishment of new companies.

The following basic options are available for establishing a business in Switzerland:

- Forming an unincorporated or incorporated company
- Setting up a foreign branch office
- Acquiring an existing company in Switzerland (either unincorporated or incorporated)
- Formation of a joint venture (unincorporated or incorporated company)
- Forming a strategic alliance with or without an equity interest

The most common choices for a foreign company located in Switzerland are subsidiaries (in the form of a stock corporation or limited liability company, i. e. an AG or GmbH) and branch offices. The limited partnership for collective investment is also an attractive option for risk capital.

The following criteria should be considered when selecting an appropriate corporate structure (not exhaustive):

- Capital: organization or incorporation expenses, capital needed, and minimum capital required, where legislation has reduced the commercial register fees.
- Risk/liability: the higher the entrepreneurial risk or financial investment, the more advisable it is to select a limited liability form of company.
- Independence: freedom of action may be restricted depending on the corporate structure. Anyone establishing a company must decide whether they want to work alone or with partners and whether they prefer pure capital investors or collaborative partners.
- Taxes: the business income and assets of the company and the owner are taxed either separately or together, depending on the corporate structure. High profits tend to be subject to lower taxes for capital-based incorporated companies than for partnership-type unincorporated companies or sole proprietorships.
- Social security: certain social insurance plans are obligatory, voluntary or non-existent, depending on the legal form.

[www.kmu.admin.ch](http://www.kmu.admin.ch)  
Official Swiss SME portal

### 5.1.1 Stock Corporation (AG)

The stock corporation – Aktiengesellschaft (AG) in German – is the most important and most common type of corporate structure in Switzerland. In addition, it is often chosen by foreign companies as the legal form for their Swiss subsidiaries. The AG is a distinct legal entity (with its own legal personality) and its liability is limited to the company assets. The share capital is determined in advance and subdivided into shares. The AG is an appropriate legal form not just for large companies but also for small and medium-sized enterprises. It is the customary legal form for holding companies and financial enterprises.

A stock corporation can be founded by one or more individuals or legal entities; at least one person has to be a shareholder. The share capital must be at least 100,000 Swiss francs, and as of January 1, 2023, the share capital may also be dominated by certain foreign currencies. In order to found a stock corporation, at least 50,000 Swiss francs must be deposited in a blocked Swiss account (so-called capital deposit account). An increase in the stock capital to at least 100,000 Swiss francs may, however, be demanded by the board of directors at any later date.

For stock corporations, the law prescribes three agents: the general meeting, the board of directors, and the auditor.

- The general meeting is the meeting of shareholders; it is responsible for tasks establishing a foundation for the corporation, such as decisions about the articles of association, the appointment of the board of directors and the auditor.
- The AG's supreme body is the board of directors. It consists of one or more members, who are not required to be shareholders. There are no requirements regarding the nationality or legal residence of the directors. At least one person (board of directors member, executive committee member, or authorized signatory) authorized to represent the corporation must reside in Switzerland, but they must not necessarily be a Swiss citizen. The compensation paid to the members of an AG's board of directors

varies widely depending on the industry, size of the company, and sales revenue. The average compensation in Switzerland for a member of the board of directors in companies with up to 1,000 employees is about 25,500 Swiss francs per annum. The most common forms of compensation are annual lump-sum payments and reimbursement of expenses. On average the board of directors in this type of company consists of 3.6 people.

- The auditor is responsible for control in stock corporations. Small and medium enterprises can forego auditing or have the company audited to a limited extent.

### 5.1.2 Limited Liability Company (GmbH)

A limited liability company (GmbH) is a mix of a stock corporation and general partnership and is particularly suited to small and medium enterprises (SMEs) as well as family companies. A limited liability company is a separate business entity with its own legal personality. It can be formed by one or more individuals or commercial companies, and its stated capital (so-called nominal capital) is specified in advance. Each shareholder has an interest in the nominal capital in the form of one or more nominal shares having a nominal value of at least 100 Swiss francs. As of January 1, 2023, the nominal value of the share capital must be greater than zero. The nominal capital must total at least 20,000 Swiss francs and must be deposited in full in a capital deposit account. A nominal share can be easily transferred in writing. In contrast to requirements for AGs, the owner of the invested capital must be entered in the commercial register. In principle, all shareholders are entitled to joint management of the company; at least one managing director must have his place of residence in Switzerland.

For limited liability companies, the law prescribes three agents: the shareholders' meeting, the management, and the auditor.

- The topmost body of a limited liability company is the shareholders' meeting. It is responsible for tasks, such as decisions about the articles of association, the appointment of the manager and the auditor.
- The GmbH is an attractive alternative to the stock corporation, in particular for small and medium-sized enterprises. Due to the fact that a board of directors is not required, the structural costs of a GmbH can be kept comparatively low. On the other hand this means that full responsibility is concentrated on the managing director. Depending on the size, there is only a limited auditing obligation. In addition, the GmbH has the advantage of less share capital compared to an AG, but the disadvantage of the lack of anonymity: every shareholder, even ones added later, are entered in the commercial register.
- The provisions of stock law apply for the auditor.



## Legal Forms at a Glance

(FIG. 12)

	SOLE PROPRIETORSHIP	GENERAL PARTNERSHIP	STOCK CORPORATION (AG)	LIMITED LIABILITY COMPANY	BRANCH OFFICE
<b>Establishment/formation requirements</b>	Commencement of independent economic activity with the aim of ongoing profit	Signing of a partnership agreement (no particular form). If business activity has yet to be conducted, the company comes into being when it is entered in the commercial register	Public authentication of formation, approval of the statutes, selection of the board of directors and (in the absence of dispensation under OR 727a II) the auditors, entry in commercial register	Public authentication of formation, approval of the statutes, if applicable appointment of management, representatives, and (in the absence of dispensation under OR 727a II) auditors, entry in commercial register	Entry in commercial register
<b>Purpose</b>	Small business, personal activity (e.g. artist)	Smaller, ongoing, mainly personal businesses	Suitable for almost all types of profit-oriented business	Smaller, mainly personal businesses	Operation that is legally part of a larger company but has a certain amount of economic autonomy
<b>Company name</b>	- Owner's last name (with or without first name) - Possible additions: type of activity, invented name	- Any name (personal name, type of activity, invented name) - The legal form must be indicated in the company name	- Any name (personal name, type of activity, invented name) - The legal form must be indicated in the company name	- Any name (personal name, type of activity, invented name) - The legal form must be indicated in the company name	- Same name as main company - Special additions permitted - If the main company is foreign: location of main company, location of branch office - Indication of legal form
<b>Legal nature</b>	Sole property of company owner	Unincorporated company	Legal entity	Legal entity	Legal entity
<b>Entry in the Commercial Register</b>	Commercial operations must be registered (otherwise, registration is possible but not mandatory)	Commercial operations must be registered	Comes into existence upon entry in commercial register	Comes into existence upon entry in commercial register	Mandatory entry in commercial register
<b>Founder</b>	An individual is the sole proprietor	Two or more individuals	At least one shareholder (individual or legal entity)	At least one partner (individual or legal entity)	Main company
<b>Bodies</b>	None	Partners	- General meeting - Board of directors (at least 1 member)	- General partners' meeting - Executive board (at least 1 member)	- Bodies of main company - Managed by own executives, authorized representative resident in Switzerland
<b>Auditor</b>	May be used	May be used	Yes, in the absence of dispensation under OR 727a II, depending on size – attainment of two of the three following parameters in two successive fiscal years: - total assets of CHF 20 million - sales of CHF 40 million - average headcount over the year of 250 employees or more		
<b>Liability</b>	Unlimited liability of owner with personal assets	Primary liability of company assets, subsidiary unlimited and joint liability of each partner with personal assets	Sole liability of company assets, only obligation of shareholders to full payment of share capital	Sole liability of company assets, facultative limited obligation to pay additional contributions as per statutes, liability only for additional contributions tied to own nominal shares	Main company

Source: State Secretariat for Economic Affairs (SECO), Swiss Code of Obligations (OR)

	SOLE PROPRIETORSHIP	GENERAL PARTNERSHIP	STOCK CORPORATION (AG)	LIMITED LIABILITY COMPANY	BRANCH OFFICE
<b>Minimum capital</b>	No requirements	No requirements	Minimum of 100,000 Swiss francs, minimum deposit of 50,000 Swiss francs.	Minimum of 20,000 Swiss francs, deposited in full	No capital required (endowment capital of foreign parent company is sufficient)
<b>Costs of consulting, establishment, notary</b>	CHF 700 – 1,200	CHF 2,400 – 4,400	- From CHF 3,320 (electronic) - From CHF 7,420 (traditional) (see 5.5.3)	- From CHF 3,220 (electronic) - From CHF 7,420 (traditional) (see 5.5.3)	From 1,000 Swiss francs
<b>Advantages</b>	<ul style="list-style-type: none"> <li>- Simple and low-cost formation process</li> <li>- Few formal requirements</li> <li>- Proprietor/partners can perform roles of corporate bodies</li> <li>- Double taxation of profit is avoided (only the proprietor's/partners' income is taxed because the company is not a legal entity)</li> <li>- Suitable for very small businesses</li> </ul>		<ul style="list-style-type: none"> <li>- Limited liability and risk capital</li> <li>- Easier transferability of shares</li> <li>- Regulated representation rights</li> <li>- Foreigners can own all shares/nominal shares (but at least one person resident in Switzerland is entitled to represent the company)</li> <li>- Easy access to the capital market</li> <li>- Suitable for businesses with more capital</li> <li>- Swiss character of company</li> </ul>	<ul style="list-style-type: none"> <li>- Lower minimum capital</li> </ul>	<ul style="list-style-type: none"> <li>- No separate capital required</li> <li>- Simpler and cheaper to set up than an incorporated company (no stamp duty or withholding tax on profit transfer)</li> <li>- Parent company can exert direct influence</li> <li>- Low tax burden</li> <li>- Tax exemption for Swiss profits in parent company's country under numerous double taxation agreements</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>- Unlimited liability of proprietor/partners</li> <li>- Ownership interests difficult to transfer</li> <li>- Lack of anonymity, proprietor/partners must be listed by name in the commercial register</li> <li>- More difficult access to the capital market</li> <li>- Social insurance obligation</li> </ul>		<ul style="list-style-type: none"> <li>- In some cases, double tax burden (taxation of company profit and dividends)</li> <li>- More complex and expensive formation process, professional advice recommended</li> </ul>		<ul style="list-style-type: none"> <li>- Foreign parent company shares liability for branch office</li> <li>- Difficult from a tax point of view</li> <li>- Lacks Swiss character</li> </ul>
			Amount of share capital	No shareholder anonymity	

Source: State Secretariat for Economic Affairs (SECO), Swiss Code of Obligations (OR)

**Establishing a company in Switzerland can be done quickly and easily.**

### 5.1.3 Branch Office

Instead of founding a subsidiary in Switzerland, a foreign company can also set up a branch office (a common corporate structure for foreign companies in Switzerland). These branch offices have a certain organizational and financial independence from the foreign parent company. From a legal point of view the branch office is a part of the foreign company, although it can sign contracts on its own behalf, perform transactions, and also appear in court at its place of business as a plaintiff and a defendant. As soon as a branch office is formed, it must be registered in the commercial register. As far as licensing, registration, taxation, and accounting records are concerned, a branch office is treated like any Swiss company. In order for a foreign company to establish a branch office in Switzerland, it must have an authorized representative whose legal residence is in Switzerland.

### 5.1.4 Limited Partnership for Collective Investment

The limited partnership for collective investment (abbreviated as KKK in German) corresponds to the limited liability partnership (LLP) common in English-speaking countries. As an instrument for risk capital investment, this form of company is reserved exclusively for qualified investors. In contrast to the provisions of the Swiss Code of Obligations regarding limited partnerships, according to which the partner with unlimited liability must be an individual, the fully liable partner in a limited partnership for collective investment must be a stock corporation.

This legal form has existed in Switzerland since 2006. For investors and limited partners, it is an alternative to setting an LLP in Luxembourg, Ireland, or the Channel Islands (specifically Jersey and Guernsey). This has strengthened Switzerland's status as a financial center and created the conditions for an increase in professional services for specialized risk capital, private equity, and hedge fund managers in Switzerland.

### 5.1.5 Sole Proprietorship

The sole proprietorship or single-owner company is the most popular corporate structure for small businesses. It exists legally whenever an individual conducts commercial activities alone or, in other words, operates a business or a company. The owner of the sole proprietorship bears the entrepreneurial risk and is liable for that risk with his or her entire private and business assets. On the other hand, the owner also has the sole power to determine business policy. If the business is successful, it can be easily "transformed" into a corporation. If it fails, liquidation is easier than for other legal forms. The sole proprietorship does not need to be registered in the commercial register unless annual sales exceed 100,000 Swiss francs.

### 5.1.6 General Partnership

If two or more individuals come together to operate a business under a joint name in accordance with standard commercial practice, this type of operation is called a general partnership. A general partnership is created by a partnership agreement between the participants. Since it (like a sole proprietorship) is not a distinct legal entity, it is not required to pay taxes. Taxes are paid by the individual partners. The partners have unlimited joint liability for any business debts or obligations of the partnership to the extent of their own assets. Entry in the commercial register is required.

### 5.1.7 Joint Venture

The joint venture is becoming more and more important as a form of partnership. It is not regulated by law and is an appropriate form for a joint activity with a Swiss partner. A joint venture is often operated as a joint investment in a newly formed corporation (a foreign supplier, for example, establishes a manufacturing or sales company together with the Swiss seller). Joint ventures can also be operated as an ordinary partnership in the case of small projects (e.g. a research project for a limited time period).

### 5.1.8 Ordinary Partnership

The ordinary partnership is a contractual association of several individuals or legal entities for a business purpose that is not required to be entered in the commercial register. Anonymity is preserved but each partner is jointly and personally liable for the joint project.

## 5.2 ACCOUNTING

The general accounting regulations in Switzerland are brief and to the point. The accounts required for the type and scope of business must be kept in an orderly manner and allow identification of business assets and of receivables and payables associated with business operations as well as operating results (profit or loss) in each business year. The law requires that the income statement (profit and loss account) and the balance sheet be drawn up annually according to generally accepted accounting principles and that they be complete, clear, and easily understood. This means that the accounting system can be based on any internationally accepted standards (such as US GAAP, IFRS, or Swiss GAAP FER).

Legal entities must meet detailed minimum requirements concerning the structure of the annual financial statements in order to increase transparency. They must include, as a minimum, a balance sheet and an income statement with previous-year comparisons and explanatory notes. The annual financial statements of group companies must be consolidated in a single set of consolidated financial statements if two of the following parameters are present in two successive fiscal years:

- Total assets of 20 million Swiss francs,
- Annual sales of 40 million Swiss francs,
- An average headcount over the year of 250 or more full-time positions

## 5.3 AUDITING

Annual financial statements are audited for correctness and accuracy by people and companies, which have the required state license. Normally they are fiduciaries, fiduciary companies, or auditing companies. The auditing obligation depends on the size and economic importance of the corporation (AG) or limited liability company (GmbH). Regular audits apply to companies that are required to prepare consolidated financial statements, or if two of the three parameters below are present in two successive fiscal years:

- Total assets of 20 million Swiss francs,
- Annual sales of 40 million Swiss francs,
- An average headcount over the year of 250 employees or more

If these conditions are not met, then the annual financial statements are only subject to a limited audit (questioning of management, appropriate detailed checks, analytical audit procedures, etc.). The audit may also be dispensed with entirely, subject to the approval of the shareholders, if the company has no more than an average of ten full-time positions during the year.

[www.treuhandsuisse.ch](http://www.treuhandsuisse.ch)  
Swiss Fiduciary Association

[www.expertsuisse.ch](http://www.expertsuisse.ch)  
Swiss Expert Association for Audit, Tax, and Fiduciary

## 5.4 REVISION OF COMPANY LAW

The revised company law will enter into force on January 1, 2023. The reform aims to make company law more flexible. For example, share capital in a foreign currency is now also permissible; general meetings can be held by electronic means; there is now a legal basis for interim dividends, and shareholders' rights are strengthened.

## 5.5 ESTABLISHING A COMPANY

### 5.5.1 Process

Parties who intend to establish a company in Switzerland can move more quickly from the planning stage to implementation if a clear and concrete business strategy has been worked out in advance. For startups, a concise and clear business plan (3 to 5 pages) is required. The plan should be simple enough for contacts who are unfamiliar with the service or industry the company is in. It should cover, but not be limited to, the following items: Vision/Strategy, Products/Services, Potential Customers, Competitors, Production/Suppliers/Procurement, Organization, Number of Employees (including recruiting), and Budget with Profit/Loss Statement for the first three years. Once the decision to locate to Switzerland has been made, the economic development agency

of the selected canton can help to coordinate the project locally until the start of operations. Banks, consulting companies, fiduciary companies, and attorneys specializing in company law are also available to answer specific questions.

The formation of a company generally takes two to four weeks from the submission of required documents to the Commercial Registry Office to the date when the company is considered legally established (when it has legal effect with respect to third parties). Some of a new corporation's activities require a permit from a supervisory board (e.g. the Swiss Financial Market Supervisory Authority FINMA), which must be obtained before an activity can be started. The State Secretariat for Economic Affairs (SECO) provides an online desk for founding companies called "StartBiz." With this eGovernment solution, sole proprietorships, limited liability companies, stock corporations, general partnerships, and limited partnerships can register with OASI offices, VAT authorities, and accident insurance companies.

It is also possible for sole proprietorships, general partnerships, and limited partnerships to be entered into the commercial register, so that the complete foundation of these companies can be carried out via "StartBiz." Normally, foreign companies in Switzerland are founded with the legal form of an incorporated company (GmbH or AG). Furthermore, the foundation of a stock corporation (AG) or a limited liability company (GmbH) requires entry in the commercial register, for which public documentation by a notary public is required.

[www.s-ge.com/company-foundation](http://www.s-ge.com/company-foundation)  
Facts and figures on establishing a company in Switzerland

[www.easygov.swiss](http://www.easygov.swiss)  
Electronic registration and creation of new companies

[www.kmu.admin.ch](http://www.kmu.admin.ch) > Practical knowledge > Establish an SME  
Online notary for company formations (AG/limited liability company)

[www.startups.ch](http://www.startups.ch)  
Private platform for the establishment of new companies

### Process of Establishing a Company (AG, GmbH)

(FIG. 13)

STEP	TIME REQUIRED IN WEEKS					
	1	2	3	4	5	6
Advance checking of the company's name	■					
Preparation of necessary documents (corporate charter or articles of incorporation, statutes, application, etc.)		■				
Payment of the company capital into a blocked account at a specified deposit location (Swiss bank). The payer must prove their identity. For foreigners it may be worth bringing references from Swiss partners.			■	■		
Establishment and preparation of corporate charter or articles of association: statutes, auditor's declaration of acceptance, confirmation of a recognized bank that the share capital has been deposited and is at the free disposal of the company (if the company does not have its own offices after being formed: declaration of adoption of domicile)			■	■		
Publication in the Swiss Official Gazette of Commerce ("SHAB")					■	
Entry of responsible person(s)/entities in the appropriate registers (commercial register, land register)						■
Registration as company liable to tax						■

Source: Documentation of cantonal economic development agencies



### 5.5.2 Entry in the Commercial Register

The commercial register includes all commercial enterprises doing business in Switzerland. It specifies each company's extent of liability and its authorized representatives. Its central focus is its public disclosure role. Accordingly, the Central Business Names Index, Zefix, which is maintained online by the Federal Commercial Registry Office, is open to anyone for consultation and can also respond to inquiries as to whether a company name is available. All entries in and deletions from the commercial register are published in the Swiss Official Gazette of Commerce.

As a rule, any trading, manufacturing, or other form of commercial enterprise is required to be registered in the commercial register. Registration guarantees that the company name is protected. It is only after registration in the commercial register that legal entities receive their own legal personality and status. The company or business name under which a commercial enterprise is operated can be freely chosen, as long as it complies with legal regulations. The company to be registered must specify the legal form as part of the company name. The company name of a sole proprietorship must include the owner's last name but may not contain any additional wording indicating a relationship between partners or associates. Application for registration in the commercial register can be done electronically via the company formation portal for all legal company forms, provided that the applicable requirements are met.

[www.zefix.ch](http://www.zefix.ch)  
Zefix - Central Business Name Index

[www.shab.ch](http://www.shab.ch)  
Swiss Official Gazette of Commerce

### 5.5.3 Costs of Forming a Company

The costs for forming a stock corporation and a limited liability company comprise various fees; the costs varying depending on whether the process is carried out traditionally or via an electronic platform operated by the SECO (see chapter 5.4.1).

The purpose of the securities issue tax is the non-gratuitous or free foundation and increasing of the nominal value of participation rights. The tax is levied at 1% of the amount accruing to the company as consideration for the participation rights but at least 1% of the nominal value, with an exemption for the first one million Swiss francs. This exemption applies generally to the formation of corporations and to capital increases up to one million Swiss francs. Existing companies may therefore increase their capital to one million Swiss francs without owing any securities issue tax.

### Costs of Forming a Stock Corporation (AG)

(CHF)

(FIG. 14)

COSTS OF FORMING A COMPANY	TRADITIONAL	ELECTRONIC
Share Capital	100,000	100,000
Consulting services (corporate charter or articles of association, taxes, commercial register, share certificates, establishment documents, founding assembly, etc.)	5,000 – 7,000	from 1,900
Commercial register fee	420	420
Certification fees	1,000	
Securities issue tax	–	–
<b>Total costs</b>	<b>7,420 – 9,420</b>	<b>from 3,320</b>

Source: [www.easygov.swiss](http://www.easygov.swiss), PricewaterhouseCoopers

### Costs of Forming a Limited Liability Company (GmbH)

(CHF)

(FIG. 15)

COSTS OF FORMING A COMPANY	TRADITIONAL	ELECTRONIC
Share capital	20,000	20,000
Consulting services (corporate charter or articles of association, taxes, commercial register, share certificates, establishment documents, founding assembly, etc. – depending on complexity)	4,000 – 6,000	from 1,800
Commercial register fee	420	420
Certification fees	1,000	
Stamp duty	–	–
Bank charges for the escrow account	1,000	1,000
<b>Total costs</b>	<b>7,420 – 8,420</b>	<b>from 3,220</b>

Source: [www.easygov.swiss](http://www.easygov.swiss), PricewaterhouseCoopers



# VISAS, RESIDENCE PERMITS, AND WORK PERMITS

# 6

6.1	Entering the Country and Visas .....	61
6.2	Temporary and Permanent Residence .....	62
6.3	Residing in Switzerland without Gainful Employment...	63
6.4	Residing in Switzerland with Gainful Employment .....	64
6.5	Naturalization .....	67

Switzerland's prosperity is partly due to the immigration of foreign workers. Not only do they boost the economy, they also enrich the culture. Residence in Switzerland is now easier for EU/EFTA citizens thanks to bilateral agreements between Switzerland and the EU. In the labor market they have the same rights as Swiss workers. For people from other countries who wish to live and work in Switzerland, certain provisions apply.

## 6.1 ENTERING THE COUNTRY AND VISAS

The requirements for entering Switzerland differ depending on the purpose of the stay (for example, tourism, visit, employment, family reunification, or study) and the duration of the stay (short or long term). The State Secretariat for Migration publishes the current requirements on its website.

[www.sem.admin.ch](http://www.sem.admin.ch)  
State Secretariat for Migration (SEM)

### 6.1.1 Visa Requirements

Depending on your nationality and/or the duration of your stay, you may need a visa to enter Switzerland. As a rule, persons requiring a visa must submit the visa application to the Swiss representation responsible for their place of residence. The corresponding application can be downloaded from the website of the representation or the SEM. In addition to a valid, recognized travel document, the application must include proof of travel health insurance and additional documents that verify the reason for the journey. The representation's website provides information on visa fees and documents that have to be submitted. The Swiss representation abroad may require a letter of sponsorship to be submitted before it issues the visa if the applicant does not have sufficient financial funds or if there is some doubt on this point.

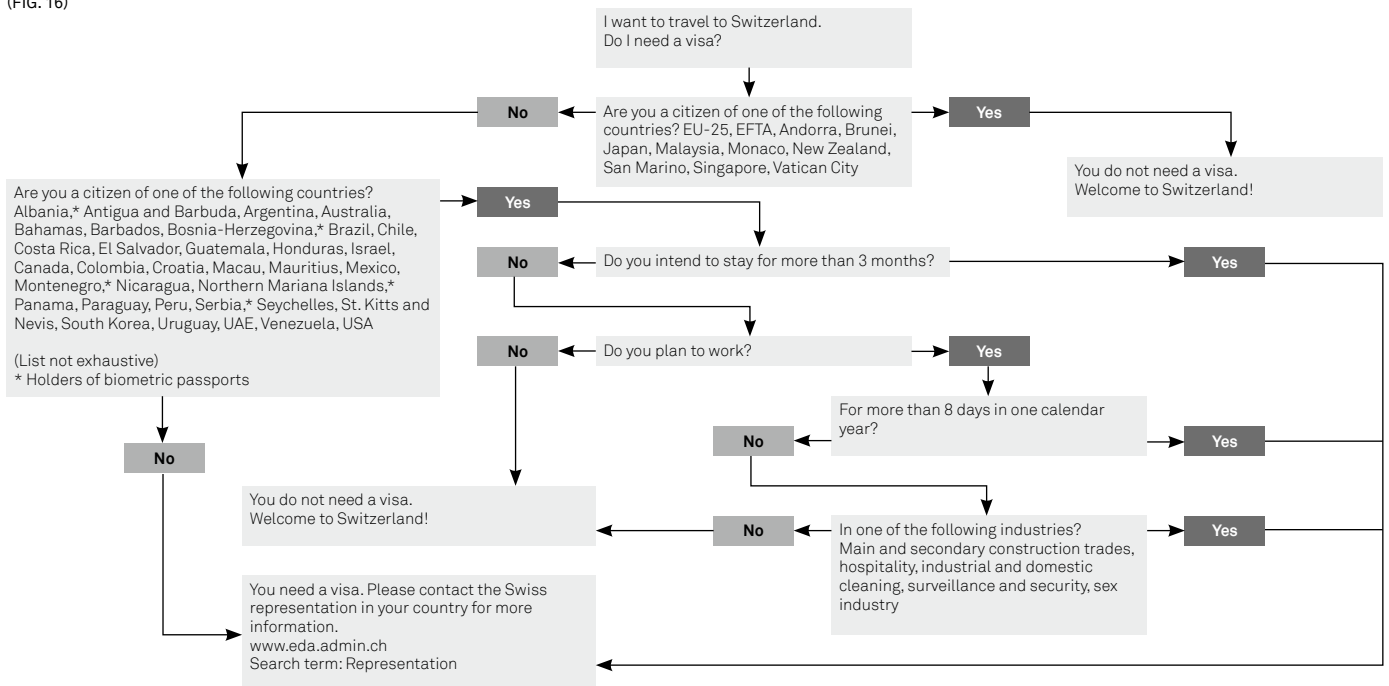
[www.swiss-visa.ch](http://www.swiss-visa.ch)  
Switzerland's online visa system

[www.eda.admin.ch](http://www.eda.admin.ch)  
Swiss representations abroad

[www.sem.admin.ch](http://www.sem.admin.ch) > Entry, residence & working  
Information about entering Switzerland

## Do I Need a Visa? \*\*

(FIG. 16)



\*\* Information is for guidance only. A general visa waiver does not mean, for instance, that no permit is required for work. Please consult the responsible Swiss representation.

### 6.1.2 Visa Procedure

Persons requiring a visa must submit the visa application to the Swiss representation responsible for their place of residence. Travel documents and any other requested documents which explain the reason for the journey must be submitted along with the application. The representation's website will provide detailed information about the required documents and the relevant application forms. All documents, letters or certificates that are not in German, French, Italian, or English must be submitted with a translation.

In some cases, the representation abroad may require a declaration of sponsorship. Detailed information on this requirement can be found on the SEM's website:

- Information on entry to the Schengen area/visa procedures: [https://www.sem.admin.ch/sem/en/home/themen/einreise/merkblatt\\_einreise.html](https://www.sem.admin.ch/sem/en/home/themen/einreise/merkblatt_einreise.html)
- Information on letters of invitation and declarations of sponsorship: [https://www.sem.admin.ch/sem/en/home/themen/einreise/merkblatt\\_einreise.html](https://www.sem.admin.ch/sem/en/home/themen/einreise/merkblatt_einreise.html)

If the visa request is declined, it is possible to appeal the decision by writing to the SEM (in German, French, or Italian) within 30 days of notification and explaining the reasons for the appeal. An advance on costs is payable to the SEM for handling the appeal. The appeal will not be processed unless the required advance on costs is paid.

[www.sem.admin.ch > Entry, residence & working](https://www.sem.admin.ch/sem/en/home/themen/einreise/merkblatt_einreise.html)  
Visa application form

## 6.2 TEMPORARY AND PERMANENT RESIDENCE

Temporary and permanent residence permits are issued by the cantonal migration offices. It may be possible to work depending on the type of permit issued. Foreigners residing in Switzerland for more than three months receive a residence permit indicating which type of authorization has been granted (see Fig. 17).

[www.sem.admin.ch > The SEM > Contact > Cantonal authorities](https://www.sem.admin.ch/sem/en/home/themen/einreise/merkblatt_einreise.html)  
Cantonal migration and labor market authorities

[www.ch.ch > Foreigners in Switzerland](https://www.ch.ch/foreigners)  
Information for foreigners in Switzerland

[www.sem.admin.ch > Entry, residence & working](https://www.sem.admin.ch/sem/en/home/themen/einreise/merkblatt_einreise.html)  
Overview of residence

## Types of Permits

(FIG. 17)

<b>Permit B</b> Residence permit	For temporary residents (foreigners visiting Switzerland for a specific purpose for a longer period with or without employment).
<b>Permit C</b> Permanent residence permit	For permanent residents (foreigners who have been granted permanent residence after living in Switzerland for 5 or 10 years. Unlimited right to stay in Switzerland).
<b>Permit Ci</b> Residence permit with employment	This document is issued by the cantonal authorities for the employed spouses and children of employees of foreign representations or intergovernmental organizations (IO).
<b>Permit G</b> Cross-border commuter permit	For cross-border commuters (foreigners who live in the border zone of a neighboring country and work in the adjacent border zone in Switzerland).
<b>Permit L</b> Short-term residence permit	For short-term employment and other short stays.
<b>Permit F</b> Provisionally admitted foreigners	For provisionally admitted foreigners. This permit is issued by the cantonal authorities on the instruction of the State Secretariat for Migration SEM.
<b>Permit N</b> Asylum seekers	For asylum seekers. This permit is issued by the cantonal authorities following a decision by the State Secretariat for Migration SEM.
<b>Permit S</b> Persons in need of protection	For persons in need of protection. This permit is issued by the cantonal authorities following a decision by the State Secretariat for Migration SEM.

Source: State Secretariat for Migration (SEM), 2022



### 6.2.1 Family Reunification

Citizens of Switzerland and EU/EFTA citizens with a residence permit or a short-term EU/EFTA residence permit are allowed to have their families join them, regardless of their nationality. The following are classified as family:

- Spouses and children who have not yet reached the age of 21 or who are considered dependents
- Parents and parents of the spouse, who are provided with sufficient financial support

Students are only allowed to be joined by their spouses and children who are their dependents.

People from third countries with permanent residence permits (permit C) have the right to allow their children and spouse to join them. People with residence permits (permit B) have no legal right to this. However, the cantonal migration authority can approve this if persons from third countries with a residence permit can show that they have an apartment that meets their needs and sufficient financial resources. The financial resources must be sufficient to ensure that family reunification does not lead to dependence on social assistance. What's more, no supplementary benefits may be drawn.

Furthermore, the spouses joining the person in Switzerland must be able to communicate in the national language spoken at the place of residence. The oral language skills of the national language spoken at the place of residence must be at reference level A1, at a minimum. If oral language skills are not yet at the A1 reference level, proof of enrollment in a language support program, which will lead at least to the achievement of the A1 reference level, is sufficient. This proof must be presented at the latest when registering in Switzerland. At the latest when the residence permit is renewed, the spouses joining the person in Switzerland must prove that they have oral language skills, which are at least at the A1 reference level in the national language spoken at their place of residence.

Spouses and children of Swiss nationals and people with permanent residence authorization or residence permits can take up self-employed or employed work all over Switzerland.

The same requirements apply except for language skills for persons from third countries with a short-term residence permit. The family members receive a short-term residence permit with the same period of validity. If family reunification takes place with a person who does not require a foreigner's identity card for a stay of up to four months, the family members will not be issued a foreigner's identity card either. The residence regulation is also made by the authorization to issue a visa or by the assurance of such authorization.

[www.ch.ch](http://www.ch.ch) > Foreign nationals in Switzerland  
Family reunification – third countries

[www.ejpd.admin.ch](http://www.ejpd.admin.ch) > Topics > Immigration

## 6.3 RESIDING IN SWITZERLAND WITHOUT GAINFUL EMPLOYMENT

### 6.3.1 Stays of up to 3 Months

Switzerland has been an associate member of the Schengen Agreement, and thus part of the Schengen Area, since December 12, 2008. The provisions of the Schengen Agreement govern entry into Switzerland and stays of up to three months that do not require a permit.

Generally, staying in Switzerland without employment (e.g. for a visit, tourism) for up to three months does not require a permit. However, a visa is necessary for nationals of certain countries. Foreigners may stay in Switzerland for no more than three months within a six-month period calculated from the first time of entry. The reference period of 180 days is always calculated based on the inspection date and covers the 180 days preceding the inspection date. Persons requiring a visa must comply with the amount of time they are permitted to stay as stipulated on their visa.

To enter the country, foreigners must have a valid travel document that is recognized by Switzerland. For persons requiring a visa, Switzerland issues Schengen visas, which are generally valid for the entire Schengen Area for stays of up to three months.

### 6.3.2 Longer Stays

Stays of more than three months also require a permit for persons who are not gainfully employed (retirees, students, job seekers, and others). Permits are issued by the cantonal migration offices. A distinction is made between short stays (less than one year), temporary stays (of limited duration), and permanent stays (of unlimited duration).

Non-EU/EFTA nationals must submit the application for a residence permit (together with the visa application) to the relevant Swiss representation before entering Switzerland. Different documents will be required depending on the purpose of the stay (studying, retirement, medical purposes, etc.). If the conditions for a permit are fulfilled, then either a short-term permit will be issued (for a stay of less than one year) or a residence permit (permit B) valid for one year if the applicant is to stay longer than one year. After entering the country, the permit holder must register with the relevant municipality.

EU/EFTA nationals who are not gainfully employed are granted the right to stay in Switzerland based on the free movement of persons agreement. After arrival, a residence permit must be applied for in the municipality at the same time as registration and will be granted if the following requirements are met:

- The unemployed person must have sufficient funds to prevent them from becoming dependent on state aid so they do not become a burden on their new country of residence.
- They must have health insurance that covers all risks (including accidents).

The EU/EFTA residence permit is valid throughout Switzerland for five years and is automatically extended by the relevant authorities if the above-mentioned requirements continue to be met. Unemployed persons may be joined at a later date by their families if they have sufficient funds to support them.

### 6.3.3 Special Case: Students

The procedure described in 6.3.2 also applies to students. The following conditions also apply:

Students who are citizens of EU or EFTA states, the U.S., Canada, Australia, or New Zealand must generally provide credible proof that they have sufficient funds to support themselves during stays of more than three months (at the relevant Swiss representation or municipality upon registration). Students must also prove that they are enrolled at a recognized educational institution in Switzerland and will be attending a course of general, vocational, or professional education. If these requirements are met, the student will receive a residence permit for the duration of their studies or for the period of one year if their studies last longer than one year. The permit will be extended until the student has completed their studies provided the requirements for the permit continue to be met.

Students who are not citizens of EU or EFTA member states, the U.S., Canada, Australia, or New Zealand must also include the following documents together with their personal entry application, which they submit to the relevant Swiss representation:

- Letter of acceptance from the institution
- Proof of payment for tuition fees
- Proof of sufficient funding for living expenses for the duration of the course of study
- Diplomas/school certificates
- Written agreement to leave Switzerland after completion of studies
- Additional sheet documenting language proficiency. Language proficiency is judged based on a short interview at the consulate or other representation.

The Swiss representation sends the entry application, including documentation and assessment of language proficiency, to the relevant cantonal migration authorities for their approval.

## 6.4 RESIDING IN SWITZERLAND WITH GAINFUL EMPLOYMENT

People working in Switzerland during their stay in the country or people staying for more than three months need a permit from the cantonal migration office. A distinction is made between short stays (less than one year), temporary stays (of limited duration), and permanent stays (of unlimited duration).

The employer is responsible for obtaining a work permit from the migration or employment office (depending on the canton).

Since the bilateral agreements on the free movement of persons and the revised EFTA convention entered into force, different conditions have applied to EU/EFTA citizens than to people from other countries. EU/EFTA citizens are on equal footing with Swiss employees. If immigration from Croatia exceeds a certain amount, quotas in regard to Croatia can be reintroduced until the end of 2026 (safety valve clause). Citizens of non-EU countries are subject to entry restrictions, labor market checks, and priority treatment for EU/EFTA citizens. Foreign asylum seekers may stay in Switzerland in accordance with the provisions of asylum legislation.

The cantons are responsible for deciding whether foreigners may stay and reside in the country. The Confederation is consulted for permission and considers applications from the point of view of Switzerland as a whole. The cantonal migration authorities are responsible for the control of aliens. Foreigner nationals must register with the Residents' Registration Office in the municipality in which they reside within fourteen days.

For anyone intending to relocate to Switzerland, it can be advantageous to bundle the permit applications and to discuss them beforehand. The cantonal economic development agencies provide advice on how to proceed and how long the process takes.

### 6.4.1 Recognition of Foreign Qualifications

Certain professions, particularly in the health, teaching, and technical sectors and in the administration of justice, are regulated. To practice these professions it is necessary to possess a diploma, certificate, or professional qualification. Foreign qualifications have to be recognized by the responsible authorities. Different authorities may be responsible for recognition, depending on the profession. Normally the authorities which regulate training for a particular profession are also responsible for the recognition of foreign qualifications.

Within the scope of the agreement on the free movement of persons, Switzerland works closely with the EU and participates in the European qualification recognition system. People from third countries also have the opportunity to have their qualifications recognized in Switzerland.

[www.sbf.admin.ch](http://www.sbf.admin.ch) > Education > Recognition of Foreign Qualifications  
Regulated professions / recognition of foreign qualifications

[www.swissuniversities.ch](http://www.swissuniversities.ch) > Service > Recognition/Swiss ENIC > Regulated Professions  
Regulated professions / recognition of foreign qualifications

## Work and Residence Permits: Rules and Procedures

(FIG. 18)

RULES FOR EU/EFTA CITIZENS	RULES FOR CITIZENS OF NON-EU/EFTA COUNTRIES
EU/EFTA	
<p><b>Short-term residence permit</b> (Permit L-EU/EFTA)</p> <ul style="list-style-type: none"> <li>- Entitlement as long as proof is provided of employment in Switzerland lasting between 3 months and 1 year (for employment of less than 3 months in one calendar year: registration only).</li> <li>- Family reunification possible.</li> </ul>	<p><b>Short-term residence permit</b> (Permit L)</p> <ul style="list-style-type: none"> <li>- For highly qualified individuals (forming a company, training new employees, specialists working for international companies): 12 months, can be extended to 24 months.</li> <li>- Family reunification possible.</li> <li>- Quotas are redefined each year.</li> <li>- Trainees / interns: valid for 12–18 months, no provision for family reunification.</li> </ul>
<p><b>Residence permit</b> (Permit B-EU/EFTA)</p> <ul style="list-style-type: none"> <li>- Valid for 5 years, after presentation of a certificate of employment with duration of 1 year or more or unlimited duration.</li> <li>- Full-time residence for specific purpose with main residence in Switzerland.</li> <li>- Family reunification possible.</li> <li>- Entitlement to work in self-employed capacity.</li> </ul>	<p><b>Residence permit</b> (Permit B)</p> <ul style="list-style-type: none"> <li>- Full-time residence in Switzerland for work purposes with main residence in Switzerland.</li> <li>- Priority for Swiss workers, inspection of remuneration and working conditions.</li> <li>- Family reunification possible.</li> <li>- Annual renewal of permit is a formality.</li> <li>- Quotas are redefined each year.</li> </ul>
<p><b>Permanent residence permit</b> (Permit C-EU/EFTA)</p> <ul style="list-style-type: none"> <li>- Normally issued on the basis of permanent residence agreements or agreements based on reciprocal rights once a person has resided in Switzerland for 5 years.</li> <li>- Holders have the same rights as Swiss workers on the labor market.</li> </ul>	<p><b>Permanent residence permit</b> (Permit C)</p> <ul style="list-style-type: none"> <li>- Can usually be applied for after 10 years' uninterrupted residence in Switzerland (five years for U.S. citizens).</li> <li>- Holders are no longer subject to employment restrictions. Entitlement to work in self-employed capacity.</li> </ul>
<p><b>Cross-border commuter permit</b> (Permit G-EU/EFTA)</p> <ul style="list-style-type: none"> <li>- Unrestricted geographical mobility.</li> <li>- Holder must return to main residence in an EU/ EFTA country daily or at least every week.</li> <li>- Self-employment possible.</li> <li>- Period of validity depends on employment contract, but 5 years maximum, with possibility of extension.</li> <li>- Unrestricted geographical mobility.</li> <li>- Family reunification not possible</li> </ul>	<p><b>Cross-border commuter permit</b> (Permit G)</p> <ul style="list-style-type: none"> <li>- Valid for 12 months for border zone of canton in which permit issued; annual renewal required.</li> <li>- Applicant has been resident for at least 6 months with permanent residence permit in border zone of a neighboring country.</li> <li>- Weekly return to this place of residence.</li> </ul>

Source: State Secretariat for Migration (SEM), 2022

#### 6.4.2 Residence and Employment for EU/EFTA Citizens

EU/EFTA nationals are treated the same as Swiss nationals in the labor market as a result of the free movement of persons agreement. Job seekers may remain in Switzerland for three months without a permit. EU/EFTA nationals no longer requires a work permit but is still required to obtain a residence permit. This will be issued by the cantonal migration authorities upon presentation of confirmation of employment. If the work contract expires within three months, no permit is needed, but these workers are still required to register. Service providers (self-employed or posted workers) based in the EU or EFTA region no longer require a license for activities in Switzerland lasting less than 90 work days per calendar year. They simply need to register, which can be done via the Internet.

The introduction of the free movement of persons is being accompanied by a series of measures designed to prevent wage and social dumping, as well as by the mutual recognition of professional qualifications, and the coordination of social insurance issues. This simplifies the recruitment of employees from EU/EFTA countries and the attendance and use of educational institutions in these countries, which boosts the efficiency of the labor market and increases the availability of highly qualified workers.

For more information about the free movement of persons, see 4.2.

[www.sem.admin.ch](http://www.sem.admin.ch) > Entry, residence & working  
Free movement of persons Switzerland – EU/EFTA

#### 6.4.3 Residence and Employment for Non-EU/EFTA Citizens

Citizens from countries outside the EU/EFTA require a work and a residence permit. Holders of a long-term residence permit are free to change jobs and place of employment, and to be self-employed anywhere in the country without requiring special permission. In important cases, holders of a short-term residence permit may also work for an employer in another canton.

Priority is given to highly qualified and specialized professionals, as well as to entrepreneurs and executives, recognized scientists and persons involved in cultural affairs, employees of internationally active corporations and key persons with international business relations. This approach aims to promote economic, scientific, and cultural exchanges and to support the transfer of decision-makers and specialists of international companies. In particular, it is designed to give qualified scientists the opportunity to continue working in Switzerland after completing their studies. It is ultimately in the interest of the Swiss economy that foreigners temporarily working in Switzerland be permitted to bring their family to Switzerland, and that partners and children of holders of a long-term residence permit have the right to be employed or self-employed in Switzerland.

##### Key regulations:

- Residence permit B: generally valid for one year. Option to change jobs and cantons with permission, tax at source, quotas. (Some exceptions: e.g. spouses of Swiss citizens have the same rights as Swiss citizens.)
- Permanent residence permit C: same rights as Swiss nationals in labor market, no tax at source.
- Cross-border commuter permit: possible to change jobs with permission, not possible to change cantons, tax at source.
- Short-term residence permit L: not possible to change jobs or cantons, tax at source.
- Trainee permit: maximum of 18 months, only for training purposes for young professionals.
- Asylum seekers: work permit one month following submission of application for asylum. Possible to change jobs with permission, not possible to change cantons. Tax at source, 10% of salary is retained as security.
- Transfer of managerial staff: essential management staff may reside in Switzerland for three years in accordance with the General Agreement on Trade in Services (GATS). The permit can be extended for one year.

The employer is responsible for checks and due diligence, as well as for ensuring that a foreign employee has permission to assume the position. In order to obtain an entry visa, the employer must prove that it was not possible to find a suitable candidate in Switzerland or the EU/EFTA region and that the training of a suitable employee within a reasonable period was not possible.

[www.sem.admin.ch](http://www.sem.admin.ch) > Entry, residence & working > Working in Switzerland  
Employment for non-EU/EFTA citizens



#### 6.4.4 Trainees/Interns

Switzerland has negotiated agreements with numerous countries on the exchange of trainees/interns. These agreements make it easier to obtain residence and work permits of limited duration. Trainees or interns from countries which have no special agreement with Switzerland must follow the normal application procedure for work and residence permits.

Trainees/interns are defined as people who can provide evidence of being engaged in professional training or a course of study. The age limit is 35 years (exceptions: Australia, New Zealand, and Russia: 30 years). The job must be in the profession learned or in the area of study/training and may last no more than 18 months. Canadian students who would like to complete an internship as part of their education are also admitted, while for Japanese students only university graduates are permitted. There are special quotas for trainees/interns, and national legislation giving priority to Swiss nationals does not apply. There is no provision for trainees/interns to bring their families with them.

Because of the free movement of persons between Switzerland and the EU, citizens of EU and EFTA countries only need a short-term residency permit for au pair employees. The permit can be extended to a maximum of 18 months.

[www.swissemigration.ch](http://www.swissemigration.ch) provides a guide for foreign trainees/interns and potential employers, as well as addresses, a standard employment contract, and an application form.

[www.sem.admin.ch](http://www.sem.admin.ch) > Entry, residence & working > Working in Switzerland > Young professionals (trainees)  
Guide for foreign trainees/interns and Swiss employers

#### 6.5 NATURALIZATION

The naturalization process consists of three stages. It is possible to apply for Swiss citizenship in your municipality or canton. Each municipality and canton has its own requirements for naturalization in addition to those imposed by the federal government (see below).

**The following requirements must be met to become a naturalized Swiss:**

- Resident for 12 years in Switzerland (years of residence between ages 10 and 20 count double)
- Integration into Swiss life
- Familiarity with the Swiss lifestyle, customs, and traditions
- Observance of Swiss laws
- No threat to the domestic or international security of Switzerland

Foreign spouses of Swiss citizens benefit from a simplified naturalization process (after five years of residence in Switzerland and after three years of marriage), as do children of a Swiss parent who are not yet Swiss citizens.

[www.sem.admin.ch](http://www.sem.admin.ch) > Entry, residence & working  
Swiss citizenship/naturalization

[www.ch.ch](http://www.ch.ch) > Foreigners in Switzerland  
Naturalization: Information



# REAL ESTATE

# 7

7.1	Looking for the Right Property.....	69
7.2	Commercial Real Estate.....	70
7.3	Residential Real Estate.....	72
7.4	Building Permits.....	74
7.5	Purchase of Real Estate by Persons Abroad.....	74

Although Switzerland has many different types of real estate available for commercial purposes, there is a shortage of residential real estate, especially in city centers, much like in other international cities. People looking for suitable properties to rent or buy will find the Internet and newspapers very useful. Even individuals resident in foreign countries can purchase commercial real estate in Switzerland without prior authorization. When it comes to residential property, however, they are subject to certain restrictions.

## 7.1 LOOKING FOR THE RIGHT PROPERTY

### 7.1.1 Residential and Commercial Real Estate

The Internet and newspapers are the most important sources of information when you are searching for a suitable property. Local acquaintances can also be a big help. The range of real estate on offer includes apartments, single-family and multi-family residences, offices and commercial properties, and even parking lots and garages – for renting or buying.

Another good source of information are the websites of real estate fiduciary agencies. You can find them through real estate search portals or via the website of the Swiss Real Estate Association SVIT, for example. Municipalities' websites are also useful: many of them now include information about future building projects, including both rental properties and properties for sale.

The cantonal economic development agencies support investors in all administrative matters and offer assistance in finding construction sites or other real estate.

[www.svit.ch](http://www.svit.ch)  
Swiss Real Estate Association (SVIT)

[www.alle-immobilien.ch](http://www.alle-immobilien.ch)  
[www.homegate.ch](http://www.homegate.ch)  
[www.immoscout24.ch](http://www.immoscout24.ch)  
[www.comparis.ch](http://www.comparis.ch) > Property  
[www.acheter-louer.ch](http://www.acheter-louer.ch)  
[www.immogalaxy.ch](http://www.immogalaxy.ch)  
[www.newhome.ch](http://www.newhome.ch)  
Residential properties

[www.s-ge.com/real-estate](http://www.s-ge.com/real-estate)  
Commercial properties (in cooperation with Swiss Circle)

### 7.1.2 Temporary Accommodation / Furnished Apartments

The range of available hotels and vacation accommodation in every price category is very broad in Switzerland, due to the fact that Switzerland is a tourist destination. The best starting point for anyone searching for appropriate accommodation is again the Internet. The Switzerland Tourism website “MySwitzerland.com” gives you a good overview.

Furnished and serviced apartments are expensive. There are real estate providers and firms specializing in expatriate services that can offer assistance. There is no nationwide overview of all providers, so it is a good idea to search online using keywords such as serviced apartments, furnished studio apartments, temporary housing, or holiday or vacation apartments.

[www.myswitzerland.com](http://www.myswitzerland.com) > Accommodation  
Hotels and vacation accommodations

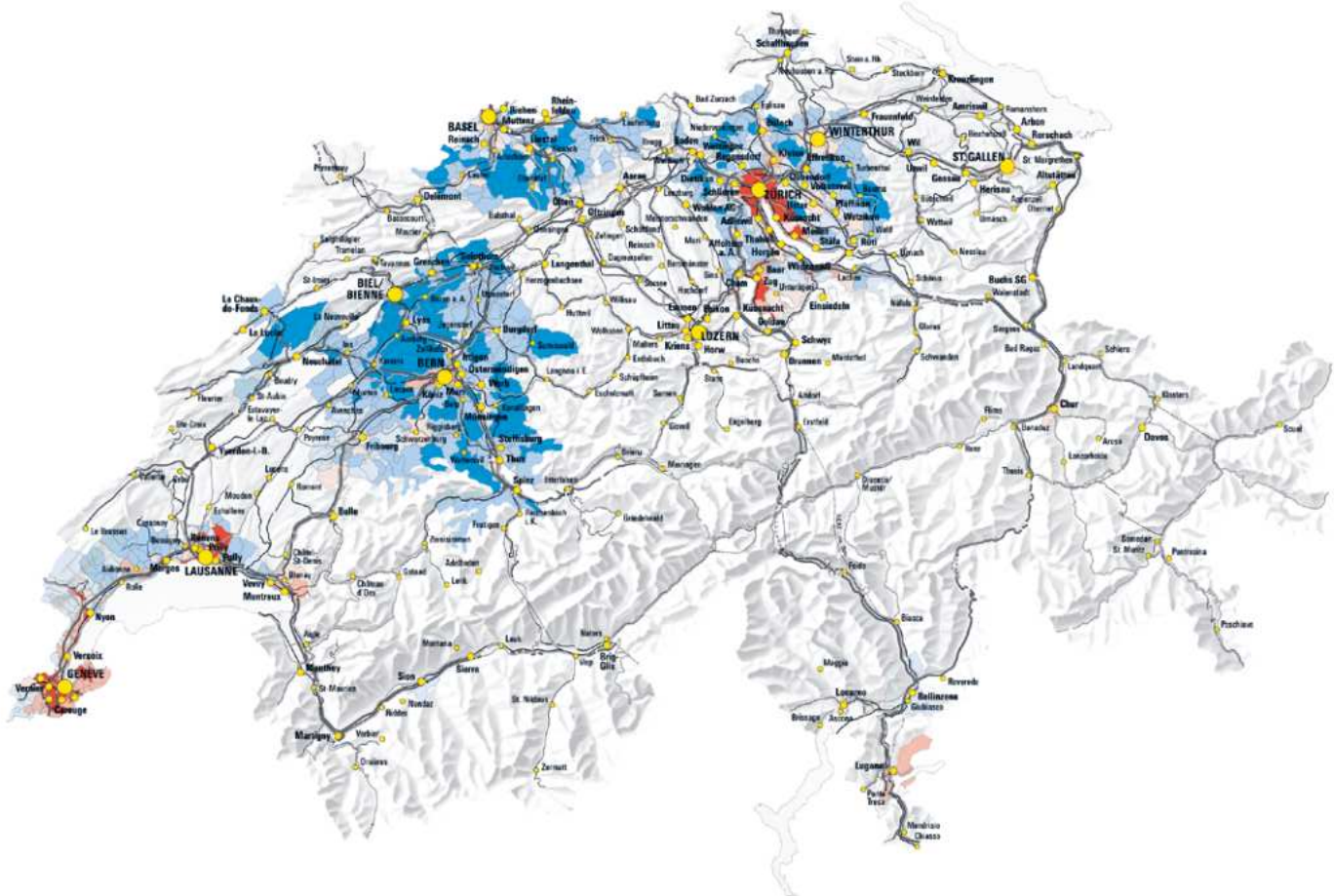
[www.xpatxchange.ch](http://www.xpatxchange.ch) > Moving  
Relocation agencies, providers of furnished and serviced apartments

## 7.2 COMMERCIAL REAL ESTATE

### 7.2.1 Renting

#### Market Prices for Office Space (last updated: 2<sup>nd</sup> quarter of 2022)

(FIG. 19)



Source: Wüest Partner, source map: swisstopo, 2022

Net rent (CHF) per square meter of useful space and year (median)  
Major cities: data for whole city

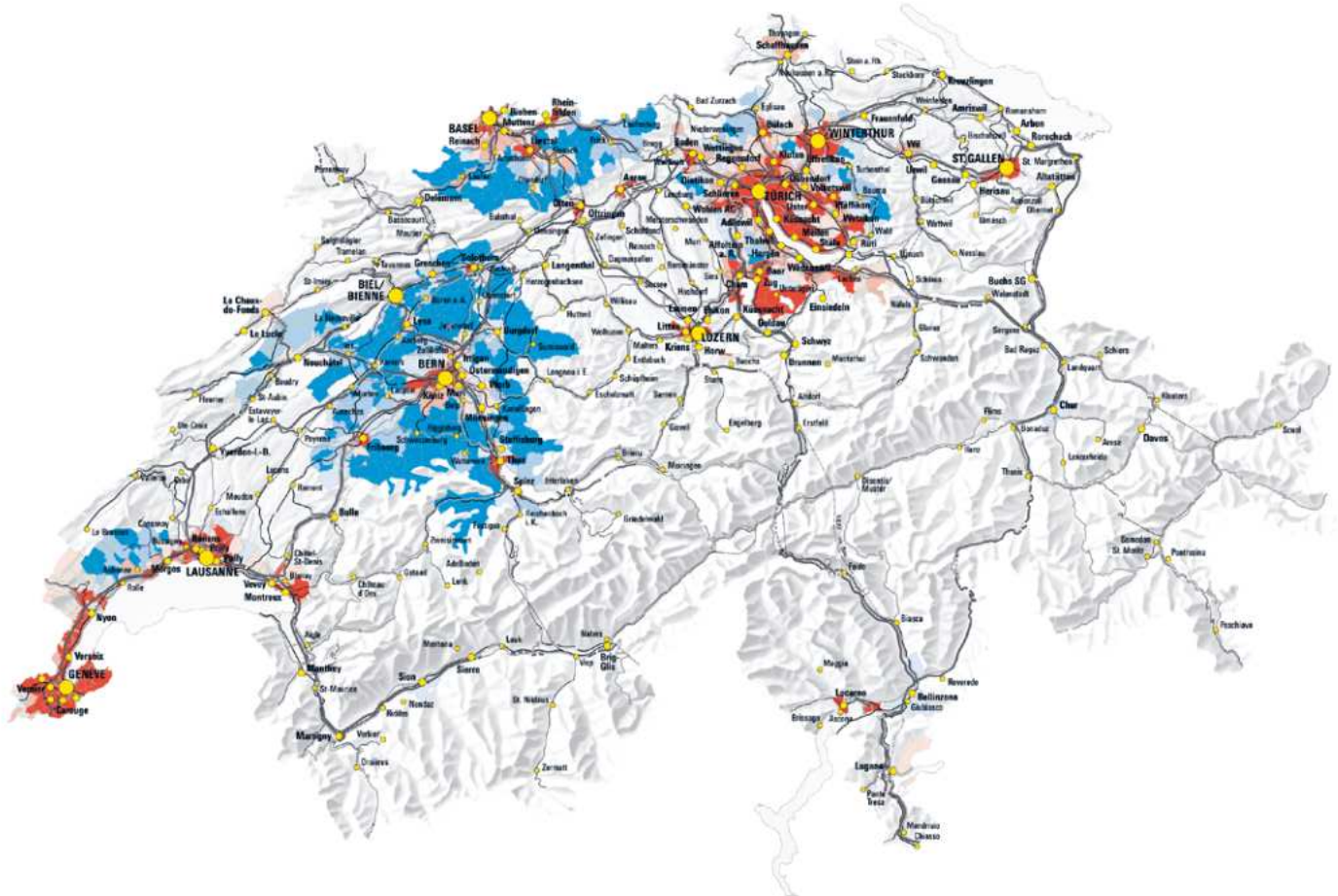
- Over 320
- 280 to 320
- 250 to 280
- 200 to 250
- 150 to 200
- Under 150



## Building Land: Market Prices for Commercial Buildings

(last updated: 2<sup>nd</sup> quarter of 2022)

(FIG. 20)



Source: Wüest Partner, source map: swisstopo, 2022

In CHF per square meter  
(average location, undeveloped, with roads and services)

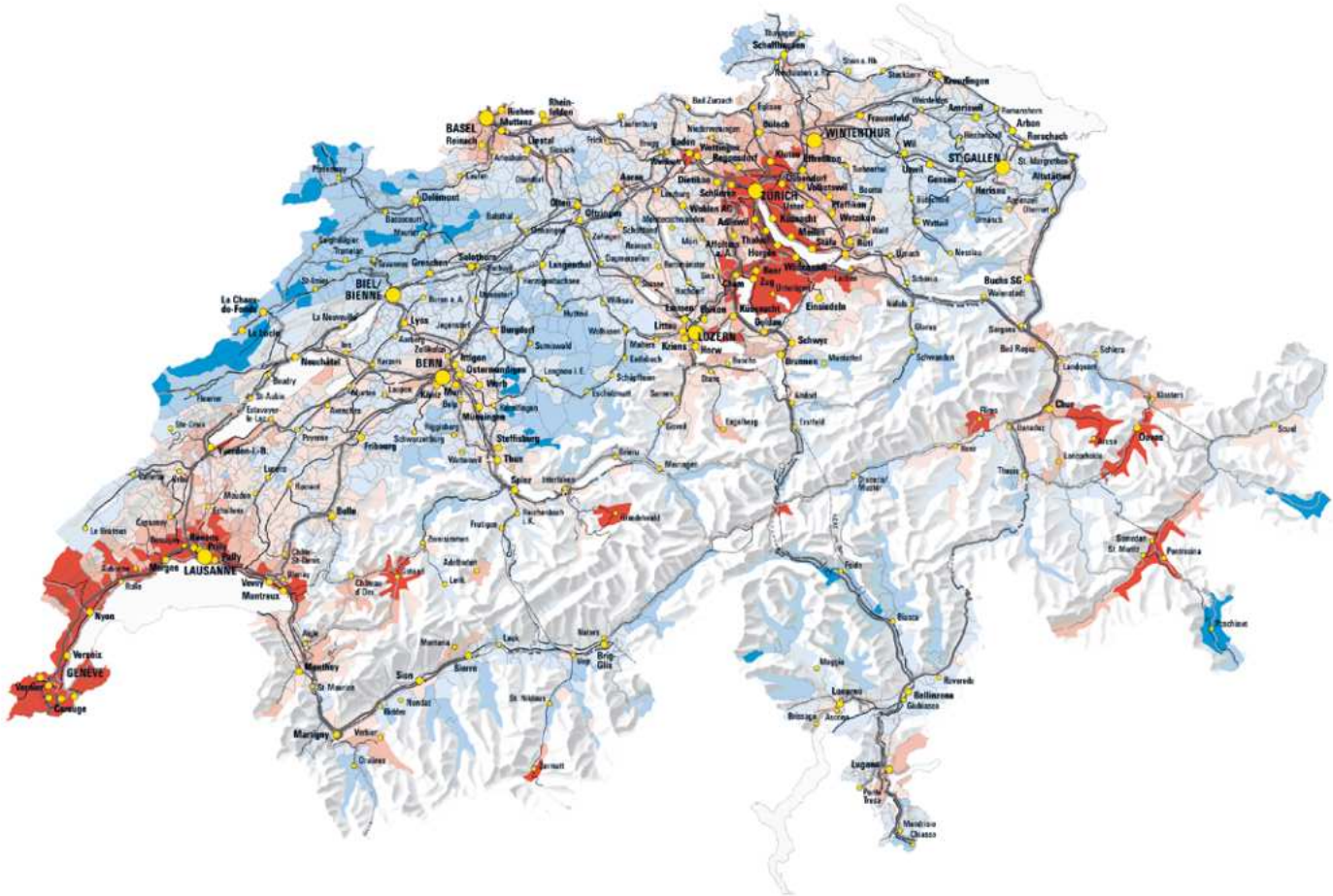
- Over 1,500
- 1,000 to 1,500
- 500 to 1,000
- 250 to 500
- 150 to 250
- Under 150

### 7.2.2 Buying

Individuals residing in other countries may purchase commercial real estate in Switzerland. EU/EFTA citizens who are resident in Switzerland have the same rights as Swiss nationals in terms of the purchase of real estate and do not require permission. Nationals of third countries and persons who are resident abroad may purchase real estate with some restrictions.

**Market Prices for Rented Accommodation**  
(last updated: 2<sup>nd</sup> quarter of 2022)

(FIG. 21)



Source: Wüest Partner, source map: swisstopo, 2022

Net rent (CHF) per square meter  
Main useful space and year (median)

- Over 220
- 200 to 220
- 180 to 200
- 160 to 180
- 140 to 160
- Under 140

**7.3 RESIDENTIAL REAL ESTATE**

**7.3.1 Renting**

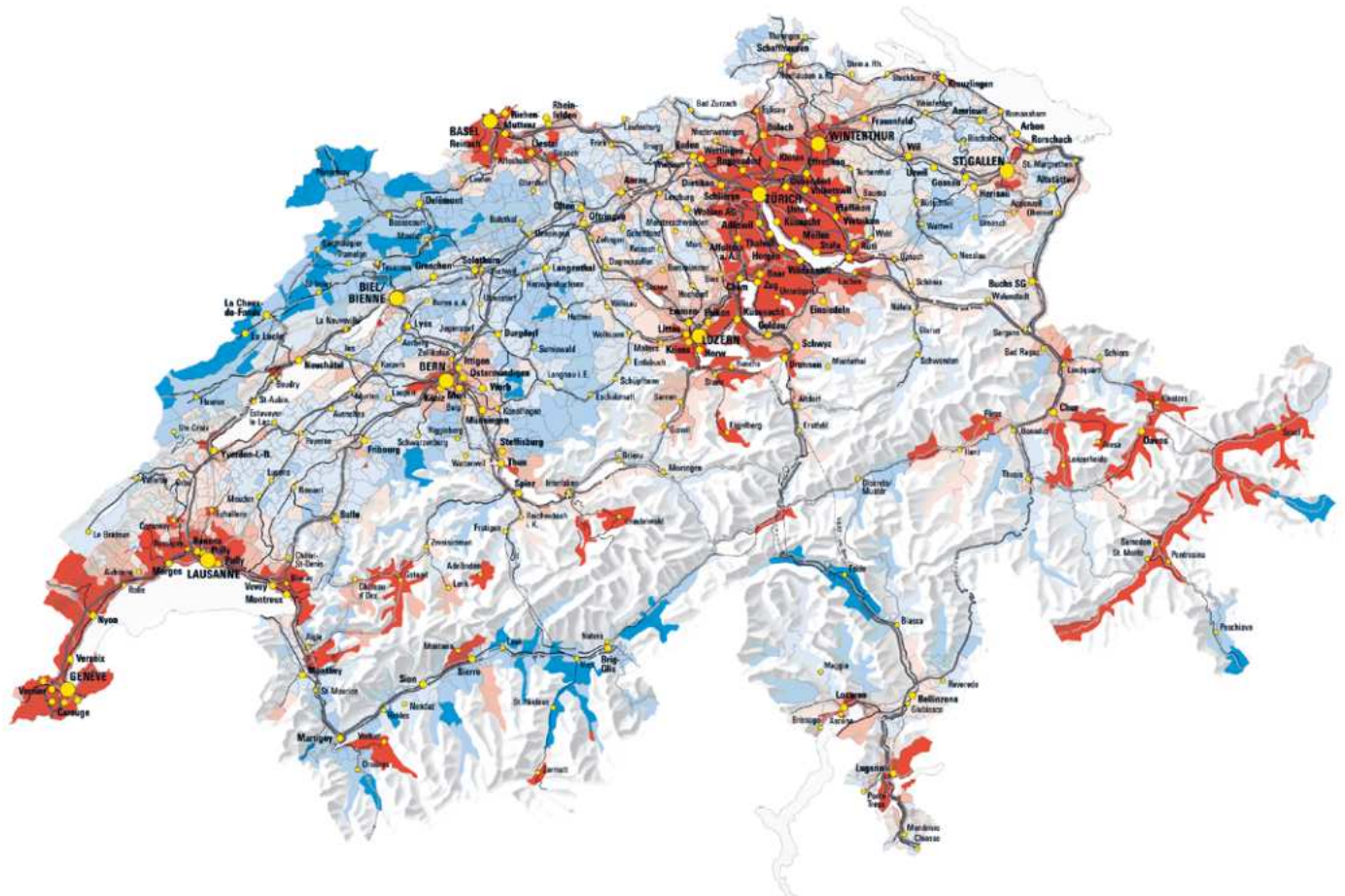
Two out of three people in Switzerland live in rented accommodation. Demand is high and availability scarce, especially in cities and large urban areas. Since 2003, the vacancy rate has been varying around the 1% mark (2021: 1.54%). It therefore takes some patience and luck to find the right place to live.

A number of factors can affect rents. The cantons with the highest rents are usually prime locations within reach of major urban centers. Another factor that explains high rents is a low tax burden.

## Market Prices for Owner-Occupied Accommodation

(last updated: 2<sup>nd</sup> quarter of 2022)

(FIG. 22)



Source: Wüest Partner, source map: swisstopo, 2022

In CHF per square meter of usable space

- Over 8,000
- 7,000 to 8,000
- 6,000 to 7,000
- 5,000 to 6,000
- 4,000 to 5,000
- Under 4,000

### 7.3.2 Buying

The acquisition of residential property by individuals resident abroad is subject to certain legal restrictions (see 7.5). In 2017, the home ownership rate in Switzerland was about 40%. It is especially high among families with children, older people, and people with higher incomes.

Once the right property has been found, the next step is to sign a contract of sale. This contract forms the basis for any real estate acquisition and must be drawn up and notarized by a notary. It obliges the seller to transfer the property and the buyer to pay the agreed purchase price. The contract also describes the property and stipulates the date on which the property will be handed over and the securing of any capital gains tax on the property.



Before signing the contract, it is advisable to check the land register to see whether any rights and encumbrances are associated with the land on which the property stands or will be built. By providing proof of interest, you can obtain detailed information in the form of an extract from the land register, for which there is a fee. The information recorded in the land register can be complex. Although a right-of-way is easy for the layperson to understand, the situation is much more complicated when it involves building law or regulations applying to condominiums. In these cases, it may be advisable to consult an expert. The notary who handles the sale can also provide further information. The contract of sale, which must always be publicly notarized, represents the actual underlying transaction and is required for subsequent registration in the local land register. Ownership actually passes to the buyer when the land register entry is made. There is no centralized land register for all of Switzerland; each canton maintains its own register under the supervision of the Federal Office of Justice.

[www.ch.ch](http://www.ch.ch) > Housing  
Information about the land register

[www.grundbuchfuehrung.ch](http://www.grundbuchfuehrung.ch)  
Swiss Land Register Administrators Association

[www.hausinfo.ch](http://www.hausinfo.ch)  
Purchase, sale and taxes

## 7.4 BUILDING PERMITS

Buildings and structures may only be erected or altered with the consent of the appropriate authorities. The construction project must first comply with the municipality's zone use plan, and then must also meet other requirements based on planning law and environmental regulations (water, air, waste, and noise) or requirements in the interests of public health and safety.

The building permit process takes an average of three months. Submitting a planning application (application for a building permit) is basically a standardized process. In addition to the project plans, a number of other forms and types of evidence must be submitted, depending on the particular project. It is in the owner's interest to obtain a legal building permit as quickly as possible since the owner must bear the financing costs during the planning and building permit phases. The typical building permit process has four stages:

- a) Notification of the authorities, consultation
- b) Submission of planning application, preliminary examination, additional investigation (environmental impact assessments, historic preservation, etc.)
- c) Application review, public notification (publishing a notice and staking out the extent of the structure), issue of the building permit (including conditions and deadlines)
- d) Period in which objections to the project can be submitted, construction approval

The purchase of land for residential construction is subject to the provisions described in 7.5.

[www.ch.ch](http://www.ch.ch) > Housing > Homeownership > Planning application and building permit  
Planning applications and building permits

## 7.5 PURCHASE OF REAL ESTATE BY PERSONS ABROAD

The acquisition of real estate in Switzerland by persons abroad is restricted by law and may require a permit. However, the permit requirement basically applies only to the purchase of vacation homes and residential property that will not be used directly by the party in question. As such, foreign nationals resident in Switzerland may purchase both residential and commercial properties.

### 7.5.1 No Permit Required

No permit is required for real estate that is used for the pursuit of a business activity, i.e. a professional, commercial, or industrial activity (with the exception of land for the construction, trade, or letting of housing). The concept of business activity is very broad. It applies not only to the classic forms of trade, industry, and commerce but also to the financial and services sectors. It therefore covers self-employed professionals such as IT specialists and hotel owners, as well as the operation of a trade or service center and even industrial production. The acquisition of an interest in real estate companies engaged in the buying and selling of such properties is also possible. Residential property can also be acquired under the "business establishment" heading if it is necessary for business purposes (such as accommodation for caretakers or technicians whose permanent on-site presence is required) or if separation from the business property would be impractical or unreasonable.

**Foreign nationals resident in Switzerland may purchase both residential and commercial properties.**



### 7.5.2 Permit Required

A permit is required for the purchase of non-commercial real estate by the following groups:

- Foreign nationals who reside outside Switzerland.
- Non-EU/non-EFTA nationals resident in Switzerland who do not have a permanent residence permit.
- Companies whose head office is located outside Switzerland (even if the owner is a Swiss citizen).
- Companies that have their legally registered and actual head office in Switzerland but are controlled by non-Swiss nationals who reside outside Switzerland. This is the case if foreigners hold more than one third of the company capital, have more than one third of the voting rights, or have provided significant loans.
- Buyers who purchase a piece of property for the account of a person abroad (fiduciary transaction).

The permit requirements apply not only to the transfer of real estate ownership requiring land register entries but also to any legal transaction that gives a non-resident actual control over any real estate for which a permit is required. For this reason, these groups are not allowed to invest directly in the housing market or conduct real estate dealings involving residential properties.

### 7.5.3 Reasons for Permit

Permission for the acquisition of properties for which a permit is required may be granted in the following cases on the grounds provided for by law:

- Banks and insurance companies licensed in Switzerland for acquiring real estate in compulsory enforcements and liquidation proceedings if the real estate is encumbered with a mortgage in their favor.

- Insurance companies for actuarial reserves for domestic business.
- The real estate acquisition is used by a Swiss company for the purposes of retirement plans for employees working in Switzerland.
- The property will be used specifically for a charitable purpose.
- Heirs or legatees must sell the property within two years (unless there are close ties with the property that merit protection).
- Hardship: a permit may be granted for a vacation home or a hotel condominium unit if the seller is in financial difficulty and has offered the property without success to individuals who are not required to obtain a permit.
- Certain cantons only: the acquisition of a vacation home by an individual abroad in a tourist resort.
- Certain cantons only: an individual not resident in Switzerland may receive a permit to purchase a second home in a location with which he/she has close economic, scientific/academic, or cultural ties.
- Certain cantons only: acquisition of real estate for the construction of subsidized housing.

### 7.5.4 Enforcement

Enforcement of the law is primarily the responsibility of the canton in which the real estate is located. The authority designated by the canton decides whether or not a transaction requires a permit and whether or not a permit should be granted. Under certain conditions, persons abroad can also be permitted to purchase a vacation home. However, ownership of real estate in Switzerland does not entitle a foreign owner to a residence permit.

## Permit Requirements for Different Groups

(FIG. 23)

GROUP	NO PERMIT REQUIRED FOR PURCHASE OF
<b>All persons</b>	<b>Commercial Real Estate</b>
Citizens of member states of the European Union (EU) and the European Free Trade Association (EFTA) whose main residence is in Switzerland (usually with EU/EFTA B residence permit or EU/EFTA C permanent residence permit)	All types of real estate and property
Non-EU or non-EFTA citizens who have the right to permanently reside in Switzerland (with a C permit)	All types of real estate and property
Non-EU or non-EFTA citizens whose main residence is in Switzerland, who do not yet have the right to permanently reside in Switzerland (usually with a B permit)	Main residence
Companies headquartered in Switzerland controlled by persons who do not require a permit	All types of real estate and property
EU and EFTA cross-border commuters (with EU/EFTA G permit)	Second home in the area of employment

Source: Federal Office of Justice (FOJ)



# LABOR MARKET AND LABOR LAW

# 8

8.1	Employment and Unemployment .....	77
8.2	Cost of Labor .....	78
8.3	Employment Contracts and Employee Representation..	79
8.4	Working Hours and Holidays .....	81
8.5	Termination and Short-Time Work .....	82
8.6	Social Insurance .....	83
8.7	Recruitment .....	87

Switzerland has one of the most productive workforces of any national economy. Its labor market is characterized by liberal legislation, light-touch regulation, and exceptional social stability. Labor disputes are solved by the social partners. Strikes are rare. The social insurance system for workers is based on the principles of solidarity and personal responsibility. High salaries attract qualified workers and employers benefit from competitive unit labor costs thanks to low social security contributions.

## 8.1 EMPLOYMENT AND UNEMPLOYMENT

Switzerland has more than 5.1 million employed people (2022), about 2.3 million of whom are women. The rate of unemployment as defined by the International Labor Office (ILO) is 4.6% at the beginning of 2022, among the lowest in Europe. Foreigners account for 32% of the employed population. 34% of employed people work part-time. Of the women in work, around 60% work part-time, compared to only about 18% of the men in work. Switzerland consistently has low unemployment.

The Swiss workforce is highly qualified, over 40% having undergone tertiary training. Swiss employees are famous worldwide for their multilingualism, and Swiss managers have above-average international experience.

### International Experience by Managers

1 = Low, 10 = High

(FIG. 24)

1	Switzerland	8.03
2	Qatar	7.74
3	Sweden	7.26
4	United Kingdom	7.26
5	Singapour	7.14
6	The Netherlands	7.14
8	Luxembourg	7.05
10	Hong Kong	7.05
11	Denmark	6.77
12	Belgium	6.64
13	Ireland	6.58
14	Germany	6.52
22	Canada	5.85
25	India	5.78
26	USA	5.73
28	Austria	5.67
33	United Kingdom	5.55
42	France	5.14
47	China	4.94
50	Italy	4.83
59	Korea Republic	4.32

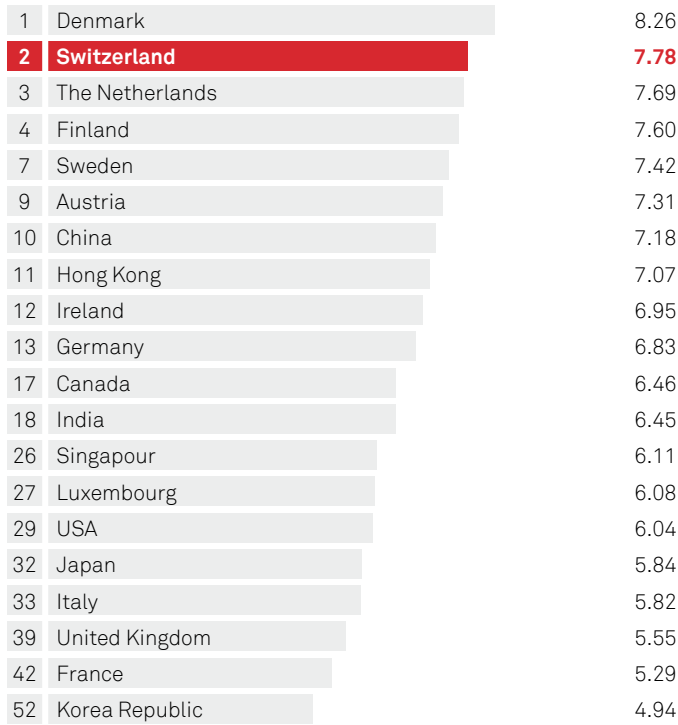
Sources: IMD World Competitiveness Center 2022

In terms of motivation to work, the Swiss rank second worldwide behind Denmark. Swiss employees identify very strongly with their companies, partly because most companies are small or medium-sized.

### International Comparison of Motivation to Work

1 = Low, 10 = High

(FIG. 25)



Sources: IMD World Competitiveness Center 2022

## 8.2 COST OF LABOR

### 8.2.1 Wages

Salaries are relatively high in Switzerland, reflecting the higher number of working hours and the country's high levels of prosperity and output. Generous salaries are a symbol of success and make the country attractive to qualified workers. Due to the lower deductions (taxes, social insurance) compared to other countries, Switzerland also holds first place when it comes to net income.

Regular official surveys of wage levels and structures show considerable differences both within and between the individual sectors and between urban and rural areas.

[www.lohnrechner.bfs.admin.ch](http://www.lohnrechner.bfs.admin.ch)  
Individual wage calculator

[www.bfs.admin.ch](http://www.bfs.admin.ch) > Look for statistics > 03 Work and income  
Wages, income from employment and labor costs

### 8.2.2 Non-Wage Labor Costs

The deciding factor for employers is not the salaries that they pay, but rather the unit labor cost. Although salaries are high in Switzerland, the non-wage labor costs that employers must bear in addition to gross salaries (employer's social security contributions) add only about 15%. Coupled with high productivity, modest taxes, and low capital costs, this means that at the end of the day many employers pay less than in other European countries.

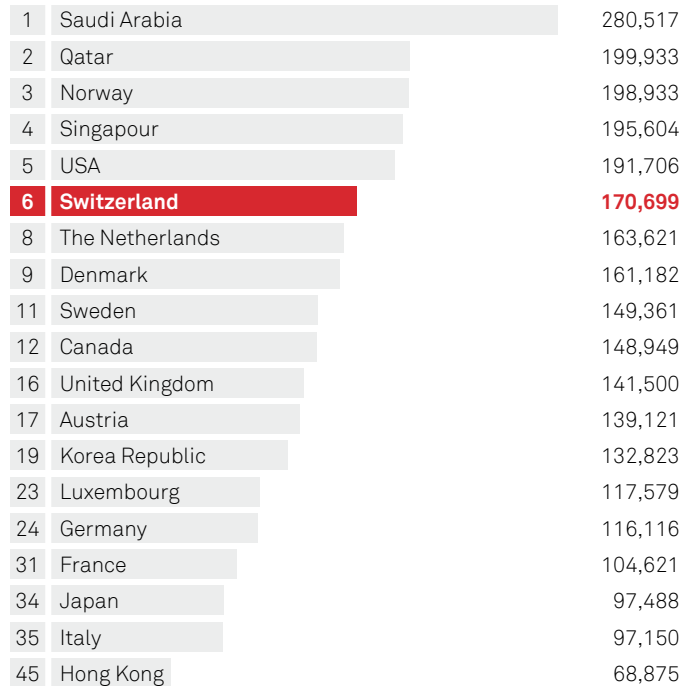
### 8.2.3 Productivity

Productivity is another important aspect of labor. In international comparisons this is usually measured in terms of gross domestic product per hour worked. By this standard, Switzerland is one of the world's most productive countries.

#### Productivity

GDP per employed person, in US dollars

(FIG. 26)



Sources: IMD World Competitiveness Center 2021



### 8.3 EMPLOYMENT CONTRACTS AND EMPLOYEE REPRESENTATION

The Swiss labor market is generally considered one of the world's most liberal (Fig. 27). Swiss labor law specifies the rights and obligations of employees and employers alike. It contains considerably fewer provisions than the legislations in the EU states and is set out in several laws – the Swiss Code of Obligations (individual employment contracts, collective bargaining agreements, normal employment contracts), the Labor Act (general health and safety, working and rest times, young people, pregnant women, and new mothers) as well as the Accident Prevention Law (occupational health and safety).

The mandatory law of the Swiss Confederation and the cantons has precedence over the provisions of the collective bargaining agreement, although different provisions can be specified to the benefit of the employee, provided nothing else is stated in the compulsory law. If, on the other hand, the legal provisions are not mandatory, agreements made between the parties have precedence. Certain mandatory labor law regulations can be amended by collective agreement, but they cannot be amended by an individual employment contract.

Salaries are negotiated either directly between the employer and employee, or within the scope of collective bargaining agreements. Here too, the legislator refrains from strict regulations in accordance with the liberal economic system. This allows a certain amount of room for direct agreements between the social partners.

#### 8.3.1 Individual Employment Contract

Employers are required to provide employees with the key points of the employment contract in writing by no later than one month after the employee starts work.

In larger companies, it is recommended to have an employee handbook containing the most important employment provisions, as the employment contract itself only contains provisions on wages, the notice period and special terms (e.g. a non-competition clause, overtime, inventions, etc.). Employment contracts and employee handbooks must conform to the mandatory provisions of the Swiss Code of Obligations, labor law, and the provisions of collective bargaining agreements, where applicable. Employee handbooks should not be confused with agreements between the employer and the works council, as practiced in EU countries (and which do not exist in this form in Switzerland). However, industrial companies are required to establish “work rules.” These work rules must state the regulations on occupational health and safety and accident prevention. Employees or their representatives must be consulted before the rules come into force.

Companies may include in the employment contract a non-competition clause both for the duration of the employment with the company and beyond. Through a non-competition clause, the employer prevents employees who leave the company from using special knowledge that they gained while working there in a way that provides competition for their former employer. In practice, demanding requirements are imposed on the wording and enforcement of such clauses. There is no mandatory provision for

### Deregulation of the Labor Market

Hinders entrepreneurial activity 1 = Greatly, 10 = Not at all (FIG. 27)

1	Denmark	8.51
2	<b>Switzerland</b>	<b>8.35</b>
3	United Arab Emirates	8.00
4	Hong Kong	7.51
5	Singapore	7.32
12	United Kingdom	6.64
13	Sweden	6.61
15	Ireland	6.58
18	The Netherlands	6.50
19	Canada	6.48
21	Luxembourg	6.44
22	USA	6.40
23	China	6.37
26	Austria	6.03
28	Australia	5.74
33	Germany	5.48
35	India	5.47
37	Japan	5.27
47	France	4.53

Sources: IMD World Competitiveness Center 2022

**The Swiss labor market is considered one of the world's most liberal.**

compensating employees for agreeing to such non-competition clauses. Non-competition clauses, for example, must:

- be written,
- be clearly defined (location, area, client group); general restrictions do not suffice,
- specify the duration; in general no longer than three years,
- define real execution, penalties, and their effects.

### 8.3.2 Collective Bargaining Agreements

Collective bargaining agreements are concluded between employers' and employee associations. By doing so, these parties define the minimum conditions (e.g. minimum salaries, holiday entitlement, working hours, periods of notice, or pension age) that individual employment contracts cannot go below. A collective bargaining agreement is normally agreed for a set term. During the term, both sides have an obligation not to engage in industrial action.

With the declarations of general applicability, the scope of a collective bargaining agreement is extended to all employees and employers in a particular sector. Minimum wages which have been negotiated within the scope of a collective bargaining agreement of this kind have to be observed by all employers. The approximately 600 (2018) non-binding collective bargaining agreements must be observed only if the contractual parties are members of the respective associations. In 2021, 44 generally binding collective bargaining agreements were in force at the federal level and 40 at the cantonal level.

If there are differences of opinion between an employer and the workforce, an amicable solution is sought, often internally. This fundamental approach dates back to the 1937 "peace agreement" between Swiss employers and employee organizations. In accordance with the mutual agreement to maintain peace, workers and management seek to resolve conflicts through discussions. Solution-oriented employer-employee relations are the norm in Switzerland (cf. Fig. 28).

[www.seco.admin.ch](http://www.seco.admin.ch) > Arbeit > Personenfreizügigkeit und Arbeitsbeziehungen  
Collective Bargaining Agreements

### 8.3.3 Co-Determination and Employee Representation

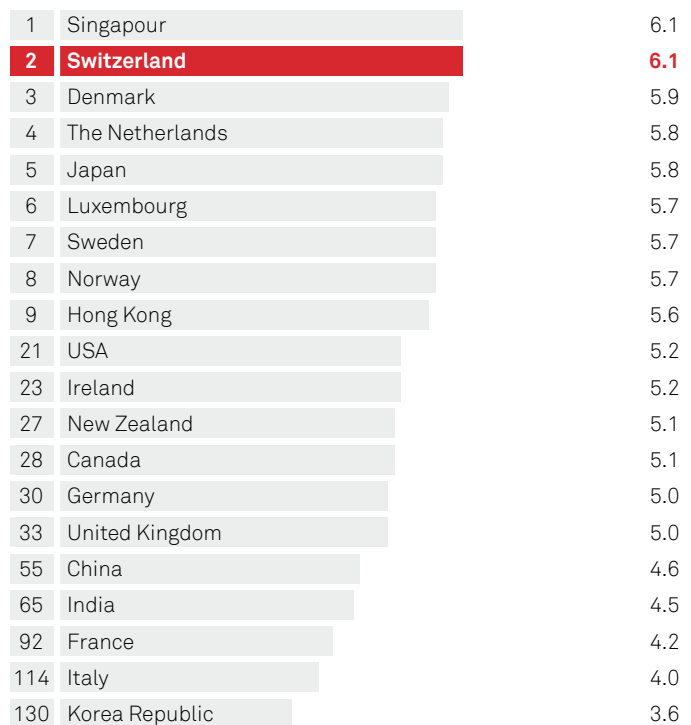
The Co-Determination Act governs the participation of employees in the company and applies to all private companies with employees in Switzerland, regardless of their size. Participation consists mainly of informing and listening to employees. In the areas listed below, the employer must inform employees of all significant circumstances, new developments, and changes. Employees have the right to take their questions and comments to their employer and make suggestions. The act also governs the election of employee representation committees. Employees are entitled to representation in all companies with 50 or more employees. Employers need only inform or consult the employee representative or the affected employees in the following instances:

- In all matters relating to occupational safety and worker protection
- On the transfer of operations
- In the event of mass layoffs
- When joining a professional pension scheme

In addition, the employer must inform the employees at least once a year about the impact the course of business is having on employment and the staff.

### Cooperation in Labour-Employer Relations

1 = Total confrontation, 7 = Total cooperation  
(FIG. 28)



Sources: WEF, The Global Competitiveness Report 2019

Works councils in the EU have far greater powers than employee representation committees under Swiss law. The major difference is that, in contrast to works councils, Swiss employee representation committees are not able to push through their own views or to force a decision. Their rights are limited to being informed, having their views heard, and providing decision-making input.

## 8.4 WORKING HOURS AND HOLIDAYS

### 8.4.1 Normal Working Hours, Maximum Working Hours, and Working Time Models

Employment contracts or collective bargaining agreements generally stipulate that normal working hours for employees in Switzerland are 40 to 44 hours per week. The legal maximum working time in Switzerland has remained stable over many decades. The maximum number of working hours per week is 45 hours for industrial companies (this also applies to office staff and technical employees and sales personnel in large retail stores). For commercial operations, the maximum is 50 hours per week. This differentiation between normal and maximum working hours is important for defining overtime and excess hours.

In practice, there are many ways of adapting working hours to the needs of a business: for example, flex-time, the range model, two-shift or multiple-shift operation, or continuous operation (7 × 24 hours × 365 days) are all possibilities. In particular should continuous operation be required, the daily and weekly maximum hours can be extended and break times can be distributed differently.

### 8.4.2 Overtime and Excess Hours

Overtime is defined as any work undertaken beyond normal working hours and up to the permitted weekly maximum. Employees are obliged to perform such overtime to the extent that they are able to do so and which they may be reasonably expected to perform. By law, overtime must be paid at a premium of 25%. It is possible, however, for the premium to be waived in writing. Instead of overtime pay, employees may be compensated through time in lieu of at least the same duration, provided the employer and employee agree to this. Employees in managerial positions can also be compensated for overtime in general through their normal salary.

If the weekly maximum number of working hours is exceeded, this is referred to as excess hours. Under the Labor Act, excess hours may not exceed two hours per day for an individual employee. In total, excess hours may not exceed 170 hours per year for employees with a weekly maximum working time of 45 hours, or 140 hours for employees with a weekly maximum working time of 50 hours. Unless compensated by time in lieu within a reasonable time-frame, excess hours must be paid at a premium of 25%.

In contrast to many European countries, the consent of the employee representation committee is not necessary in Switzerland for overtime or excess hours. Neither is it necessary to obtain official approval, provided the above limits are not exceeded.

### 8.4.3 Daytime and Evening Work

Working hours from 6:00 a.m. to 8:00 p.m. are considered daytime work. Work undertaken between 8:00 p.m. and 11:00 p.m. constitutes evening work. Daytime and evening work do not require approval. However, evening work may be introduced only after consultation with the employee representation committee or, if there is none, after consultation with the affected employees. This rule allows the introduction of two-shift operation without official approval. The working time of an individual employee, including breaks and excess hours, must not exceed 14 hours.

#### Daytime, Evening, and Night-time Periods

N = Night-time period, B = Approval required  
(FIG. 29)



Sources: State Secretariat for Economic Affairs (SECO)

Compared with other countries, Switzerland has highly investor-friendly labor market provisions.

#### 8.4.4 Night Work, Working on Sundays and Holidays

Approval from the authorities is generally required if night work is needed (apart from companies where special conditions apply). For temporary night work, a premium of 25% must be paid. For permanent or regularly recurring night work, employees are entitled to paid leave of 10% of the time worked during night hours. This leave must be granted within one year. There is no entitlement to compensation in the form of paid leave if the average shift time, including breaks, does not exceed seven hours, or if the person working at night is employed for only four nights per week.

Sunday is defined as the time between 11 p.m. on Saturday and 11 p.m. on Sunday. Except where special regulations apply to certain sectors, approval from the relevant authority is also needed for work on such days. Only one holiday – August 1 (Swiss National Day) – is treated as equivalent to a Sunday throughout the country. The cantons may declare up to eight additional holidays as equivalent to a Sunday. They must be differentiated from the legally recognized public holidays. Although the same rules generally apply to these days as to holidays treated as Sundays, the legal basis for this is defined by the canton or municipality and so may differ in detail from the provisions regarding Sundays.

#### 8.4.5 Leave and Public Holidays

All employees in Switzerland are entitled to at least four weeks' paid leave per year (young people under the age of 20 are entitled to five weeks), at least two of which must be taken consecutively. Part-time employees are also entitled to paid leave in proportion to the percentage of standard hours they work. Leave must be taken, and may not be compensated through payment. There are no further statutory leave entitlements. However, longer entitlements are customary in collective bargaining agreements, and 25 days per year are usually granted to employees over the age of 50. During paid leave, salaries are paid in exactly the same manner as during regular working time. Additional vacation pay, as frequently encountered in tariff agreements in the EU, is unknown in Switzerland.

In addition, employees normally have time off on nine legally stipulated public holidays. As cantons may stipulate their own public holidays, some cantons may have more public holidays. Only August 1, New Year's Day, Ascension Day, and Christmas Day are holidays throughout Switzerland. All other public holidays vary from canton to canton. Employees also receive time off for weddings, funerals, moving, dental appointments, etc. The law does not stipulate how much time may be taken off.

[www.feiertagskalender.ch](http://www.feiertagskalender.ch)  
Calendar of public holidays

## 8.5 TERMINATION AND SHORT-TIME WORK

An employment contract can be terminated in writing or verbally at any time by either party and without valid reason. Under Swiss law, the employee representation committee does not have a say in this type of termination. Only in the case of mass layoffs does the employee representation committee have the right to be consulted by the employees. The employee representation committee must be given an opportunity to submit proposals about how the layoffs can be avoided or the number of layoffs can be limited and how the effects can be alleviated. Essentially, the recipient of the notice of termination has the right to demand that the reason for termination be stated in writing. There is no investigation of whether or not the termination is socially unjustified, i.e. whether the reasons are related to performance or other characteristics of the employee or whether difficult business considerations made the redundancy necessary. An employment contract can be ended through:

- Termination
- Termination due to change of contract (conclusion of a new employment contract with altered conditions)
- Agreement to terminate employment (mutual cancellation of the employment contract)
- Termination on a specific date (for fixed-term contracts)
- Retirement
- Death of the employee

### 8.5.1 Notice Periods and Termination Protection

In general, the notice period is defined in the employment contract, in the standard employment contract, by the relevant profession or in the collective bargaining agreement. If there is no contract or regulation, then the provisions of the Swiss Code of Obligations apply:

- During the probationary period (max. 3 months): 7 days
- In the first year of service: 1 month
- In the second to ninth year of service: 2 months
- From the tenth year of service onward: 3 months

The notice period can be changed in writing but may not be shorter than one month (except under a collective bargaining agreement during the first year of service). For employees in managerial positions, notice periods of up to six months are often fixed from the very outset of employment. Unless otherwise agreed, the employment relationship ends after the probationary period at the end of each month. In order for the termination notice to be legally valid, the person to be dismissed must receive it before the notice period begins. In the case of an unconditional summary dismissal, the employee's salary must continue to be paid out until the end of the notice period even though the work performance ends immediately (though not fiduciary duty and other duties).

Termination without notice is only possible under certain restrictive conditions: the continuation of the individual employment relationship may no longer be acceptable (for example fraud, refusal to work, or competition with the employer). In most cases, a warning is required in advance. If there is an important reason, termination without notice must occur immediately (within a few days) or the right is forfeited.



## Flexibility in Hiring and Firing

1 = Obstructed by regulations,  
7 = Employers have flexibility to decide

(FIG. 30)

1	Hong Kong	5.8
2	<b>Switzerland</b>	<b>5.8</b>
3	Singapore	5.6
5	USA	5.3
6	Iceland	5.3
7	Denmark	5.2
9	United Arab Emirates	5.2
11	United Kingdom	5.0
12	The Netherlands	4.8
16	Germany	4.7
17	Canada	4.7
26	China	4.5
28	Luxembourg	4.4
40	New Zealand	4.2
42	India	4.2
46	Ireland	4.1
90	France	3.7
102	Korea Republic	3.5
104	Japan	3.5
127	Italy	3.0

Sources: WEF, The Global Competitiveness Report 2019

It is improper to dismiss an employee on the grounds of their age, skin color, or religion, nor for affiliation with a political party or a union. An abusive termination is valid but can be challenged and may give rise to compensation (a maximum of 6 months' wages at the court's discretion). Employees cannot be fired during certain "blackout periods," which apply to illness, accidents, pregnancy, military service, civil defense, community service, or relief activities abroad. Dismissal in these situations is not valid and is referred to as termination during barred periods.

Compared with other countries, Switzerland has highly investor-friendly labor market conditions. It is relatively easy for companies to hire employees and then dismiss them again to react flexibly to economic change.

### 8.5.2 Short-Time Work and Mass Layoffs

A company may be forced to take measures to lower staff costs in the event of a deterioration in the order situation or for other reasons. Overcapacity may be alleviated through a temporary reduction in or a complete halt to production. In order to maintain jobs, an employer that applies for short-time work receives 80% of the lost income of his employees through his unemployment insurance for a specific period. This is done to prevent dismissal as a result of a temporary and unavoidable lack of work. However, employees have the right to reject the short-term work compensation and to continue to receive the full salary. By doing so, however, they risk being dismissed, as dismissals are the last resort with which an entrepreneur can respond to fluctuations in the level of

employment. In the case of mass layoffs, the Swiss Code of Obligations (OR Article 335d-335g) requires employers to

- consult and inform their employees, and
- inform the cantonal employment office in writing.

[www.work.swiss](http://www.work.swiss)  
Short-time-compensation

## 8.6 SOCIAL INSURANCE

The Swiss social insurance system is based on three coordinated pillars: state-sponsored, employer-sponsored, and personal plans. Personal responsibility is a key factor in this system. As a result, the overall tax and contribution burden remains modest by international standards.

The three pillars of Swiss social security are as follows:

**1<sup>st</sup> Pillar:** This first level meets the basic needs of the insured or beneficiary through the government-sponsored, old-age and survivors' pension (OASI), as well as long-term disability insurance (DI). Both are compulsory and funded jointly through contributions (percentage of salary) by the employer, the employee, and taxes.

**2<sup>nd</sup> Pillar:** Occupational pension plans (BVG), which supplement the first pillar, enable people to maintain their accustomed standard of living after retirement. All persons working in Switzerland must be insured. The plans are funded through contributions (percentage of salary) by the employer and the employee.

**3<sup>rd</sup> Pillar:** Individual, voluntary self-provision of the employed person should cover the further personal needs, above all by saving on bank and insurance costs. The individual provision of the third pillar are partially tax-deductible.

These three pillars of social insurance are supplemented by unemployment insurance, the compensation system for loss of income due to military service or civil protection, maternity/paternity benefits, and family allowances, which are governed by cantonal law.

[www.bsv.admin.ch](http://www.bsv.admin.ch)  
Swiss Federal Social Insurance Office (FSIO)

[www.bsv.admin.ch](http://www.bsv.admin.ch) > Information for > Companies /SMEs  
SME counselor for social insurance

[www.kmu.admin.ch](http://www.kmu.admin.ch) > Practical Knowledge > Personnel > Human Resource Management  
Social insurance for SMEs

## Overview of Obligatory Social Insurance Contributions

(FIG. 31)

INSURANCE	EMPLOYEE	EMPLOYER	SELF-EMPLOYED	UNEMPLOYED
<b>Old-Age and Survivors' Insurance (OASI)</b>	4.35% of salary	4.35% of salary	max. 8.1%	Min. CHF 413 Max. CHF 20,650
<b>Disability Insurance (DI)</b>	0.7% of salary	0.7% of salary	max. 1.4%	Min. CHF 66 Max. CHF 3,300
<b>Compensation for loss of income, maternity benefits, paternity leave</b>	0.225% of salary	0.225% of salary	max. 0.45%	Min. CHF 21 Max. CHF 1,050
<b>Occupational accidents</b>	None	Net premium on premium-paying income that is subject to accident insurance (UVG), max. CHF 148,200 (depending on sector and risk)	Insured through the mandatory health insurance scheme	-
<b>Non-occupational accidents</b>	Net premium on premium-paying income that is subject to accident insurance (UVG), max. CHF 148,200 (depending on sector and risk, from 8 h/ week)	None	Voluntary insurance through the mandatory health insurance scheme	-
<b>Health Insurance</b>	per capita	None (voluntary contributions may be possible)	per capita	per capita
<b>Unemployment Insurance</b>	1.1% for portions of income up to CHF 148,200, solidarity percentage 0.5% for salary shares over CHF 148,200	1.1% for portions of income up to CHF 148,200, solidarity percentage 0.5% for salary shares over CHF 148,200	(non-insurable)	-
<b>Occupational Pension Funds</b>	2% – 8% of gross salary (depending on age, salary and pension plan regulations)	2% – 8% of gross salary (depending on age, salary and pension plan regulations)	voluntary	-
<b>Family Allowances</b>	only in the canton of Valais (0.3% of payroll)	0.7% – 3.5% of total income (depending on family compensation fund)	0.3% – 3.3%, capped at an annual income of CHF 148,200	-

Sources: Swiss Federal Social Insurance Office, 2022

### 8.6.1 Old-Age and Survivors' Insurance

OASI provides old-age benefits (a retirement pension) or benefits to dependents (widows' and orphans' pensions). The benefits depend on the amount of previous income and the amount of time for which contributions were made. OASI insurance is mandatory for everyone who lives or works in Switzerland. All men and women who work in Switzerland are required to contribute, with the employer paying half of the contribution and the employee the other half. The non-active population, such as students, disabled people, pensioners, or housewives that live in Switzerland, also pay a contribution. The insurance is based on the pay-as-you-go process: the current economically active generation finances today's pensioners.

### 8.6.2 Disability Insurance

The aim of disability insurance is to help integrate or reintegrate persons who are disabled due to birth defects, illness, or accidents into the workforce. A pension is paid only if the person is unable to take up employment or return to his/her job. Contributions are mandatory and levied together with OASI contributions.

### 8.6.3 Accident Insurance

Accident insurance covers all persons employed in Switzerland against accidents at the workplace, occupational illnesses, and non-occupational accidents. Healthcare and ancillary needs (treatment, required medical aid, travel, and transport costs) and payments (daily benefits allowance, disability pensions, lump-sum compensation, perpetual care benefits, and survivors' benefits) are all covered. The employer funds the premiums for occupational accidents and illness, while the employee pays the premiums for non-occupational accidents. The employer must finance the entire premium amount, but part of this amount is deducted from the employee's salary. The amount is based on the employee's insured salary. The maximum insured salary is 148,200 Swiss francs per year.

[www.bag.admin.ch](http://www.bag.admin.ch) > Insurances  
Swiss Office of Public Health (FOPH) information on accident insurance:

### 8.6.4 Health Insurance and Daily Sickness Insurance

Mandatory health insurance offers cover for illness, pregnancy, and accidents where there is no accident insurance for this. Employees are free to choose their policy. Everyone has the right to basic insurance, regardless of their health or age. In addition, voluntary supplementary policies can be taken out (generally requiring a health check). Premiums are charged per person, not based on income. The amount of the premium depends, amongst other things, on the amount of the division of costs (0 – 2,500 Swiss francs) of the selected model and the municipality. Employers do not generally make health insurance contributions.

In Switzerland there is no legal obligation for employers to conclude daily sickness insurance for their employees. If group insurance is not arranged for employees, employers are obliged to pay employees their full salary for a certain period (depending on years of service) if they are unable to work through no fault of their own. The same applies to pregnant women who cannot attend work for health reasons.

That is why many employers take out daily sickness insurance for their employees. The costs depend on the scope of coverage (illness, maternity, accident). Maternity benefits as per the Compensation for Loss of Earnings Act have precedence over daily sickness benefits. If at all, daily sickness benefits are paid to supplement maternity benefits, provided there is no over-compensation.

[www.bag.admin.ch](http://www.bag.admin.ch) > Insurances  
Swiss Office of Public Health (FOPH) information on health insurance

[www.priminfo.ch](http://www.priminfo.ch)  
Comparison of health insurance premiums (FOPH)

### 8.6.5 Compensation for Loss of Income, Maternity Benefits, Paternity Leave

The Ordinance on Compensation for Loss of Income compensates people who have lost part of their income due to military service or civil defense. The ordinance also covers loss of income during pregnancy (maternity benefits). Insurance is mandatory, and must be paid by everyone who makes OASI contributions (half is met by the employer, half by the employee).

Employed pregnant women receive 80% of their average salary before delivery, up to a maximum of 196 Swiss francs per day, for 14 weeks. The only conditions are that they had mandatory OASI cover for the nine months immediately before the birth, worked for at least five months during pregnancy, and were still deemed able to work at the time of delivery. It is not possible to dismiss women while they are pregnant or for 16 weeks after delivery. Employed mothers are forbidden from working for up to eight weeks after delivery.

Since 2021, fathers can take two weeks of paid leave within six months of the birth of a child.

[www.bsv.admin.ch](http://www.bsv.admin.ch) > Social Insurances > Income Compensations  
Information from the FSIO on compensation for loss of income

### 8.6.6 Unemployment Insurance

Unemployment insurance (ALV) continues to pay a partial salary upon unemployment for a limited amount of time and promotes the re-entry of the unemployed person into the job market. It is mandatory for employees. All workers who are not self-employed must make contributions. Unemployment insurance is financed equally by the employer and the employees (each pays 1.1%). It is not possible for self-employed persons to insure themselves against unemployment, even voluntarily. In order to receive unemployment benefits, employees must be able to demonstrate payment of at least twelve monthly contributions within the last two years, to prove that they have worked. For EU/EFTA citizens, contributions made in their home country also count if employment that required contributions was carried out in Switzerland after arrival. Another requirement is that the person must be in a position to take up work, which means that he/she is ready, able, and permitted to take on appropriate work and participate in integration measures. Regular application for jobs is mandatory. Compensation generally amounts to 70% of the salary subject to OASI (average of the last six contribution months or, if more advantageous, the last twelve prior to unemployment) or 80% for children requiring support, in the case of disability or for those with income of less than 3,797 Swiss francs. The maximum insured salary is 148,200 Swiss francs a year. As a rule, a maximum of 520 daily allowances may be drawn within a two-year period.

[www.work.swiss](http://www.work.swiss)  
Job seekers

### 8.6.7 Occupational Pension Funds

Occupational pension funds serve to ensure that an employee's accustomed standard of living can be maintained after retirement. They are based on the Federal Act on Occupational Pensions, which since 1985 has provided mandatory insurance for all employed persons from the age of 18 (against risks) and from the age of 25 (savings plan). A person must currently earn a minimum of 21,510 Swiss francs to participate (from 2021). The maximum mandatorily insured salary is 86,040 Swiss francs. The employer contributes at least as high a premium as the employee. Some employers choose to pay more. Premiums can vary between 7% and 18% of income, based on age and sex (the older the person, the higher the premium). The payment of the pension is based on a legally determined conversion rate, which constitutes the statutory minimum (6.8%, conversion rate as of 2014). Pension funds are foundations, cooperatives, or public law institutions that are monitored by cantonal and federal supervisory authorities. Smaller companies often join a collective pension foundation or association.

[www.bsv.admin.ch](http://www.bsv.admin.ch) > Social Insurances > Occupational pension funds  
Swiss Federal Social Insurance Office (FSIO) information on occupational pension funds

### 8.6.8 Family Allowances

Family allowances partially compensate the costs of raising children. The support, which to date has been limited to just employees, was extended to cover self-employed people on January 1, 2013. In some cantons, entitlement is income-dependent. Special regulations apply to agriculture. Only one allowance is available for each child.

Family allowances include child and education allowances, as well as birth and adoption allowances mandated by the individual cantons. All cantons provide the following minimum allowances per child per month:

- A child allowance of 200 Swiss francs for children up to the age of 16.
- An education allowance of 250 Swiss francs for children between the ages of 16 and 25.

Family allowances are financed almost exclusively by the employer, except in Valais (where they are partially financed by the employee).

[www.ch.ch](http://www.ch.ch) > A-Z > Family allowances  
Calculation of family allowances by canton



## 8.7 RECRUITMENT

There are many options for recruiting external candidates:

- Adds in newspapers or specialist journals
- Online ads
- Contact with universities and colleges (Internet platforms/trade fairs)
- External consultants
- Headhunters
- Regional employment centers
- Third parties

Each employer's choice depends on its needs and budget.

### 8.7.1 Public Employment Service

The regional employment centers (RAV) are public service providers that specialize in advising and placing job-seekers. More than 100 RAVs offer employers personal assistance with their recruitment through a personnel consultant. There are many well-qualified job seekers registered with the RAVs who are immediately available for permanent or temporary positions. On request, RAVs can screen applicants according to the employer's criteria, thus making the selection process easier. RAVs can also advertise open positions in the internal job market on its website or on teletext. The employment service website is the largest job exchange in Switzerland. One advantage is that all RAV services are free.

[www.work.swiss](http://www.work.swiss)  
Unemployment insurance (UI) and public employment service portal

### 8.7.2 Private Employment Agencies

It may be worth using an employment agency to find a highly qualified specialist or manager. These agencies do most of the legwork: designing job ads, planning media use, and selecting applicants. It also makes sense to work with an employment agency if the name of the company is to be kept confidential due to sector-specific or internal reasons. However, this method is expensive, as it may cost one or more months' salary for the position to be filled.

### 8.7.3 Headhunters

Headhunters, or executive search consultants, act as a bridge between a company's need for highly qualified specialists and managers and the desire of such individuals to find challenging and attractive positions. Headhunters specialize in recruiting through direct contacts and work on a mandate basis. They range from companies specialized in certain industries to large international firms with household names and boutique companies especially suited to generalist tasks, complex jobs, or unconventional solutions. Hiring a headhunter is always beneficial if the usual paths of internal recruitment or ads on websites and in newspapers fail to produce results.

### 8.7.4 Staffing/Temporary Employment Agencies

Hiring staff for a limited amount of time through temporary employment agencies is useful if there is a temporary surge of orders or if staff need replacing at short notice. An hourly wage is agreed between the agency and the client, which is usually 1.4 to 2 times the normal hourly rate. However, only the hours worked must be paid, and all ancillary costs are included. The agency remunerates temporary staff as their employer and is responsible for all social contributions and insurance. The same labor law protections apply as with "traditional" forms of employment.

Temporary employment agencies require a cantonal license in order to operate. They are also required to set aside a significant deposit to cover the claims of their employees. A federal license and a higher deposit are also required to operate abroad. Hiring staff from abroad is prohibited (except under very strict conditions within the Group).

[www.hrswiss.ch](http://www.hrswiss.ch)  
HR Swiss: Swiss Association for Human Resources Management

[www.swisstaffing.ch](http://www.swisstaffing.ch)  
Employment services trade association



# FINANCIAL CENTER AND CAPITAL MARKET

# 9

9.1	Banks .....	89
9.2	Swiss Stock Market: SIX Swiss Exchange .....	91
9.3	Business Lending and Real Estate Financing .....	92
9.4	Risk Capital .....	93
9.5	Interest and Capital Costs .....	95
9.6	Inflation .....	95

Accounting for 9.7% of GDP and employing around 224,400 people (5.3% of the employed population in Switzerland), the Swiss financial sector is of key economic importance. The main areas of expertise are private banking, asset management, and insurance. Switzerland's long tradition of economic and financial stability is reflected in low inflation, low interest rates, and the significant international role that the Swiss franc plays, particularly in the asset management and issue underwriting business.

## 9.1 BANKS

### 9.1.1 Structure and General Conditions

In Switzerland there are some 240 banks with around 148,000 employees (full-time equivalents). Apart from the two major global banks, UBS and Credit Suisse, the cantonal, regional, and savings banks as well as foreign-owned banks also play an important role. In addition, there are many smaller financial institutions and private banks, some of which offer highly specialized services such as commodity trade finance. The group of 24 cantonal banks, which are either entirely or partially under state ownership and most of which offer a government guarantee, have a domestic market share of about one third. Their share of the total assets of all Swiss-based banks in 2021 was about 20%. Another 93 foreign-owned banks with a share of nearly 7% of the total assets can be added to this number. Switzerland is a center for professional asset management for private clients and institutional investors. With a market share of approximately 25% in 2021, it is the world leader in the cross-border asset management business. Overall, Swiss banks managed assets totaling 8,830.3 billion Swiss francs at the end of 2021.

Switzerland's success as a financial center is due to many different factors. Its political and economic stability as well as exemplary regulation and supervision are the basic foundation upon which the trust of clients is built – trust which is so important in the financial business.

### Global Financial Regulation, Transparency, and Compliance Index (GFRTCI)

Scale 0 to 100

(FIG. 32)

1	Finland	86.3
2	Sweden	85.9
3	Denmark	83.4
<b>4</b>	<b>Switzerland</b>	<b>83.1</b>
6	United Kingdom	81.0
7	Ireland	80.4
8	France	80.0
9	Canada	79.6
10	The Netherlands	78.5
11	Germany	78.4
12	Austria	76.3
14	Luxembourg	76.2
15	Japan	75.6
17	Belgium	74.7
19	Australia	73.1
21	Italy	72.2
23	USA	70.3

Sources: Global Financial Regulation, Transparency, and Compliance Index (GFRTCI), 2021

The Swiss franc, with its status as an important international reserve and diversification currency, also contributes to this. Strong global integration and an efficient financial infrastructure allow market players to manage assets and risks profitably and diversify them internationally. Switzerland enjoys a good reputation abroad as a financial center, and it is an attractive location for businesses and an international clientele.

[www.swissbanking.ch](http://www.swissbanking.ch)  
Swiss Bankers Association (SBA)

### 9.1.2 Supervision

In comparison with other countries, the regulatory obstacles and burdens in the Swiss banking system are relatively low. A permit is required to open a bank, trade professionally in securities, manage a fund, and in some cases to operate as an asset manager. The Swiss Financial Market Supervisory Authority (FINMA) is responsible for around 30,000 institutes and products via several forms of authorization. In individual cases, FINMA provides information on the requirements.

As an independent supervisory authority, FINMA protects financial market clients, namely creditors, investors, and insured persons, thus strengthening public trust in Switzerland as a functioning, reliable, and competitive financial center. In addition, self-regulation has proved itself as an additional form of governance for the Swiss financial market. FINMA is required by the legislature to support self-regulation and to provide it with the necessary space. Corresponding regulations are proposed, for example, by the Swiss Bankers Association and are approved and implemented by FINMA.

All banks operating in Switzerland require a license. The supervisory standards applied in Switzerland not only govern the capital resources and adequacy of the banks but also include the whole range of prudential rules and codes of conduct. As an additional safety cushion, Swiss law specifies higher capital requirements than the Basel Capital Accord (Basel I-III).

[www.finma.ch](http://www.finma.ch)  
Swiss Financial Market Supervisory Authority (FINMA)

### 9.1.3 Services

Banks in Switzerland offer a vast range of financial products and services for both private and corporate clients. As the Swiss banking system is based on the universal bank principle, the banks can offer all banking services, such as:

- Credit or lending business
- Asset management and investment consulting
- Institutional investment business
- Payment transactions
- Deposits (savings accounts, etc.)
- Securities (stock exchange trading)
- Issue and underwriting business (bond underwriting)
- Financial analysis

Despite this, very different groups of banks and areas of specialization have developed.

Generally speaking, any adult may open a bank account in Switzerland. However, the banks reserve the right to refuse to accept a client. Most Swiss banks do not require a minimum deposit for normal savings or current accounts. Many banks offer accounts in euros, U.S. dollars, or other currencies, in addition to Swiss francs.

If clients have a specific complaint against a bank that is domiciled in Switzerland, they may approach the Swiss Banking Ombudsman, who provides neutral, free information and mediation.

[www.ubs.ch](http://www.ubs.ch)  
[www.credit-suisse.ch](http://www.credit-suisse.ch)  
Major banks

[www.kantonalbank.ch](http://www.kantonalbank.ch)  
Cantonal banks

[www.raiffeisen.ch](http://www.raiffeisen.ch)  
Raiffeisen banks

[www.regionalbanken.ch](http://www.regionalbanken.ch)  
Regional and savings banks

[www.vav-abg.ch](http://www.vav-abg.ch)  
Association of Swiss Asset and Wealth Management Banks

[www.abps.ch](http://www.abps.ch)  
Association of Swiss Private Banks

[www.swissprivatebankers.ch](http://www.swissprivatebankers.ch)  
Association of Swiss Private Banks

[www.afbs.ch](http://www.afbs.ch)  
Association of Foreign Banks in Switzerland

[www.bankingombudsman.ch](http://www.bankingombudsman.ch)  
Banking Ombudsman



#### 9.1.4 Protection of Deposits

Swiss deposit insurance esisuisse insures customer deposits with banks and securities dealers in Switzerland. If the customer deposits are no longer available as a result of bankruptcy, customers receive up to a maximum of 100,000 Swiss francs of their money from the liquidator. This applies per customer and institute.

#### Privileged deposits

In the event of bankruptcy, deposits of up to 100,000 Swiss francs per client and financial institution are privileged (in any currency). "Privilege" in this case means that the deposits are assigned to the second bankruptcy class and thus paid out in liquidation before the claims of the third bankruptcy class. To secure the liquidation, the financial institutions must hold 125% of the privileged deposits in the form of liquid assets in Switzerland.

#### Secured deposits

esisuisse protects privileged deposits with a Swiss office up to 100,000 Swiss francs per client and financial institution. These deposits thus benefit from priority payout and the protection provided by esisuisse.

#### Function of deposit insurance (esisuisse)

If FINMA closes a financial institution (bank, securities dealer), the available liquid assets of the financial institution are initially used for the immediate payment of privileged deposits. esisuisse is only activated if the available liquid assets are insufficient to repay the secured customer deposits. esisuisse asks its members (all financial institutions are necessarily members) for the necessary funds via LSV and forwards them within 20 working days to the liquidator commissioned by FINMA. esisuisse provides a maximum of six billion Swiss francs. In addition to the liquidity required by law, financial institutions must constantly hold liquid assets amounting to half of their maximum contribution obligations to esisuisse.

#### Further Optimization of Deposit Guarantees

The deposit guarantee system will be further optimized in the coming years with three measures. Firstly, the system ceiling will be dynamized and increased from six billion Swiss francs to 1.6% of the system-wide secured deposits. Secondly, the deadline for paying out secured customer balances will be shortened to seven working days. Thirdly, half of the deposit guarantee is to be pre-financed. Banks must deposit securities or cash for this purpose or make a cash loan.

[www.esisuisse.ch](http://www.esisuisse.ch)

Deposit Protection of Banks and Securities Dealers

**Switzerland's financial center and the country's appeal as a location make the SIX Swiss Exchange very attractive to domestic and foreign businesses.**

## 9.2 SWISS STOCK MARKET: SIX SWISS EXCHANGE

SIX Swiss Exchange is one of Europe's most important stock exchanges. It has outstanding liquidity in Swiss securities trading and connects companies from around the world with international investors and trading participants.

Switzerland is a very attractive financial center for capital-seeking domestic and foreign companies, as it is well manageable, closely networked, and internationally oriented. It is thus hardly surprising that the financial center of Switzerland boasts an extraordinary number of global corporations, financial service providers and strong investors. This gives SIX Swiss Exchange a natural competitive advantage and gives listed companies access to an experienced and well-capitalized Swiss and international group of investors and high liquidity.

Thanks to its self-regulatory competence, the Swiss Exchange creates market-friendly conditions for the listing and trading of domestic and foreign shares, bonds, ETFs, ETPs, funds, and structured products. In addition, the SIX Digital Exchange plays a pioneering role in the issuance and trading of digital assets.

The SIX Swiss Exchange combines the locational advantages of the Swiss financial center with first-class services and is the ideal listing location for companies of all origins, size, and sector affiliation. It sells its own index range, which includes the SMI,<sup>®</sup> Switzerland's most important stock index.

With the world's most efficient trading technology and a broad selection of connection options and interfaces, SIX Swiss Exchange offers its participants outstanding trading conditions. It maintains a close dialogue with its domestic and foreign customers and works with them to create the optimal environment for its success. It also offers access to a strong global network, which includes the market data provider SIX Exfeed AG and the fund database Swiss Fund Data.

The SIX Swiss Exchange is part of the SIX Group, which offers services in the area of trading and processing as well as financial information and payment transactions.

[www.six-group.com](http://www.six-group.com)  
Swiss Stock Market

[www.sdx.com](http://www.sdx.com)  
SIX Digital Exchange

### 9.3 BUSINESS LENDING AND REAL ESTATE FINANCING

Establishing a business is generally a medium to long-term objective. As a rule, significant up-front investments and project financing are needed. Swiss banks place great emphasis on thorough market analysis and professional management.

#### 9.3.1 Financing of Current Business Activity

To finance current business activities, banks grant various types of short-term loans. These can take the form of unsecured loans or loans secured by collateral. The primary sources of credit for commercial finance are market performance, profitability, prospects, and the quality of the company's leadership. These factors are important for the bank in assessing whether the company can repay the loan. Whether or not the company can provide securities is of secondary importance in the commercial business.

As digitization (Industry 4.0) increasingly compels many companies to shift financing resources away from the acquisition of tangible capital goods and towards a fundamental redesign of their production processes, financing requirements are also changing. Banks are required to properly understand and assess business models and their potential in the digitized world while companies must be able to provide the banks with the relevant information.

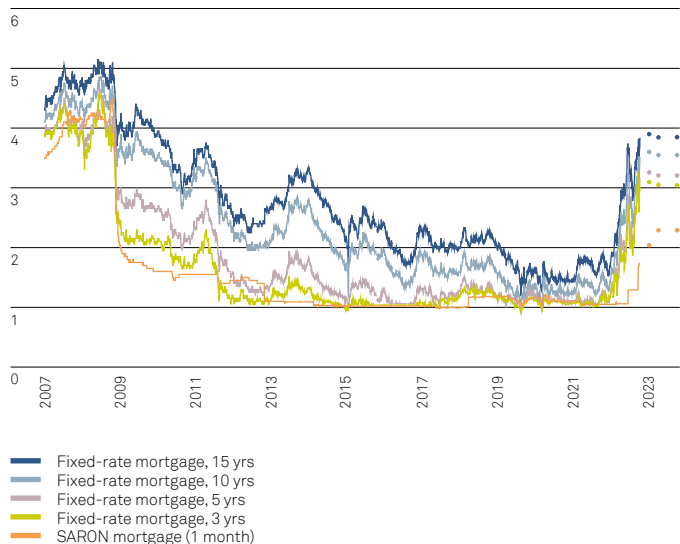
The variety and quality of service providers in Switzerland offer excellent conditions for corporate clients to receive the right financing solution from a wide range of offers. In addition to common products such as operating loans, investment loans, and leasing, special products such as start-up financing, commodity trade finance, convertible loans, guarantees, and equity loans are provided by business angels, venture capital companies, and private equity investors.

In addition, banks provide companies with the full range of derivative instruments (futures and options) that enable companies to selectively manage financial risks (such as interest rate or currency fluctuations).

#### Mortgage Rates

Interest rate in %

(FIG. 33)



Quelle: Credit Suisse, 2022

**In 2021, 3.1 billion Swiss francs were invested in innovative new companies in Switzerland.**

Source: [www.startupticker.ch/en/swiss-venture-capital-report](http://www.startupticker.ch/en/swiss-venture-capital-report), Swiss Venture Capital Report, 2022

### 9.3.2 Mortgages

If the acquisition of real estate or the building of a production facility accompanies the foundation or establishment of a business, mortgages can be an important credit instrument. There are three main types of mortgage in Switzerland: fixed-rate, variable-rate, and money-market mortgages (also called Libor mortgages). While the interest rate for a variable-rate mortgage is continually adjusted to the prevailing capital market rate, the interest rate on a fixed-rate mortgage is typically fixed for one to fifteen years. The interest rate on a money-market mortgage is based on the SARON rate published by SIX. Providers add a margin on top of this rate, which depends on the creditworthiness of the borrower. Up to 80% of the property's market value may be borrowed; up to 65% of this is taken as a first mortgage, which does not need to be amortized as is usual in other countries; any amount in excess of this is borrowed under a second mortgage, which must be amortized. The bank checks the quality of the property and the creditworthiness of the borrower on the basis of its guidelines. Generally speaking, a minimum requirement is that purchasers should provide at least 20% of the purchase price from their own assets. Secondly, the annual cost of the purchase (interest, repayments, and maintenance) should not total more than one third of the purchaser's gross income. Interest rates are negotiable, so it is worthwhile to request offers from a number of lenders.

For commercial real estate, the collateral value depends increasingly on the earning-power value. For industrial projects, normally 50% of the total plant value (market value or construction cost, including machinery and equipment) can be financed against real estate pledges at very attractive rates. For office and service buildings, the loan-to-value ratio is normally around 70%, but it also depends on the (property-specific) risks. Interest rates and terms generally applied to business investments today depend on the creditworthiness of the company and the rating it is given by the lending bank. Recognition of the risk and of future prospects is therefore crucial.

Owners of residential property must pay federal and cantonal taxes on their property as notional income. The rule of thumb for federal tax is an imputed rental value of at least 70% of average market rental, and for cantonal and communal taxes an imputed rental value of at least 60%. In return, homeowners may deduct mortgage interest and maintenance costs. This is the reason why the first mortgage is rarely ever amortized.

[www.hausinfo.ch](http://www.hausinfo.ch) > Financing and buying  
Financial aspects of home ownership

[www.hypothekenrechner.ch](http://www.hypothekenrechner.ch)  
Financial feasibility calculator

## 9.4 RISK CAPITAL

In 2021, venture capital companies invested over 3.1 billion Swiss francs in innovative new companies in Switzerland. This represents more than six times the volume of investment since 2012. Alongside the state development programs and loans from business banks, venture capital (VC) is an important pillar of innovation in Switzerland. The federal authorities also support the creation of venture capital through the Federal Act on Venture Capital Companies (RKG), which provides two tax incentives:

- Recognized venture capital companies are exempt from securities issue tax on their capital at the time the company is founded, or for any subsequent capital increase. With respect to direct federal tax, they also have a lower threshold value for claiming the equity participation deduction.
- Private individuals who assist in the foundation and development of new companies as business angels are entitled to relief from direct federal tax if they grant subordinated loans for the formation of start-up companies from their private assets.

The availability of venture capital and similar financing may fluctuate and therefore lacks transparency. Universities, consultants, and the business community jointly provide a number of platforms, some of them online, to bring entrepreneurs and investors together.

[www.startupticker.ch](http://www.startupticker.ch) > Assets > Swiss Venture Capital Report  
Online platform for start-ups

[www.seca.ch](http://www.seca.ch)  
Swiss Private Equity & Corporate Finance Association (SECA)

### 9.4.1 Venture Capital

Some financial companies specialize in providing risk capital or venture capital. Venture capital companies contribute to the share capital of a company, with the aim of making large profits if it flourishes or goes public. They provide financial resources without requiring the traditional forms of security. Only fast-growing young companies which are likely to generate significant revenue in a short period of time and have sales potential and a capital requirement of several million Swiss francs are normally considered for this kind of financing. Venture capitalists consider themselves to be guides during the development phase of the financing project. After their job is done, they withdraw and sell their investment to the company founder or other investors.

[www.kmu.admin.ch](http://www.kmu.admin.ch) > Practical knowledge > Finances > Financing  
Overview of financing sources

[www.swiss-venture-club.ch](http://www.swiss-venture-club.ch)  
Information platform, network for businesses

## State Support Schemes

(FIG. 34)

INSTRUMENT	BENEFICIARY	REGIONS	MEASURES
New Regional Policy NRP	Industry, production-related services	Economic regeneration areas	Tax relief in respect of direct federal tax
Commercial guarantees	SMEs, commercial undertakings	All of Switzerland	Bank loan guarantees (max. CHF 1 million)
Hotel credit	Hotel industry	Tourist and mountain regions	Direct loans Guarantees
Measures to support independent professional activities	Unemployed	All of Switzerland	Daily allowances (max. 90 days for planning phase) Bank loan guarantees (max. CHF 1 million)
Innosuisse – Swiss Innovation Agency	Joint innovation projects between research institutes and companies	All of Switzerland	Promotion of scientific innovation

Sources: various federal government agencies, information collated by Generis

### 9.4.2 Business Angels

During their start-up phase, many promising young companies need seed financing of less than two million Swiss francs. Although risk capital is increasingly available these days, the minimum size of financing transactions has risen correspondingly for both risk capital providers and investment companies. Very few professional risk capital providers consider financing deals of less than two million Swiss francs. More and more often it is so-called “business angels” – individual investors – who finance start-ups. Typically, business angels have experience and connections in addition to capital that they have ideally acquired as an entrepreneur, which is why they are often also consultants and mentors to young entrepreneurs. Business angels generally invest twice or even three times over in the companies: they invest their capital, experience, and time, which gives young entrepreneurs their “smart money.” Essentially business angels also follow clear return prospects just like venture capital investors. The aim is to start, develop, and establish new companies and to ultimately make them attractive for future investors. Consequently, young entrepreneurs are usually closely supported by business angels, who also demand corresponding access to the business plans.

[www.businessangels.ch](http://www.businessangels.ch)  
Business Angels Switzerland (BAS)

### 9.4.3 State Support

Although there is relatively little direct financial assistance available in Switzerland, where the state mainly restricts itself to creating favorable operating conditions, the country does offer a wide variety of tools to support companies, ranging from administrative assistance and tax relief to guarantees.

The cantonal economic development agencies (see Annex page 146f) also tend not to take direct stakes in companies, although they can offer assistance in finding affordable construction sites or can provide tax relief during the start-up phase or during a planned expansion.

One exception is the Swiss Federal Foundation for the Promotion of the Swiss Economy (Eidgenössische Stiftung zur Förderung schweizerischer Volkswirtschaft), which grants interest-free loans and, in exceptional cases, may also provide a share of the risk capital subject to a personal financial commitment on the part of the company founder.

[www.kmu.admin.ch](http://www.kmu.admin.ch) > Practical knowledge > Finances > Financing  
State support on financing



## 9.5 INTEREST AND CAPITAL COSTS

Switzerland is one of the most economically and politically stable countries in the world and is regarded as a “safe haven”. The country is in a healthy financial situation. This applies to the finances of the central state – at the federal level – as well as the cantons and municipalities. In Switzerland, the Corona pandemic also led to massive additional expenditures that could be cushioned thanks to the exceptionally healthy state of public finances before the crisis. Despite the Corona expenditures of 15 (2020) and 14.1 billion Swiss francs (2021), the net debt of Switzerland rose only by six billion to 76.1 billion as of the end of 2021.

Switzerland’s high credit standing, together with its high savings rate, leads to large amounts of foreign funds and therefore to low interest rates when compared to other countries. Business and investment activities can thus be financed relatively inexpensively. In recent years, the average difference in money and capital market rates between Swiss francs and euros has been between 1.5 and 2%. The IMD management institute in Lausanne also highlights the positive effect of capital costs on economic development, with Switzerland coming out in first place in its ranking (Fig. 35).

[www.liik.bfs.admin.ch](http://www.liik.bfs.admin.ch)  
National Consumer Price Index (CPI)

[www.efv.admin.ch](http://www.efv.admin.ch)  
Federal Finance Administration (EFV)

## 9.6 INFLATION

Switzerland has always lived up to its reputation as a stable country. The rate of inflation, as measured using the Swiss consumer price index, has consistently remained well below those of the EU and other major industrialized nations.

## Capital Costs

1 = hinders economic development  
10 = promotes economic development  
(FIG. 35)

1	Switzerland	7.79
2	Finland	7.71
3	Sweden	7.70
4	Hong Kong	7.48
5	Taiwan, China	7.42
6	The Netherlands	7.41
7	Denmark	7.26
8	Singapore	7.25
9	USA	7.23
11	Germany	7.21
17	Canada	6.53
20	United Kingdom	6.27
22	France	6.24
23	Luxembourg	6.21
24	Italy	6.14
25	Japan	6.09
29	Ireland	6.00
36	India	5.73
44	Korea Republic	5.20
46	China	5.04

Sources: IMD World Competitiveness Center 2022



# OVERVIEW OF THE SWISS TAX SYSTEM

# 10

10.1	Taxation of Corporate Taxpayers.....	97
10.2	Tax Rate in International Comparison.....	100
10.3	Taxation of Individual Taxpayers .....	101
10.4	Withholding Tax.....	104
10.5	Value Added Tax.....	105
10.6	Other Taxes.....	108
10.7	Double Tax Treaties.....	109
10.8	Transfer Pricing Rules.....	109
10.9	BEPS 2.0.....	109

The Swiss tax system mirrors Switzerland's federal structure, which consists of 26 sovereign cantons with 2,148 independent municipalities. Based on the constitution, all cantons have full right of taxation except for those taxes that are exclusively reserved for the federal government. As a consequence, Switzerland has two levels of taxation: the federal and the cantonal/communal level. The tax harmonization law provided for harmonization of the formal aspects of the various cantonal tax laws, for example, determination of taxable income, deductions, tax periods, and assessment procedures. The cantons and municipalities still have significant autonomy for the quantitative aspects of taxation, however, particularly with respect to determining the applicable tax rates. Consequently, the tax burden varies considerably between cantons/municipalities.

## 10.1 TAXATION OF CORPORATE TAXPAYERS

### 10.1.1 Corporate Income Tax – Federal Level

The Swiss federal government levies corporate income tax at a flat rate of 8.5% on profit after tax of corporations and cooperatives. For associations, foundations, and other legal entities as well as investment trusts, a flat rate of 4.25% applies. At the federal level, no capital tax is levied.

#### Taxable Persons

Taxable persons include Swiss resident legal entities, i.e. Swiss stock corporations, limited liability companies, and partnerships limited by shares, cooperatives, clubs and foundations, and collective investment schemes with direct ownership. As partnerships are transparent for tax purposes, taxation takes place at the level of the individual partners. Companies which have their registered office or place of effective management in Switzerland are generally considered resident in Switzerland for tax purposes.

#### Taxable Profit

Resident companies are subject to corporate income tax on their worldwide income with the exception of income attributable to foreign permanent establishments or foreign real estate (immovable property). The corresponding income is generally excluded from the Swiss tax base and is only taken into account for rate progression purposes in cantons that still apply progressive tax rates.

Non-resident companies are subject to tax only on Swiss source income, i.e., income and capital gains derived from Swiss business, permanent establishments, or immovable property, whereas income from immovable property includes income from trading in immovable property.

As a matter of principle, the legally prescribed/statutory accounts of a Swiss company and – in the case of a foreign company the branch accounts – form the basis for determining taxable profit. With the exception specific tax adjustments, expenditures recorded pursuant to commercial law are therefore generally tax deductible, provided that they comply with the dealing-at-arm's-length principle. Income from qualifying shareholdings (dividend returns and capital gains) constitute indirect tax exemptions. For tax purposes, losses can generally be carried forward for a maximum of seven years.

### **Thin Capitalization Rules**

The Swiss Federal Tax Administration has issued “safe harbor rules” which apply in third-party financing by affiliated companies. Third-party financing is not affected by these rules. The amount of the maximum permissible borrowed capital from affiliated companies is determined by backing each category of assets with a specific minimum equity ratio (generally based on the respective fair value of the respective assets).

Related-party liabilities exceeding the allowable debt are reclassified as equity for tax purposes and added back to the taxable capital within the context of the cantonal/communal annual capital tax. Moreover, the allowable interest deductibility on debt is determined by multiplying the allowable debt by the safe harbor interest rates. If interest payments to related parties exceed the amount which can be paid based on the allowable debt, the excessive portion is added back to taxable profit if market-related prices cannot be proven on an arm’s length comparison. In addition, such excessive interest payments to affiliated companies are regarded as hidden dividend payments, which are subject to withholding tax.

### **Group Taxation**

Separate entity taxation applies in Switzerland for income tax purposes. It is not anticipated that group taxation will be introduced anytime in the near future.

### **Group Reorganizations**

Reorganization on a tax-neutral basis is generally possible, as long as the applicable tax accounting values of assets and liabilities are adopted, and the obligation to pay taxes in Switzerland continues to exist. However, further transaction-specific regulations must also be followed.

### **10.1.2 Corporate Income Tax – Cantonal and Municipal Level**

Due to the harmonization of cantonal and municipal taxes, most of the aforementioned profit determination regulations apply analogously on a cantonal and municipal level (e.g. participation exemption, loss carryforward rules and, in most cases, thin capitalization rules).

#### **Overview of ordinary profit tax rates**

Combined effective income tax rates (for direct federal and for cantonal and local taxes) was between 11.9 and 21% in 2022, depending on the canton and municipality.

#### **Special Tax Regimes**

In contrast to the Swiss federal tax law, all cantonal tax laws provide special tax regimes, in addition to the direct federal tax, which may be obtained provided that the legal conditions of the tax harmonization law are met. Tax proposal 17 will replace the special tax regimes set out below with new measures aimed at underpinning and increasing Switzerland’s attractiveness as a location.

[www.s-ge.com/corporate-taxation](http://www.s-ge.com/corporate-taxation)

Facts and figures on Corporate Taxation in Switzerland



## Swiss corporate tax reform

To ensure the international acceptance of Swiss corporate tax law with lasting effect, at the end of 2019 several regimes that are no longer internationally recognized were abolished. To guarantee the continued attractiveness of the economic location nonetheless, the abolition of the regimes was accompanied by the replacement measures described below:

### A) Reduction of corporate income tax rates

In the course of the tax reform, corporate income tax rates were lowered in most cantons. In some cases, cantons that formerly had high corporate income tax rates compared to Switzerland overall made significant reductions.

### B) Patent box

Revenues from patents and comparable rights that are based on qualifying expenditure for research and development can be included in the tax calculation basis with relief applied. The introduction of the patent box is mandatory for cantons, but the level of relief differs from canton to canton and amounts to a maximum of 90%.

### C) Additional deduction for research and development

For research and development expenditure that occurs in Switzerland, cantons can provide for an additional deduction of up to 50%. The additional deduction for research and development is optional for cantons.

### D) Equity financing deduction

Cantons can provide for a notional interest deduction on the portion of taxable capital exceeding the equity capital required in the long term (so-called security equity capital). This essentially equates to the returns for 10-year government bonds. Where the security equity capital is allotted to internal group loans, an arm's length interest rate can be applied. At present, the equity financing deduction can only be applied in the Canton of Zurich.

### E) Relief limit

The cantons must set a limit for the relief from all replacement measures (with the exception of the special rate solution provided for under the transitional provisions). The maximum relief must not exceed 70% of profits (before the application of the substitute measures), but the cantons are free to set a lower relief limit.

## 10.1.3 Capital Tax

Annual capital tax is only levied at cantonal/communal level. The basis for the calculation of capital tax is in principle the company's net equity according to the statutory annual financial statements (i.e. share capital, paid-in surplus, legal reserves, other reserves, retained earnings). The taxable base of companies also includes any provisions disallowed as deductions for tax purposes, any other undisclosed reserves, as well as debt that economically has the character of equity under the Swiss thin capitalization rules. Some cantons provide for crediting the cantonal corporate income tax against capital tax.

The tax rates vary from canton to canton. In 2022, the range lies between 0.001% and 0.5%. Cantons can provide a reduction on the basis of capital tax on the taxable capital that is allotted to qualifying shareholdings, patents, and/or loans to group companies.

## 10.1.4 Tax Relief

Tax relief can be granted at cantonal and communal level and in explicitly defined regions at federal level for qualified new investments for up to ten years.

### Federal Level

The federal government has defined economically weaker regional community centers and regions which are entitled to grant business incentives including partial or full corporate income tax breaks for up to ten years (see section 14.2.2).

Tax breaks are provided for investment projects that meet certain requirements. Besides the creation of new production-related workplaces or investing, these also include conditions, for instance, that a competitive situation among existing companies should not arise.

### Cantonal and Municipal Level

Most cantons offer partial or full tax breaks for cantonal/communal tax purposes for up to ten years on a case-by-case basis. In particular, incentives may be obtained for creating a new presence or for an expansion project with particular economic relevance for the canton. Practice differs in the individual cantons. Most importantly, however, business incentives are generally granted in connection with the creation of new jobs locally, i.e. requirement of at least ten to twenty new jobs in most cantons. There are cantons that have dispensed with the tax relief instrument altogether.

[www.s-ge.com/corporate-taxation](http://www.s-ge.com/corporate-taxation)

Facts and figures on Corporate Taxation in Switzerland

## 10.2 TAX RATE IN INTERNATIONAL COMPARISON

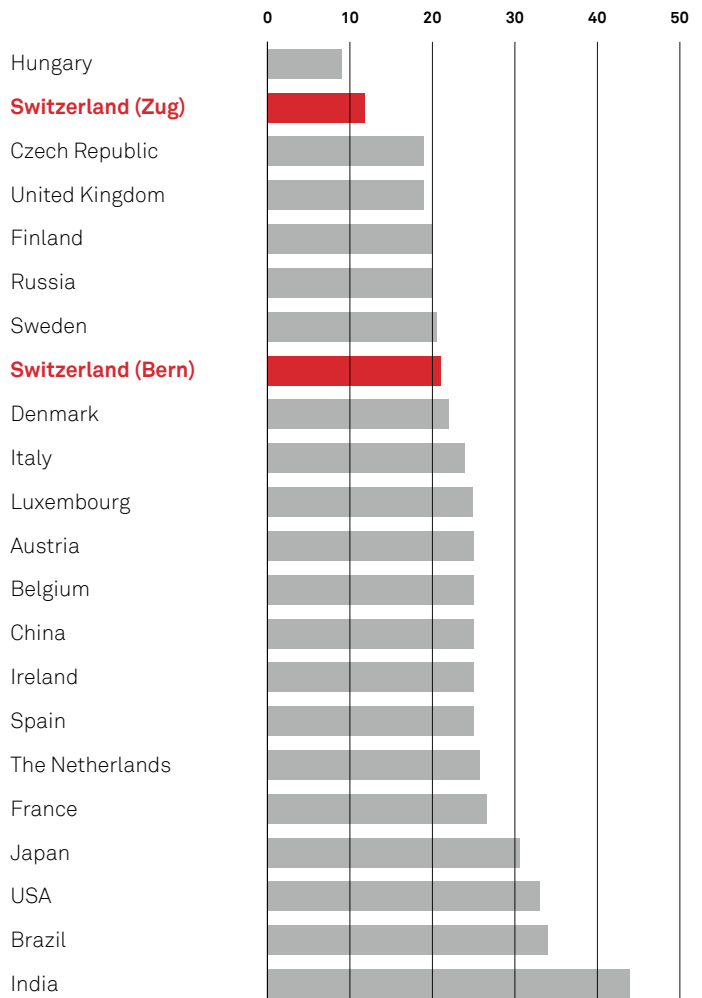
The international comparison of the total tax rate shows that Switzerland has a tax system which is consistently extremely competitive compared with other highly developed industrial countries. This is partly due to Switzerland's low profit tax rates by international standards (see Fig. 36).

It should further be noted that the Swiss tax system is not only attractive for corporate taxpayers but also for individual taxpayers as it provides for a modest tax burden in international comparison as well.

### Corporate tax rates: OECD and G20 countries

(in % of the profit)

(FIG. 36)



Source: PricewaterhouseCoopers, 2022

The Swiss tax system is not only attractive for corporate taxpayers but also for individual taxpayers as it provides for a modest tax burden in international comparison.

## 10.3 TAXATION OF INDIVIDUAL TAXPAYERS

### 10.3.1 Personal Income Tax

#### Taxable Persons

Individuals are subject to taxation on federal and cantonal/municipal levels if they have their permanent or temporary residence in Switzerland. Temporary residence is given provided the individual, regardless of any temporary interruptions, stays in Switzerland for a) at least 30 days carrying out gainful employment or b) for at least 90 days without pursuing any gainful employment. According to the Swiss tax system, partnerships are transparent; hence each partner is taxed individually. Under the Swiss tax system, partnerships are treated transparently, i.e. profits are taxed (pro rata) at the level of the respective partners.

The income of spouses is added together in accordance with the principle of family taxation. The same applies to any registered civil partnerships (replaced by “marriage for all” as of July 2022). The income of children who are minors is added to that of the person/persons with parental custody. An exception is income earned by minors that is subject to a separate tax.

Income taxes are generally assessed on the basis of a tax return that is sent to the taxpayer (see section on withholding taxes) and must be completed by the taxpayer (self-assessment). The assessment and charging of personal income taxes is carried out by the responsible cantonal tax administration. Depending on the canton, the municipality of residence may also be responsible for cantonal and communal taxes.

Individuals who do not establish a domicile or place of residence in Switzerland are liable to taxes in Switzerland to a limited extent if an economic relationship exists between them and certain tax objects located in Switzerland (e.g. land, permanent establishment).

#### Taxable Income

Resident individuals are subject to tax on their worldwide income. However, revenues derived from business conducted abroad, from permanent establishments, and from immovable property situated abroad are exempt and are taken into account only for the determination of the applicable personal income tax rate (exemption with progression reservation). The total income includes, in particular, income derived through gainful activities, both as an employee and when self-employed, income from movable and immovable property, and income from pensions. Taxable income also includes the notional rent value of property that the resident lives in.

Certain types of income such as inheritance, gifts, matrimonial property rights, subsidies paid from private or public sources, etc. are by law excluded from income tax, however, they could be subject to other taxes such as gift tax or inheritance tax (see Chapter 10.3.6). Individuals can deduct so-called costs of acquisition from their gross income, e.g. professional outlays such as travel costs between their place of residence and their place of work (to a limited extent) or extra costs for refreshments away from home. Social insurance contributions and contributions to occupational pension funds as well as restricted private pensions are likewise deductible. Additional deductions can be asserted for children entitled to maintenance. Married couples (with one or two incomes) can likewise claim an additional deduction. The extent of deductions allowed may vary greatly on a cantonal level. Debt interest in connection with gainful self-employment is fully deductible. In contrast, the deductibility of private debt interest on taxable earnings from movable and immovable private property is limited to a maximum of the total investment income plus 50,000 Swiss francs. For value-retaining property expenditure, an effective or flat-rate deduction may optionally be claimed.

Individual tax rates are typically progressive, whereas a maximum tax rate of 11.5% applies at the federal level. The cantons may set their own tax rates. The applicable cantonal tax rates therefore vary significantly from canton to canton (highest tax rates for cantonal capitals around 8.65% to 29.28%). For married persons and persons living in the same household with children, special tariffs exist.

#### Capital Gains

Depending on whether a capital gain is realized on personal or business property or on movable or immovable property, such gain is taxed differently. Gains on movable personal property are exempt from taxation whereas gains realized on movable business property are attributed to ordinary income.

#### Losses

Contrary to personal losses, business losses are tax deductible and may be carried forward for a maximum of seven years, if they cannot be offset against the taxpayer's other taxable income in the respective tax period.

#### Distribution of Capital Contributions

The repayment of qualifying capital investments is tax-free. It is subject to neither withholding tax (chapter 10.4) nor personal income tax on the part of the receiving individual.

### Tax at Source

Foreign employees with their residence/domicile in Switzerland who do not, however, possess a residence permit are taxed on their earned income by a tax deduction at source. The employer is required to deduct the tax owed from the wages and to pay it to the tax authorities. If the source-taxed income exceeds 120,000 Swiss francs per annum, a tax declaration has to be submitted by the employee. In all other cases, the tax at source is definitive. However, since 2021, persons whose income is below 120,000 Swiss francs have been able to submit a tax return upon application (deadline March 31 of the year following the tax year). Once applied for, this also applies for subsequent years. Without an application, no additional deductions are granted.

Employees who have retained their residence abroad are taxed on their earned income at the source, regardless of their nationality, and in general cannot submit a tax declaration in Switzerland for their earned income. An exception has applied since 2021 for persons who have their residence abroad but gain their income almost exclusively from Swiss sources, or whose situation is comparable with those of taxable persons resident in Switzerland. Here too, without an application, no additional deductions are granted.

### 10.3.2 Wealth Tax

Net wealth tax is only levied at the cantonal/communal level in accordance with the respective cantonal tax laws and rates. The tax is based on net assets. Net assets include immovable and movable assets (e.g. securities and bank deposits, cash, redemption of life insurance, cars, shares of non-distributed inheritances etc.). Shares in foreign partnerships or partnerships without legal personality (including their permanent establishments abroad) are not subject to wealth tax, nor are properties abroad. These assets are, however, taken into account for the calculation of the applicable cantonal wealth tax rate, if it is a progressive rate (tax exemption with progression). Individuals can deduct debts from the gross assets, as well as tax exemptions, which vary from canton to canton and according to marital status and whether the person in question has children.

The wealth tax is progressive in most cantons, whereby the cantons can set their own tax rates. The maximum tax burden therefore varies considerably and ranges from 0.13% to approximately 1%. The federal government does not charge wealth tax.

### 10.3.3 Expatriates

Qualifying expatriates are foreign managers and certain specialists (e.g. IT specialists) who are temporarily seconded to Switzerland by their employer for a period of up to five years, i.e. the (secondment) contract may only be limited in time for a maximum of five years. Expatriates may claim tax relief on work-related expenses incurred due to their stay in Switzerland.

The following expenses incurred by expatriates are deductible:

1. necessary relocation costs including travel costs to and from Switzerland,
2. reasonable accommodation costs in Switzerland, if the residence abroad is still maintained for personal use (i.e. no renting during secondment),
3. costs for children of school-going age attending a private school provided that residence is in Switzerland and if local state-funded schools cannot offer adequate educational provisions in their language. Instead of identifying the actual costs for relocation and accommodation, the taxpayer may claim a monthly lump-sum deduction which may vary from canton to canton. Any reimbursement from the employer of work-related costs incurred by the expatriate must be declared in the employee's payslip.

The entitlement to benefit from expatriate status for tax purposes ceases once temporary employment is replaced or superseded by a permanent position.

### 10.3.4 Cross-Border Commuters

Cross-border commuters are those people who live abroad and work in Switzerland and who commute from home to work and back each day.

The Swiss taxation of such individuals differs, depending on their place of work and domicile (home country/country of residence). The double tax treaty with Germany, for example, provides for an apportionment of the taxation rights between the two countries. The country of work is limited to a flat-rate withholding tax of 4.5% of the gross salary of the cross-border commuter. Such partial taxation of cross-border commuters in the country of work does not relieve the commuter from taxation of the earned income at the place of residence (e.g. taxation with credit for withholding tax levied in Switzerland). The cross-border commuter status is abandoned if the employee cannot return to his/her domicile abroad on more than 60 working days per year for business reasons. Cantonal agreements vary for cross-border commuters from France.



### 10.3.5 Lump-Sum Taxation

Both federal and most cantonal tax regulations provide for the possibility to make use of a special tax arrangement often referred to as lump-sum taxation. Under this, qualifying taxpayers resident in Switzerland are taxed on the basis of expenditure and living costs in Switzerland (instead of on the more customary basis of total income and total assets).

Qualifying taxpayers who may apply for lump-sum taxation are individuals who do not have a right to Swiss citizenship who take up temporary or permanent residence in Switzerland for the first time or after an absence of at least ten years and who do not carry out any gainful occupation in Switzerland. The lump-sum taxation provisions are tailored to financially independent persons who are not seeking to work in Switzerland.

In case of spouses moving to Switzerland, the requirements for benefiting from lump-sum taxation must be satisfied by both spouses. As a rule, it is not possible for one spouse to be taxed on a lump-sum basis while the other spouse is taxed on an ordinary basis.

The basis of taxation is calculated annually on the expenses incurred by the taxpayer in Switzerland and abroad. The calculation not only considers the expenses of the taxpayer but also those of the spouse and dependent children as long as they live in Switzerland. Expenses usually taken into account are food, clothing and accommodation, education, leisure activities, and all other expenses linked with the standard of living. The exact calculation is determined together with the relevant tax authorities of the canton in which the person wishes to become a resident. In any case, the measurement base must correspond either with a) at least seven times the rent paid on rental property or the rental value of the taxpayer's property if he lives in his own house or apartment or b) three times the annual costs of lodging if the taxpayer lives in a hotel or similar accommodation. If the taxpayer owns or rents more than one property, the most expensive will be taken into account. A minimum taxable income of 400,000 Swiss francs applies for direct federal tax from January 1, 2016.

Generally, individuals who apply for lump-sum taxation are considered Swiss residents and may also apply for treaty relief on their foreign-source income. Some double taxation treaties, however, allow for treaty benefits only if all income from the source country is subject to ordinary taxation in Switzerland. The abolition of lump-sum taxation continues to be the subject of political debate. Lump-sum taxation remains an option in the following cantons: Aargau, Appenzell Inner Rhodes, Bern, Friborg, Geneva, Glarus, Grisons, Jura, Lucerne, Neuchatel, Nidwalden, Obwalden, St. Gallen, Solothurn, Schwyz, Thurgau, Ticino, Uri, Vaud, Valais, and Zug.

### 10.3.6 Inheritance and Gift Tax

Inheritance and gift taxes are not harmonized. Consequently, the cantons are free to levy such tax and the various cantonal laws differ considerably in almost every respect. With the exception of the canton of Schwyz, all cantons levy inheritance and/or gift taxes for certain asset transfers if the deceased or donor had been resident of the respective canton or if real estate located in the canton is transferred.

Inheritance and gift tax rates are mostly progressive and are usually based on the degree of relationship between the deceased or donor and the beneficiary and/or the amount received by the beneficiary. In all cantons, spouses are exempt from inheritance and gift taxes; most cantons also exempt direct descendants.

## 10.4 WITHHOLDING TAX

A federal withholding tax is levied at source on the gross amount of dividend distributions by Swiss companies, on income from bonds and similar indebtedness by Swiss issuers, as well as on certain distributions of income by Swiss investment funds, and interest payments on deposits with Swiss banking establishments.

Since the capital contribution principle came into effect on January 1, 2011, repayments of capital contributions made by the shareholder after December 31, 1996, and declared and accounted for correctly are now treated the same as repayments of nominal capital. This means that repayments of capital contributions declared and identified accordingly are not subject to withholding tax and for individuals (if shares are held as private assets) now no longer represent taxable income (see chapter 10.3.1).

Also subject to withholding tax are profits from gambling, lotteries, and the like, which are not exempt from personal income tax, as well as insurance benefits.

Generally, the debtor is liable for the tax and is required to withhold the amount due, irrespective of whether the recipient is entitled to a full or partial refund. A refund is only possible provided that the respective revenues have been properly declared for the purposes of personal/corporate income taxation and the recipient is entitled to use the revenues subjected to withholding tax. The aim is to prevent tax evasion. For corporate taxpayers, withholding tax is reimbursed by way of a refund, whereas for individuals resident in Switzerland, the tax is credited against total tax liability through the regular taxation procedure.

For non-resident taxpayers, the withholding tax generally represents a final tax burden. However, a partial or total refund may be granted based on an international double tax treaty or a bilateral agreement concluded by Switzerland with the country in which the recipient of the earnings is residing.

It should further be noted that a reporting procedure may be applied for certain qualifying dividend distributions, replacing the withholding and refund procedure.

**Thanks to a number of double taxation treaties and bilateral agreements, taxpayers resident outside of Switzerland can be reimbursed for all or part of their withholding tax.**

### 10.4.1 Domestic Rates

The tax rate applied on dividend distributions including deemed profit distributions and interest payments relating to bonds and bond-like debt instruments as well as on interest payments made by banks or bank-like institutions to non-banks is 35%. No withholding tax is levied on interest payments for corporate credit agreements that do not qualify as bonds or bond-like debt instruments. There is no withholding tax on interest payments relating to qualifying ordinary company loan agreements. Provided that royalties, licenses, and service and similar fees payable by Swiss individuals or corporations are at arm's length, no withholding tax is levied.

### 10.4.2 Treaty Rates

Most double taxation treaties provide for a reduction of the normal 35% rate on dividends. The reduced rate is usually 15% for portfolio investors and 0%, 5%, or 10% for substantial corporate owners. Some treaties require the taxation of Swiss-source income in the recipient's country of residence. Otherwise no relief will be granted. With regard to interest income, most treaties allow for a reduction as well, typically up to 10%. In some treaties a full refund is granted. Some treaties provide for a zero rate.

However, a reduction is only possible if the person applying for treaty benefits is actually entitled to claim the treaty.

### 10.4.3 Bilateral Agreements with the EU

Accordingly, dividend, royalty, and interest payments between Switzerland and the member states of the EU have not been subject to withholding tax since July 1, 2005, provided conditions such as minimum shareholding and holding period are fulfilled.

As of 2017/18, the Interest Taxation Agreement was replaced by the Agreement for the Automatic Exchange of Information on Tax Matters (AIA Agreement). This not only includes interest returns but all types of capital returns and also trusts and foundations. The withholding tax exemption of cross-border payments of dividends, interest, and royalties between affiliated companies enshrined in the Savings Tax Agreement will continue to apply.

In general, the bilateral agreements, including the AIA Agreement, also apply to new EU member states joining the EU after July 1, 2005 (e.g. Bulgaria, Romania or Croatia).

In the AIA Agreement, explicit reservation was made as to the use of domestic or agreement-based provisions for the prevention of fraud or abuse, both by Switzerland and by the individual EU member states. The application of the above-mentioned benefits from the AIA Agreement can therefore be denied in cases of abuse or fraud.

Double tax treaties between Switzerland and EU member states with more favorable tax treatment of dividend, interest, and royalty payments remain unaffected. In practice, this means that taxable persons can choose between reference to the AIA Agreement or the applicable double taxation treaty.

## 10.5 VALUE ADDED TAX

Although Switzerland is not an EU member state, its value-added tax (VAT) system was structured in accordance with the sixth EU VAT Directive ("Sixth Council Directive on the harmonization of the laws of the Member States relating to turnover taxes" whereby turnover refers to revenue) as a non-cumulative, multi-stage tax that provides for deduction of input tax. As a result, Swiss VAT is levied as an indirect tax on most goods and services at the federal level only and applies to each stage of the production and distribution chain. It is designed as a tax owed by the supplier of goods or services (i.e., the tax liability is based on the payment made by the recipient of the goods or services).

### 10.5.1 Taxable Persons

Any legal entity or individual, establishment, partnership without legal capacity, institution, etc. (i.e. irrespective of legal form, purpose, and intention to make a profit) that operates an enterprise (obtains revenues for a long period of time through independent commercial or professional activity and appearance in one's own name) is essentially liable for tax. There is a VAT registration obligation if global taxable turnover exceeds 100,000 Swiss francs per year. All domestic establishments of a Swiss corporation form one taxable entity together with the headquarters. All domestic establishments of a foreign corporation are also classed as one taxable entity. On the other hand, the domestic establishments and the foreign headquarters are each considered a separate taxable entity.

A so-called acquisition tax obligation (no VAT registration obligation) also exists for recipients within Switzerland who are not liable for taxation, provided that, within the calendar year, they acquire services subject to acquisition tax amounting to a total of more than 10,000 Swiss francs. Such services include those acquired from non-resident enterprises that are not entered in the register of taxable persons, provided that the place of service provision in accordance with the recipient location principle is the domestic market, with the exception of telecommunications or electronic services for recipients not liable to taxation. Exceptions to this principle include, in particular, the purchase of telecommunications or electronic services by non-taxable recipients, since in this case the foreign service provider becomes liable to pay tax in Switzerland if he generates more than 100,000 Swiss francs in sales worldwide.

Recipients liable for taxation are also subject to the acquisition tax obligation. They must declare acquisition tax within the context of their regular value added tax calculations.

If the revenues of a taxable entity (global turnover from taxable supplies and services) amount to less than 100,000 Swiss francs within the year (for sport and cultural associations and charitable institutions 150,000 Swiss francs), it is exempt from the tax obligation. However, any such entity may also waive exemption from tax liability. Upon registration with the Swiss Federal Tax Administration, the taxpayer receives a VAT number that is essentially based on the company identification number. VAT is added to the company identification number (e.g. CHE123.456.789 VAT).

A special regulation exists for holding companies. In general, the acquisition, holding, and selling of shareholdings is a commercial activity within the meaning of Swiss VAT legislation. Shares of capital in other companies amounting to over 10% are classed as shareholdings, which are held with the intention of long-term investment and have a considerable influence. Holding companies would generally not be subject to value added tax, as their turnover usually comes from shareholdings and does not therefore fall under taxable supplies. The qualification of the holding activity as a commercial activity means, however, that the holding company can be voluntarily registered for value added tax due to the waiving of the exemption from tax.

The advantage of registration is that input tax claims can be asserted, which accrue within the context of their commercial activity providing an entitlement to input tax deduction. Exempt services for which no tax option is taken or can be taken do not provide an entitlement to input tax deduction (see chapter 10.5.5). In the area of monetary and capital transactions, for example, trading in securities and shares in corporations is a service exempt from taxation, for which an input tax correction is necessary.

#### 10.5.2 Taxable Supplies

Services provided by taxable persons domestically in return for remuneration are subject to domestic tax, provided that they are not exempt or released from taxation. A service that is considered to be provided abroad in accordance with value added tax principles is not subject to domestic taxation. Value added tax is levied on the following types of services:

1. supplies in Switzerland (including other customs areas counting as domestic, e.g. Liechtenstein),
2. provision of services in Switzerland (including other customs areas counting as domestic, e.g. Liechtenstein),
3. services and supplies from non-resident enterprises subject to acquisition tax and
4. import of goods.

The supply of goods in a value added tax sense is not limited to goods supplies according to Swiss commercial law. The value added tax law provides for a number of transactions which, in the sense of value added taxation, are considered to be supplies, such as the maintenance of machinery, the rental or leasing of property, the sale of electricity, etc.

Services whose place of performance is abroad, as well as supplies of goods abroad, are not subject to Swiss value added tax. Exports of goods from Switzerland are taxable but are exempt from value added tax.

#### 10.5.3 Taxable Amount

The basis for the calculation of the taxable amount for supplies and the provision of services is the agreed upon or the collected gross remuneration (in cash or in kind). An claim for input tax, i.e. the tax paid on services acquired, can in principle be asserted by the person registered for value added tax in the periodic value added tax calculation and can be deducted from the sales tax owed, provided that the person liable to taxation is entitled to full input tax deduction. Consequently, only the value added is taxed (net all-phase principle).

#### 10.5.4 Tax Rates

Since January 1, 2018, the standard rate has been 7.7% on all taxable supplies of goods or services. A reduced rate of 3.7% is applicable for accommodations. A reduced rate of 2.5% applies on certain categories of goods and services for certain basic needs such as water supply, food and non-alcoholic beverages, cattle, poultry, fish, cereals and grain, books and newspapers, services of non-commercial radio and TV broadcasts, etc.

The Federal Tax Administration offers further simplified VAT accounting for small businesses with turnover of below 5.005 million Swiss francs (incl. VAT) and a tax liability of 103,000 Swiss francs (calculated according to the applicable net tax rate) or less per year. Small businesses may opt to submit VAT based on a balanced tax rate which is lower than the standard rate of 7.7% if they, in return, waive the standard procedure for input VAT accounting, which would otherwise be deducted from the VAT levied on revenue (input VAT deduction). This simplified taxation method must be approved by the Swiss Federal Tax Administration and maintained for at least a tax year. Contrary to the normal case of quarterly billing, a VAT return has to be submitted only twice a year.

#### 10.5.5 Excluded and exempt revenue

The law differentiates between VAT-exempt revenue and revenue excluded from VAT.

Expenses that are used exclusively for the provision of services that are exempt from VAT do not entitle the taxpayer to an input tax deduction. Excluded activities are the healthcare sector, education, culture, sport, social care, most banking and insurance activities, rental and sale of real estate, as well as gambling and lotteries. However, for most of these excluded revenues, it is possible to opt for voluntary taxation. This option is, however, not possible in the case of banking and insurance revenue, as well as the renting and purchase of real estate exclusively for residential use. In contrast to activities excluded from VAT, exempt activities allow for an input VAT deduction for all taxes paid in generating the revenue in question (true exemption). An example of an activity exempt from tax is the export of goods (see also section 10.5.7).

Business activities abroad are not subject to Swiss VAT. These types of revenue are generally the result of international business models. A typical example is a Swiss trading company that buys products from a foreign manufacturing company and sells them to customers in a third country, shipping the products directly to those customers. Activities involving the supply of goods or services abroad only entitle the taxpayer to deduct input tax if the revenue does not qualify as VAT exempt.



### 10.5.6 Deduction of Input Taxes

An enterprise registered for VAT is liable for VAT on all supplies (sales tax) and will incur VAT on purchases for the business (input tax). In most cases, input taxes may be deducted from the amount of total value added taxes due, and so do not generally represent an additional burden for a business. VAT is a genuine expense only for the end consumer or for a business involved in transactions for which no input tax can be recovered (businesses with excluded income such as banks and insurance companies).

### 10.5.7 Exports

In addition to exported goods, certain services – if rendered to a recipient domiciled abroad – are also exempt from Swiss VAT (with credit).

However, the Swiss VAT law includes a list of services that are either taxable where the service provider is domiciled or are subject to special provisions according to this list (e.g., services in connection with real estate, hotel and restaurant services; services in relation to culture, sports, and the arts; passenger transport, etc.). Services not included in this list that are provided to a foreign recipient are not subject to Swiss VAT (a catch-all provision – the “place of supply is where the recipient is established” – is applied).

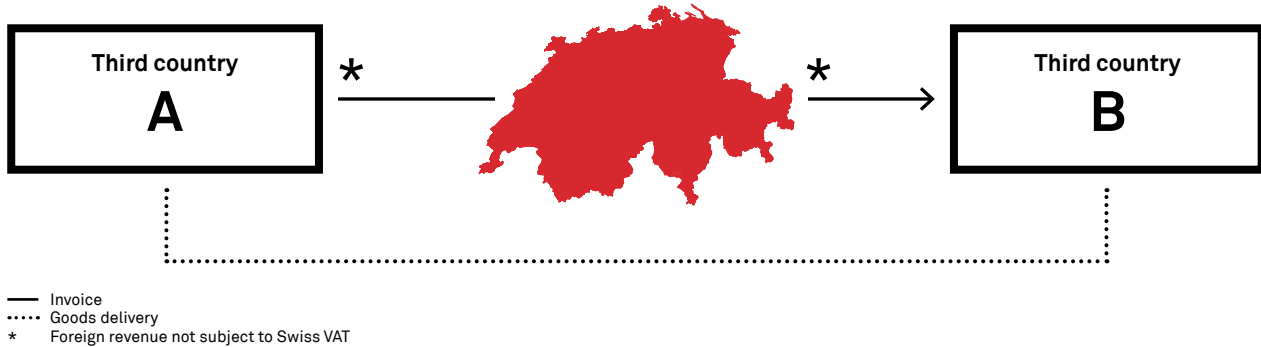
However, the VAT-exempt or non-taxable nature of such services must be proven by the underlying documents such as invoices, agreements, etc. The same applies to export shipments, where a customs export/ import certificate is usually the basis for tax exemption (however, the principle of free appraisal of evidence applies).

### 10.5.8 International Business Activity

The basic VAT rules described above have the following effect in the case of a Swiss trading company that buys products from a foreign manufacturing company and sells them to customers in a third country, shipping the products directly to those customers:

#### International Business Activity

(FIG. 37)



Sources: Illustration by PricewaterhouseCoopers

### 10.5.9 Non-Resident Enterprises

Foreign businesses supplying goods or certain services to or within Switzerland wishing to waive the exemption from tax liability or generate at least 100,000 Swiss francs in sales per year from taxable and tax-exempt services in Switzerland and abroad are required to appoint an authorized VAT representative based in Switzerland. Such entrepreneurs may claim input VAT directly or deduct it. Exempted from compulsory VAT duties are foreign companies that only provide services in Switzerland exempt from tax or recipient-centered services (except telecommunications or electronic services to non-taxable recipients), or deliveries of electricity in pipelines, gas via the natural gas distribution network, and district heating to taxable persons in Switzerland.

If a (domestic or foreign) mail-order company achieves a turnover of at least 100,000 Swiss francs per year from small consignments (small consignments are deemed to exist if the tax amount is five Swiss francs or less) which it transports or dispatches from abroad to Switzerland, its deliveries are deemed to be domestic deliveries. The mail-order company is then liable to pay VAT in Switzerland and must register in the VAT register. The tax liability arises when the turnover limit of 100,000 Swiss francs is reached. The turnover limit is calculated from the fees paid by the buyers to the mail-order company.

Non-resident entrepreneurs without taxable activities in Switzerland are entitled to a refund of Swiss VAT if their foreign activities would qualify as taxable turnover under Swiss VAT law and if the country of residence grants reciprocal treatment to Swiss entrepreneurs (VAT refund).

**At 7.7%, Switzerland has the lowest rate of VAT in Europe.**

## 10.6 OTHER TAXES

### 10.6.1 Stamp Taxes

Stamp duties are levied on special legal transactions such as the issuance of shares (issuance stamp tax also known as capital duty) or the trading of securities (securities transfer stamp tax).

The tax on the issuance and the increase of equity of Swiss corporations is 1% on the fair market value of the amount contributed, with an exemption on the first one million Swiss francs of the total capital paid in, whether it is made in an initial or subsequent contribution. Amounts contributed without a corresponding increase in the equity of the corporation are likewise subject to tax, and in this case the tax allowance of one million Swiss francs does not apply.

The transfer of Swiss and foreign securities in which a Swiss securities dealer participates as a contracting party or as an intermediary is subject to Swiss securities transfer stamp tax (often called "securities turnover tax" whereby turnover refers to revenue). Depending on the issuer's residence (Switzerland or foreign country), the tax rate is 0.15% or 0.3% and is calculated on the consideration of the securities traded.

Swiss securities dealers are defined as any persons professionally engaged in buying or selling securities for their own account or for another person, including Swiss banks and other Swiss bank-like institutions. Furthermore, companies holding taxable securities whose book values exceed ten million Swiss francs and remote members of a Swiss stock exchange with regard to Swiss titles which are quoted on the Swiss stock exchange are considered Swiss securities dealers.

### 10.6.2 Real Estate Taxes

Capital gains from immovable property (real estate) in Switzerland are subject to a special cantonal real estate gains tax, provided that the corresponding capital gain is added to the personal assets of an individual. If the capital gain is added to the business assets of an individual or to the assets of a legal entity, it is subject – depending on the canton in which the real estate is located – to normal corporate income or profit tax or likewise to a special cantonal real estate gains tax. On the level of direct federal tax, capital gains from immovable property forming part of the personal assets of an individual are not taxable, whereas capital gains on business assets or on the assets of legal entities are subject to normal corporate income tax.

Furthermore, in some cantons the transfer of real estate is subject to a conveyance tax, whereas on the federal level no taxes of such kind are levied. As a general rule, conveyance tax is assessed on the purchase price or the taxable value of the real estate and is typically paid by the purchaser of the real estate. Depending on the canton, the applicable tax rate varies between 1% and 3%.

Moreover, about half of the cantons levy a special wealth tax on real estate ("real estate tax"). This tax is due every year in addition to the general wealth tax. The tax is levied at the place where the property is situated and is assessed on the market or taxable value of the real estate without allowing for deduction of debts. The applicable tax rate is 0.3%.

## 10.7 DOUBLE TAX TREATIES

To minimize the effect of double taxation in Switzerland and abroad, Switzerland has concluded tax treaties covering direct income taxes with all major industrial countries and many other countries. Most of these treaties are patterned on the principles of the OECD model convention, which defines where the income or the assets are to be taxed and also describes the method for the elimination of double taxation. Switzerland essentially applies the tax exemption method, exempting income allocable to a foreign country from taxation in Switzerland. The respective income and assets are only considered for the calculation of the applicable tax rate (progression). For certain income streams (dividends, interest, and license fees), Switzerland by contrast generally applies the crediting method. For dividends, interest, and license fees, both states – the state in which the income is earned and the state of the recipient’s residence – are typically entitled to tax them. However, the double tax treaty limits the right of taxation of the source state, and the source tax can be credited against the tax levied in the recipient’s state of residence. To date, more than 100 tax treaties are in effect, plus also the EU bilateral agreements as of July 1, 2005. As Swiss tax treaties are treated as international conventions, they generally supersede federal as well as cantonal/municipal tax rules.

Swiss double tax treaties apply to persons (individuals or companies) who are resident in one or both of the contracting states. As already mentioned in chapter 10.3.5, Swiss residents applying for lump-sum taxation generally qualify for treaty relief as well. However, some treaties provide for special conditions to be met in order to benefit from the treaty applied.

Apart from the tax treaties covering direct income taxes, Switzerland also concluded a few tax treaties in the area of inheritance and estate tax – and partially for areas of property taxes – Switzerland has not negotiated any double tax treaties concerning gift taxes so far. Furthermore, there are some special treaties relating to cross-border commuters, taxation of international air and transport services, and the tax situation of international organizations and their staff.

## 10.8 TRANSFER PRICING RULES

According to Swiss tax law, transactions between group companies must be at arm’s length. Switzerland does not have separate transfer pricing legislation and does not plan to introduce such legislation in the near future. Instead, the Swiss tax authorities follow the transfer pricing guidelines of the OECD to determine if a transaction between related parties is at arm’s length. In Switzerland, no specific documentation requirements for transfer pricing purposes must be observed. A company doing business in Switzerland should however have the appropriate documentation on file verifying the arm’s-length nature of transactions with related parties.

[www.efd.admin.ch](http://www.efd.admin.ch)  
Federal Department of Finance (FDF)

## 10.9 BEPS 2.0

With BEPS 2.0, the OECD wants to improve tax fairness between traditional and digital companies. Pillar 1 provides for a partial reallocation of taxation rights for groups with more than 20 billion euros in annual turnover and more than 10% profit margin to market states. Pillar 2 introduces a global minimum tax of 15% for international groups of companies with an annual turnover of more than 750 million euros.

Switzerland wants to adopt the OECD minimum taxation rules. In August 2022, the Swiss government opened the consultation on the ordinance regarding minimum taxation of large corporate groups (Minimum Taxation Ordinance, MindStV). This temporarily regulates minimum taxation in Switzerland by means of a supplementary tax. The new regulations are expected to enter into force on January 1, 2024.



# INFRASTRUCTURE

# 11

11.1	Transportation.....	111
11.2	Communication.....	115
11.3	Energy.....	116
11.4	Water.....	116
11.5	Post.....	117
11.6	Healthcare.....	117



Switzerland is closely integrated into the European transportation infrastructure thanks to a dense network of road, rail, and air connections. Frequent and reliable connections guarantee the smooth and efficient transport of passengers and goods. The supply of energy, water, communication services and postal services is guaranteed at all times. A well-developed healthcare system ensures that the population has access to medical care without having to travel long distances.

## 11.1 TRANSPORTATION

The Swiss economy is supported by an excellent distribution infrastructure for supplying goods and services. With 1.7 kilometers (approx. 1 mile) of roads per square kilometer, Switzerland is one of the continent's most densely developed countries for motorized transport. Nevertheless, Switzerland is rightly known as a railway country, particularly as the national railway network has a length three times that of the freeway network.

The Swiss government's transport policy is primarily aimed at improving the country's attractiveness as a business location and managing increasing mobility in an environmentally compatible manner.

[www.uvek.admin.ch](http://www.uvek.admin.ch)

Swiss Federal Department of the Environment, Transport, Energy and Communications (DETEC)

### 11.1.1 Road Traffic

Switzerland's highway network is one of the densest in the world. There are currently approx. 2,254 km (1,143 miles) of national highways in operation, providing access to all parts of the country. The high proportion of tunnels is remarkable: 280 tunnels are currently in operation. At least three quarters of the Swiss highway system consist of four-lane divided freeways. The national highways are also major international transport routes. The connection between Germany and Italy through the Gotthard Tunnel is of critical importance in Europe.

In order to use Switzerland's freeways (Autobahnen), every domestic and foreign motor vehicle weighing up to 3.5 metric tons must have a special freeway sticker or "vignette" (currently 40 Swiss francs). The sticker is valid for a calendar year and can be purchased at customs and post offices, gas stations, and freeway rest stops. No special tunnel fees are charged for using the Gotthard and San Bernardino transalpine tunnels.

A performance-related vehicle fee (LSVA) is levied on domestic and foreign trucks (motorized vehicles intended for goods transportation with a total weight of more than 3.5 metric tons). In addition to the total weight, the fee depends on the relevant emission category (Euro 6) and the kilometers driven in Switzerland and the Principality of Liechtenstein. For the most-used transit routes from the German to Italian border (about 300 km [186 miles] from Basel to Chiasso), 40-ton trucks pay a fee of about 270 – 370 Swiss francs depending on the emission category. In addition, a night-time (10:00 pm – 5:00 am) and Sunday driving ban applies to trucks.

[www.astra.admin.ch](http://www.astra.admin.ch)

Federal Roads Office (FEDRO)

[www.strassenverkehrsamt.ch](http://www.strassenverkehrsamt.ch)

Cantonal road traffic offices

[www.ezv.admin.ch](http://www.ezv.admin.ch) > Information companies > Taxes and duties

Performance-related and lump-sum heavy vehicle fees

[www.swisstunnel.ch](http://www.swisstunnel.ch)

Specialist group for underground construction

### 11.1.2 Rail

Because of the punctuality and reliability of their public transport systems, the Swiss are the most frequent rail travelers in all of Europe. Every day, some 11,000 trains run on the 3,200-kilometer (1,865-mile) rail network operated by SBB (Swiss Federal Railways). In addition to SBB, there are a number of private railway companies in Switzerland that operate on tracks covering more than 2,000 kilometers (almost 1,250 miles). In spite of the fact that this rail network has the highest capacity utilization in Europe, the trains are very punctual. In 2021, 91.9% of passenger trains reached their destination within three minutes of the scheduled arrival time. In order to protect the population and the environment, more and more freight traffic will be moved from road to rail in the future.

Three major rail projects provide important benefits to Switzerland and Europe in the medium and long term. They will increase transport capacities, reduce passenger and freight traffic on roads and highways, and help protect and preserve the ecologically sensitive Alpine region:

- ZEB: The “Future Development of the Rail Infrastructure” (ZEB) project, worth 5.4 billion Swiss francs, contains more than 100 infrastructure projects and is due to be completed by 2025. It includes measures to improve both the frequency and capacity of the rail network.
- AlpTransit or NRLA Project: The new Lötschberg and Gotthard transalpine lines are designed to provide new, fast north-south connections and facilitate substantial expansion of capacity and services. Every day, 50 passenger trains pass through the 34-kilometer (21-mile) Lötschberg base tunnel, which was completed in 2007, at speeds of up to 250 km/h (155 mph). This brings both Valais as well as northern Italy closer to the center of Switzerland. You can now get to Milan from Bern in less than three hours. As for freight transport, the new Lötschberg base route helps meet a key goal of Swiss transport policy, which aims to transfer transalpine freight traffic from road to rail. The route enables transport capacities to be increased substantially, while the larger tunnel cross-sections enable heavier freight trains to pass through (shuttle profile). The AlpTransit or NRLA (New Rail Link through the Alps) project was built in stages. The Gotthard Base Tunnel, which was opened on June 1, 2016, is the longest tunnel in the world, at 57 kilometers (more than 35 miles).
- Link to the European high-speed rail network: Connection to the European high-speed rail network (TGV and ICE) will make Switzerland the most important hub in Europe’s future high-speed network. The Swiss government invested a total of about 1.1 billion Swiss francs in the rail network by the end of 2020 to provide better connections with the European high-speed rail network. This will shorten travel times from Switzerland to Paris, Lyon, Munich, Ulm, and Stuttgart.

[www.sbb.ch](http://www.sbb.ch)  
Swiss national railway operator SBB

[www.bav.admin.ch](http://www.bav.admin.ch)  
Federal Office of Transport (FOT)

### 11.1.3 Shipping and Navigation

In Switzerland, shipping and navigation not only plays an important role in tourism but is also a crucial part of international trade. The source of the Rhine, which is the origin of one of the busiest waterways in the world, is located in Switzerland. With access to the North Sea guaranteed by international law and a deep-sea fleet, the inland ports in Basel represent an important hub for Switzerland’s import and export. Every year, Switzerland’s Rhine ports process about 5.5 million metric tons of goods and about 120,000 containers. Indeed more than 3.5% of all Swiss foreign trade passes along the Rhine, while goods traffic by air accounts for less than 2%. However as a mode of transport for people, ships really only play a role in tourism and for day trips. Some 13 million passengers a year are transported along and across Switzerland’s waterways.

[www.port-of-switzerland.ch](http://www.port-of-switzerland.ch)  
Swiss Rhine port

[www.bav.admin.ch](http://www.bav.admin.ch)  
Federal Office of Transport (FOT)

#### 11.1.4 Air Travel

Zurich Airport is one of the most important transport hubs in Europe. Passengers appreciate the excellent standard of service at this airport. This is confirmed by its high ranking in the annual airport rankings. For example, in 2021 Zurich Airport received the World Travel Award as Europe's leading airport for the 18<sup>th</sup> time for its user-friendliness and quality standards. Zurich Airport received the Eco-Innovation Award for the first time in 2011 for its extensive and systematic environmental management system. It was also the first airport to introduce emission-dependent landing fees.

Some 30 million passengers use the Zurich airport annually. The freight volume is approximately 450,000 tons per annually. Up to 200 destinations in around 70 countries are served. Switzerland's two other international airports – Geneva and Euro-Airport Basel – also have many connections to key European business centers and holiday destinations and a number of direct flights to overseas destinations.

The fact that the three international airports are located in border areas only a short distance away from neighboring countries facilitates international trade to and from the EU through Switzerland. Airfreight is an important freight transport option for exporting companies in the areas around their airports. The most important export products include specialty chemical and pharmaceutical products, high-tech products, automotive components, and perishable goods.

Just over three-quarters of Swiss airfreight is processed at the cargo hub in Zurich. But the two other international airports, Geneva and EuroAirport Basel, are also becoming increasingly important freight support points, particularly for express and courier services. The volumes handed by the world's leading express, package, and courier services are growing.

The regional airports in Bern, Lugano, and St. Gallen-Altenrhein also offer attractive scheduled flights to European destinations on a daily basis. Sion and St. Moritz-Samedan have seasonal business and leisure connections that are not only important for tourism but also save time for the entire service sector.

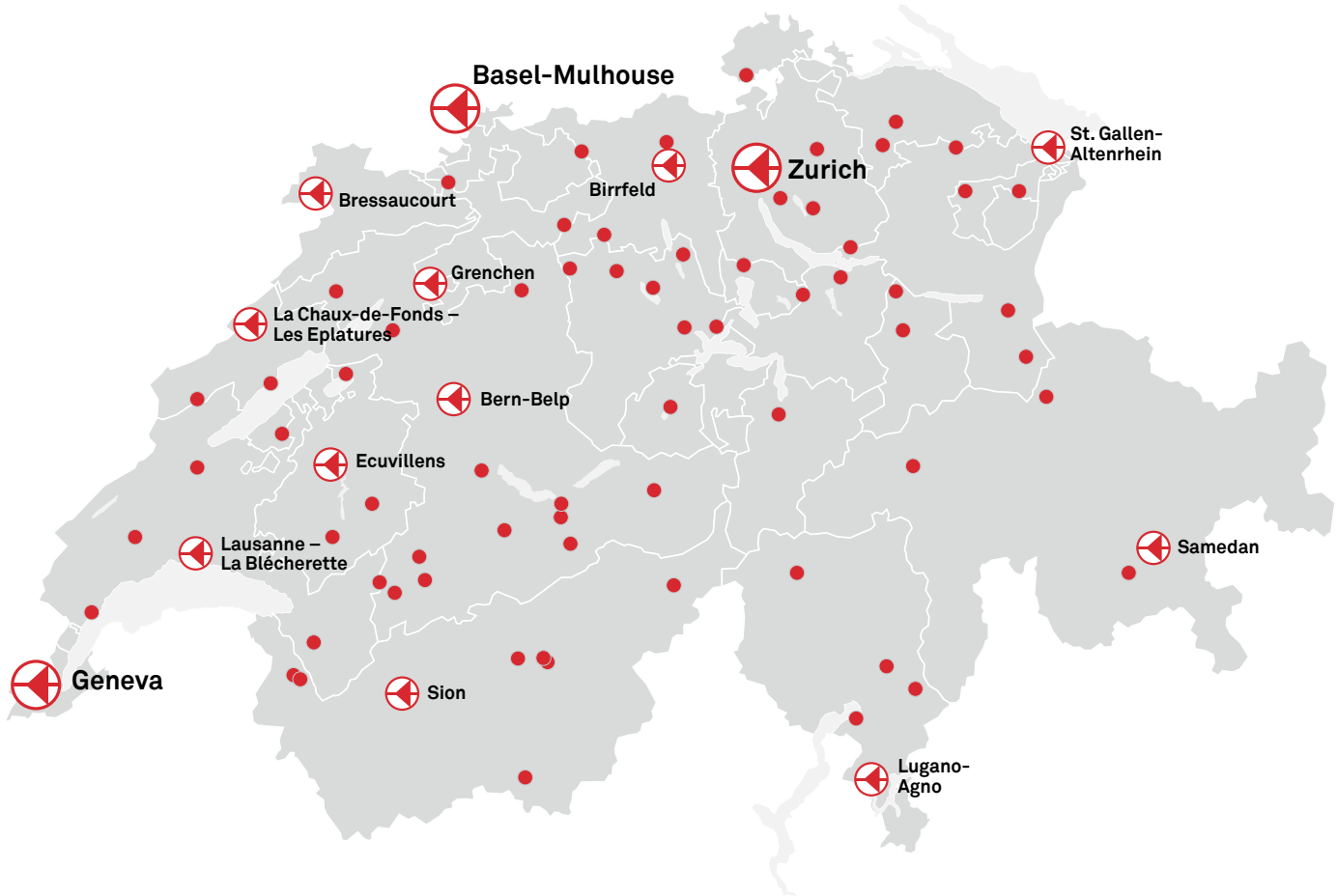
[www.flughafen-zuerich.ch](http://www.flughafen-zuerich.ch)  
Zurich Airport

[www.gva.ch](http://www.gva.ch)  
Geneva Airport

[www.euroairport.com](http://www.euroairport.com)  
EuroAirport Basel

## Switzerland's National and Regional Airports

(FIG. 38)



✈ national airport   ✈ regional airport   ● airfield, heliport

Sources: Swiss Federal Office for Civil Aviation (BAZL); own representation of S-GE

[www.bazl.admin.ch](http://www.bazl.admin.ch)  
Swiss Federal Office of Civil Aviation (FOCA)

[www.swiss.com](http://www.swiss.com)  
Swiss International Air Lines

[www.flughafen-zuerich.ch](http://www.flughafen-zuerich.ch)  
Zurich Airport

[www.gva.ch](http://www.gva.ch)  
Geneva Airport

[www.euroairport.com](http://www.euroairport.com)  
EuroAirport Basel

[www.aerosuisse.ch](http://www.aerosuisse.ch)  
Umbrella association of the Swiss aerospace industry

[www.aopa.ch](http://www.aopa.ch)  
Aircraft Owners' and Pilots' Association

For international corporations, the ability to schedule business flights at short notice is becoming more and more critical. In addition to the national airports, there are also regional airports throughout the country set up to handle business aviation, and most of them are suitable for smaller jets. The modern infrastructure of these airports is designed for business travelers, offering either customs clearance or allowing authorized cross-border travel by persons from the areas covered by the Schengen Agreement (for the Schengen Area). In Switzerland there are countless providers of business flights which have their own offices at larger airports and airfields. The offers range from charter planes to the use of pooled planes.



## 11.2 COMMUNICATION

Switzerland has outstanding access to ICT (Information and Communication Technology) infrastructure. Switzerland has comprehensive broadband and mobile phone coverage. Around 99% of Swiss households have broadband internet access. Since 2020, the minimum speed of the universal service for transmission from the network to the user is 10 Mbit/s. Switzerland has a talented pool of ICT specialists thanks to the Computer Science departments of ETH Zurich and EPFL, which are among the best in the world. Moreover, the ICT apprenticeship is one of the most popular professional apprenticeships in Switzerland. In international comparisons, Swiss companies are technology-friendly and understand how to employ new technologies for the digital transformation.

[www.bakom.admin.ch](http://www.bakom.admin.ch)  
Federal Office of Communications (OFCOM)

[www.bfs.admin.ch](http://www.bfs.admin.ch) > Look for statistics > Culture, media, information society, sports  
Information society indicators

[www.nic.ch](http://www.nic.ch)  
Swiss Internet domain name registry (.ch, .li)

**Around 99% of Swiss households have broadband internet access.**

### Digital Competitiveness

Overall score from 0 to 100

(FIG. 39)

1	USA	100.0
2	Hong Kong	96.6
3	Sweden	95.2
4	Denmark	95.2
5	Singapour	95.1
<b>6</b>	<b>Switzerland</b>	<b>94.9</b>
7	The Netherlands	93.3
12	Korea Republic	89.7
13	Canada	87.3
14	United Kingdom	85.8
15	China	84.4
16	Austria	80.9
18	Germany	79.3
19	Ireland	79.2
22	Luxembourg	77.4
24	France	75.7
28	Japan	73.0
40	Italy	61.8
46	India	55.1

Source : IMD World Competitiveness Center 2021

### 11.3 ENERGY

Switzerland has a reliable and secure nationwide energy supply system. Petroleum products account for approximately 44% of gross energy consumption in Switzerland. Electricity accounted for 26% of final consumption and was generated for the most part in Switzerland. Compared to the neighboring countries, Switzerland has a practically CO<sub>2</sub>-free production mix. The most important power suppliers in Switzerland are hydroelectric power plants and nuclear power plants. Compared to other countries, Switzerland thereby has an attractive energy mix at relatively low production costs, which are not directly linked to the price of oil and natural gas. Switzerland's integration into the interconnected European energy system ensures that the entire country is supplied with electricity, even during periods of particularly high power consumption. This also applies to the other forms of energy, such as natural gas and petroleum. An extensive network of almost 3,300 gas stations provides fuel for motor vehicles. Within the scope of Swiss environmental policy, mineral oil taxes are levied on gasoline and diesel (approx. 0.80 Swiss francs per liter), revenues that are appropriated specially and mainly flow back into road-building (steering tax). To promote environmentally friendly fuels, fuels from renewable sources (such as biogas, bioethanol, biodiesel, vegetable and animal oils) are partially or fully exempt from the mineral oil tax until the end of 2024. The taxation of natural and liquid gas used as fuels is also reduced.

The Swiss electric power market is highly fragmented. Approximately 700 utility companies supply the country with electricity, including eight associated companies and numerous small producers. Thanks to the partial liberalization of the market in 2009, major consumers (i.e. those requiring more than 100,000 kWh per year) can now choose their supplier. According to the Federal Council, the electricity market will be opened up to all customers.

[www.bfe.admin.ch](http://www.bfe.admin.ch)  
Swiss Federal Office of Energy (SFOE)

[www.stromkunden.ch](http://www.stromkunden.ch)  
Group of major electricity consumers

### 11.4 WATER

Switzerland is a water-rich country. Six percent of Europe's fresh water is stored in the Swiss Alps. The Gotthard massif in the center of the Swiss Alps forms a continental divide as far as Europe's water is concerned. From there the Rhine flows to the North Sea, the Rhone to the western Mediterranean, the Ticino (Po) to the Adriatic Sea, and the Inn (Danube) to the Black Sea.

[www.bafu.admin.ch](http://www.bafu.admin.ch) > Topics > Water  
Federal Office for the Environment (FOEN) - Water

#### 11.4.1 Drinking Water

The water that flows through all water pipes in Switzerland is so fresh and pure that it meets the purity requirements for mineral water, even though it is a thousand times cheaper. Even the water in public fountains can be drunk without concern. Only 2% of annual precipitation is utilized for the drinking water supply. The Swiss population consumes about 300 liters of water per capita per day in homes, industry, and commercial operations. On average, household consumption accounts for 142 liters of this. Drinking water from water pipes costs an average of about two Swiss francs per thousand liters in Switzerland. At a cost of 0.30 Swiss francs per person per day, the cost is just under 0.90 Swiss francs per day for a 3-person household. Groundwater from wells and springs accounts for 80% of consumption, and the rest comes primarily from lakes.

[www.trinkwasser.ch](http://www.trinkwasser.ch)  
Drinking water

### 11.4.2 Waste Water Disposal and Water Pollution Control

Because of its role as the “water reservoir” of Europe, Switzerland is obliged to make special efforts in water pollution control. Purification of waste water is a necessary requirement for maintaining and preserving water ecosystems over the long term. Thanks to modern wastewater purification technology, there is no health risk associated with swimming in Switzerland’s many lakes and rivers. The waste water from households, industry, business and agriculture is piped to purification systems through sewage pipes running a total length of 40,000-50,000 kilometers (about 25,000 – 31,000 miles). Today, 97% of all Swiss households are connected to one of the country’s approx. 800 wastewater treatment plants.

### 11.5 POST

Swiss Post serves the entire country (universal nationwide service). It is a byword for reliability, breaking European records again and again.

In recent years, the postal market has undergone fundamental changes. In addition to the state-run postal system, numerous private companies are now offering postal delivery services in certain areas in which competition is allowed. The package delivery market (for packages over 1kg) was liberalized in 2004. Since April 2006, letters weighing more than 100g can be handled by private postal services, provided that they have the required license. Swiss Post has maintained its monopoly only on the delivery of domestic letters and letters from abroad weighing 50g or less. Further liberalization will not take place for the time being, although full liberalization continues to be discussed.

The postal service provides an overall dense network of access points. In an international comparison with seven other European countries, Switzerland had the highest density of post office branches per area and the smallest average distance to the nearest post office branch. In addition, Swiss Post offers total logistics solutions ranging from procurement through warehousing to information logistics, including cross-border service.

[www.post.ch](http://www.post.ch)  
Swiss Post

[www.bakom.admin.ch](http://www.bakom.admin.ch)  
Federal Office of Communications (OFCOM)

## 11.6 HEALTHCARE

### 11.6.1 Medical Care

Highly trained medical professionals, famous hospitals and top medical institutions help make the Swiss healthcare system among the best in the world. By international standards, Switzerland has a cost-intensive healthcare system relative to GDP. A dense network of hospitals, pharmacies, and medical and dental practices ensures universal access to out-patient and in-patient care. Emergency medical care on the road (emergency services of hospitals) and by air (Swiss air-rescue service Rega or TCS) is well developed and functions professionally. An organization called Spitex provides medical care at home.

The life expectancy at birth has almost doubled in Switzerland since 1900 and now averages 83 years.

[www.bag.admin.ch](http://www.bag.admin.ch)  
Swiss Federal Office of Public Health (FOPH)

[www.redcross.ch](http://www.redcross.ch)  
Swiss Red Cross

[www.hplus.ch](http://www.hplus.ch)  
Hospitals in Switzerland

[www.fmh.ch](http://www.fmh.ch)  
Swiss Medical Association (FMH)

[www.doctorfmh.ch](http://www.doctorfmh.ch)  
Swiss doctors directory

[www.rega.ch](http://www.rega.ch)  
Swiss air rescue service (Rega)

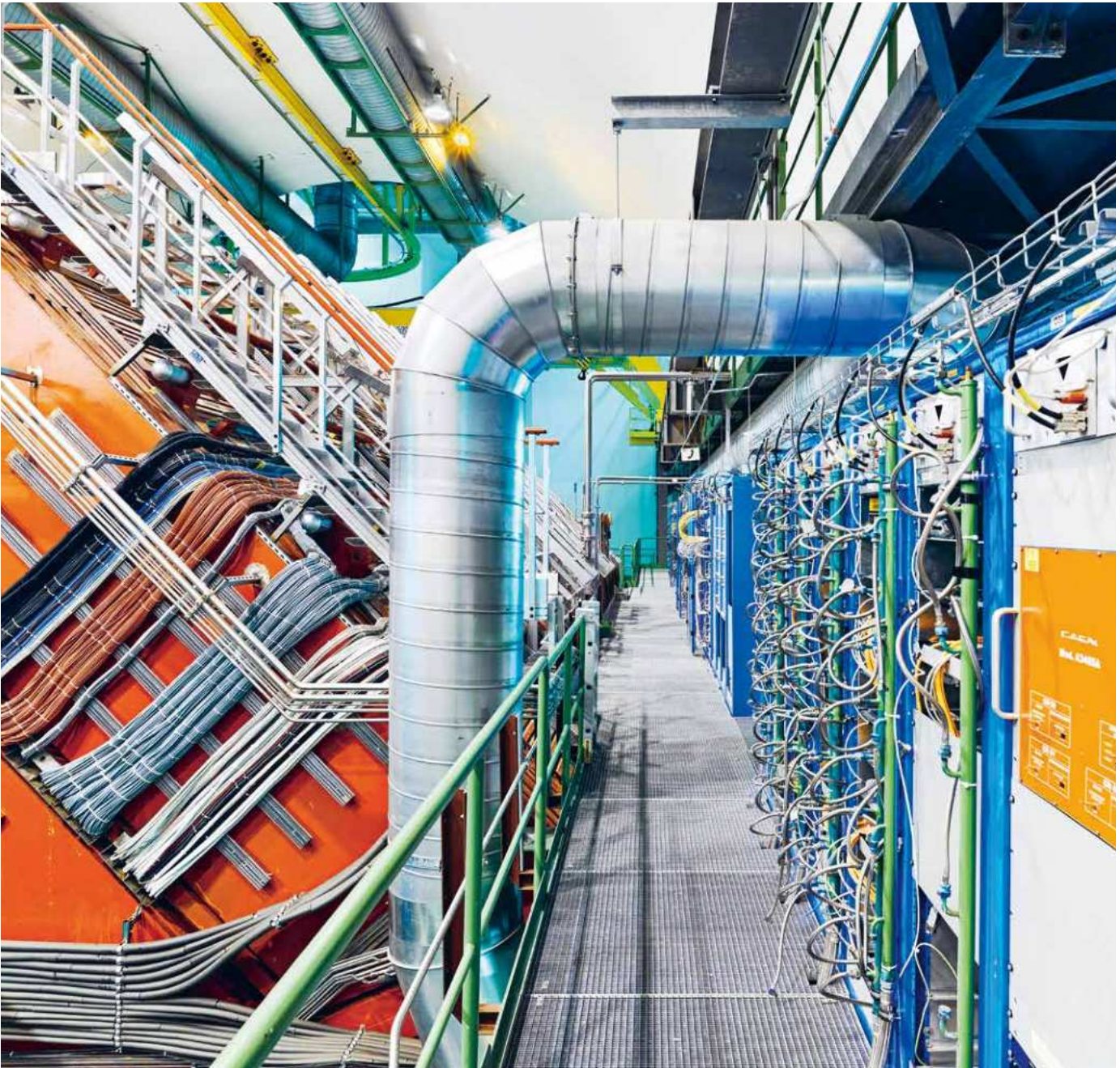
[www.spitex.ch](http://www.spitex.ch)  
Spitex association, Switzerland

### 11.6.2 Health Insurance

The basic health insurance that all persons residing in Switzerland are required to carry guarantees access to good medical care. This covers medical treatment in the event of illness or accidents if treatment is not covered by accident insurance (even in foreign countries in some cases). The system is not state-run, but offered through private health insurance companies. Additional insurance is optional.

[www.bag.admin.ch](http://www.bag.admin.ch) > Insurances > Health insurance  
Overview of health insurance





# EDUCATION AND RESEARCH

# 12

12.1	Schooling and Vocational Training .....	119
12.2	Further Education .....	122
12.3	Universities and Colleges .....	122
12.4	International Private Schools and Boarding Schools .....	125
12.5	Research and Development .....	125
12.6	Switzerland Innovation – The Swiss Innovation Park .....	128



For a country like Switzerland with few natural resources, a well-educated workforce and constant innovation are its most important capital. Swiss education and research policy is designed accordingly. Switzerland's public schools, universities, postgraduate programs, and international private and boarding schools are famous worldwide for their quality. The country's federal structure also ensures both high quality and proximity of the business world and research institutions to the educational system. One special feature of Swiss education is the dual training system: students have a choice between the traditional educational path at high schools and universities or, on the other hand, industrial vocations and careers in the service sector, where they receive hands-on training on the job.

## 12.1 SCHOOLING AND VOCATIONAL TRAINING

Switzerland's dual vocational training system is unique worldwide and provides the country with a highly qualified and innovative workforce and thus a leading position in the global economy.

Under the Swiss system, the cantons are responsible for the quality and type of education (basic education, universities, universities of applied sciences) within their territory. Only the Swiss Federal Institutes of Technology (ETH/EPFL) are under federal direction. Various coordinating bodies ensure that the educational and training plans are harmonized between cantons.

[www.edk.ch](http://www.edk.ch)  
Swiss Conference of Cantonal Ministers of Education (EDK)

[www.educa.ch](http://www.educa.ch)  
Swiss education server

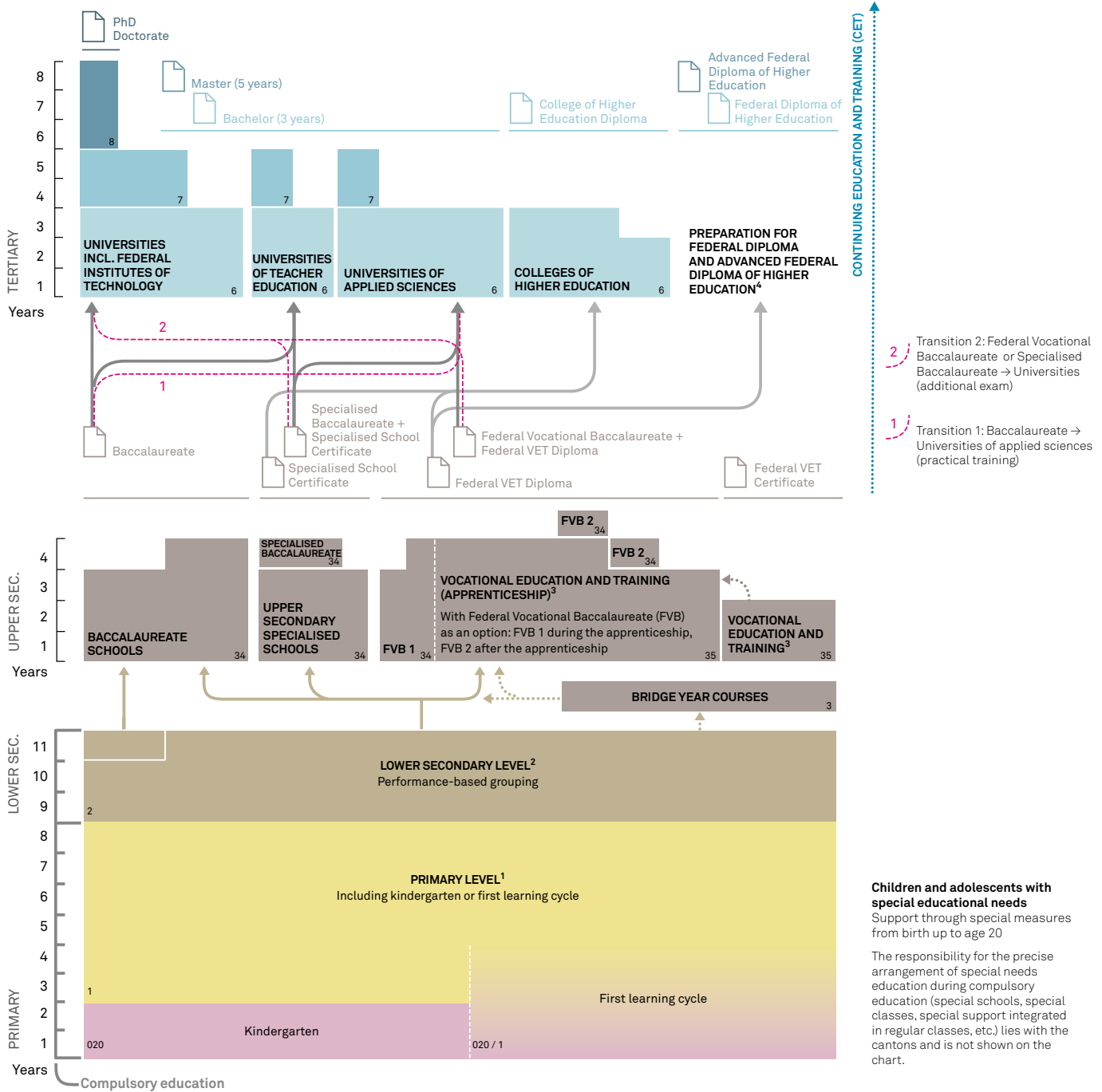
[www.bildungssystem.bfs.admin.ch](http://www.bildungssystem.bfs.admin.ch)  
Education statistics

### 12.1.1 Basic and Further Education

Education begins at the kindergarten level at age five or six. Primary school starts at age seven and runs through to grades four to six, followed by a lower secondary school the levels of which correspond to their personal ability. The name and curriculum of the educational levels varies from canton to canton. Once they have completed lower secondary school, students have finished their compulsory nine years' schooling. They can then either begin vocational training or attend high school to prepare them for university studies. Aside from apprenticeship and high school, students can continue their education beyond the statutory minimum by attending an intermediate diploma school to earn a specialized diploma.

# The Swiss Education System

(FIG. 40)



**Children and adolescents with special educational needs**  
Support through special measures from birth up to age 20

The responsibility for the precise arrangement of special needs education during compulsory education (special schools, special classes, special support integrated in regular classes, etc.) lies with the cantons and is not shown on the chart.

© EDK CDIP CDEP CDPE, August 2019

ISCED | International Standard Classification of Education 2011

- ISCED 8
- ISCED 7
- ISCED 6
- ISCED 4
- ISCED 34 + 35
- ISCED 2
- ISCED 1
- ISCED 020

<sup>1</sup> Two years of kindergarten or the first two years of a first learning cycle: included in compulsory education in the majority of cantons

<sup>2</sup> Lower secondary level: 4-year scuola media in the Canton of Ticino (pursuant to exception clause in Art. 6 HarmoS Agreement). Transition to Baccalaureate Schools possible after 10th school year

<sup>3</sup> Vocational education and training (apprenticeship): training in a host company + instruction at a VET school + branch courses. For certain professions, a VET diploma can be obtained in a full-time school programme (e.g. in trade or IT schools).

<sup>4</sup> Federal examination / Federal diploma of higher education = ISCED 6  
Advanced federal examination / Advanced federal diploma of higher education = ISCED 7

## Quality of the Education System

1 = completely fails to meet the economy's needs,  
10 = meets the economy's needs

(FIG. 41)

1	Finland	9.09
2	<b>Switzerland</b>	<b>8.90</b>
3	Denmark	8.47
4	Singapour	8.43
5	The Netherlands	8.38
7	China	8.20
8	Germany	8.00
11	Canada	7.82
12	Belgium	7.70
15	Australia	7.60
16	Austria	7.53
19	Ireland	7.15
20	Italy	6.97
24	USA	6.84
27	Luxembourg	6.51
28	United Kingdom	6.40
34	India	6.13
36	Japan	6.11
37	Korea Republic	6.06
39	France	5.94

Sources: IMD World Competitiveness Center 2022

95% of students finish their mandatory education at a local state school. Only 5% attend private schools. Public schools enjoy a good reputation. In the 2018 OECD Program for International Student Assessments (PISA), Swiss students scored higher than the average in OECD states, with public schools achieving slightly higher scores than private ones. The IMD management institute has also confirmed that Switzerland has a high-quality education system that meets the economy's needs (Fig. 41).

Switzerland's public schools not only provide an education, they also fulfill an important integration function: children with different social, linguistic, and/or cultural backgrounds all attend the same schools. For Switzerland, a country with four national languages, multilingual skills are extremely important. In addition to their mother tongue, children are taught a second national language and English from primary school onward.

In 2018, public-sector spending on education in Switzerland was approximately 39 billion Swiss francs. That's 5.4% of the gross domestic product. On a per-capita basis, this level of spending puts Switzerland in second place worldwide.

[www.pisa.oecd.org](http://www.pisa.oecd.org)  
PISA study

[www.bfs.admin.ch](http://www.bfs.admin.ch)  
Swiss Federal Statistical Office

## Public per Capita Spending on Education

in US dollars

(FIG. 42)

1	Luxembourg	5,820
2	<b>Switzerland</b>	<b>5,016</b>
3	Iceland	4,604
4	Norway	3,972
5	Denmark	3,902
6	USA	3,742
7	Sweden	3,739
10	Belgium	3,009
12	The Netherlands	2,780
13	Ireland	2,654
14	Austria	2,464
16	Canada	2,253
17	United Kingdom	2,233
18	Germany	2,157
19	France	2,146
20	Hong Kong	2,138
23	Singapour	1,563
26	Korea Republic	1,490
28	Japan	1,369
29	Italy	1,352
53	China	373

Sources: IMD World Competitiveness Center 2020

### 12.1.2 Vocational Training

Switzerland has the world's best vocational training system. The consistently low unemployment rate in the Swiss labor market is attributable to the quality of the Swiss vocational training system, as well as a stable economy. Basic vocational training begins after the completion of compulsory education. Great importance is placed on practical on-the-job training. More than three quarters of all young people complete a work-and-training-based apprenticeship lasting three to four years and consisting of practical work in a company coupled with study of the accompanying theory at a vocational school for the relevant sector. In addition, students are eligible to obtain professional certification, which entitles them to enter a university of applied sciences where they can earn a Bachelor's or, in some cases, a Master's degree. Universities of applied sciences provide a tertiary level of education. 90% of Swiss students continue their education once they have completed compulsory schooling, placing Switzerland near the top of all OECD countries with regard to further education.

This dual system ensures that businesses have a choice of well-qualified and practically trained employees ready to enter the relevant sector. Youth unemployment is significantly below that of the average in the Euro countries. It is important to note that the practical aspect of vocational training in no way reduces the importance of in-depth teaching in school.

Professional education and training play an important role in Switzerland. Higher specialist and professional training courses are conducted with the approval of the federal authorities and professional associations. Successful completion of these courses leads to the attainment of a Swiss federal vocational certificate or diploma. In Switzerland there are more than 150 federally recognized schools offering professional college degree programs, the majority of which are engineering colleges. These schools teach qualifications that are often learned only at universities in other countries. Vocational degrees are mutually recognized through bilateral agreements between Switzerland and the EU. The plethora of Switzerland's vocational training courses is made easier to understand and compare by the National Qualification Framework for Swiss Vocational and Professional Education and Training (NQF VPET) as well as explanations about certificates and diploma supplements.

[www.s-ge.com/education](http://www.s-ge.com/education)

Facts and figures on professional training in Switzerland

[www.sbfli.admin.ch](http://www.sbfli.admin.ch)

State Secretariat for Education, Research and Innovation (SERI)

[www.wbf.admin.ch](http://www.wbf.admin.ch) > Topics > Education

Information issued by the Swiss Federal Department of Economic Affairs, Education and Research (EAER)

[www.swissworld.org](http://www.swissworld.org) > Education and Science

Education in Switzerland

[www.berufsberatung.ch](http://www.berufsberatung.ch)

Advice on choosing a profession, higher education course and career

## 12.2 FURTHER EDUCATION

Continuing training plays an important role in Switzerland. Public institutions such as universities and universities of applied sciences offer not only postgraduate programs but also courses on various specialized topics which are open to everyone, not just graduates. Non-students can also register to sit in on regular courses. Adult education courses are publicly subsidized and open to everyone. There is also a wide variety of courses offered by private educational establishments, from language courses to yoga and managerial courses.

[www.weiterbildung.ch](http://www.weiterbildung.ch)

[www.ausbildung-weiterbildung.ch](http://www.ausbildung-weiterbildung.ch)

Overview of continuing training (providers and courses)

[www.up-vhs.ch](http://www.up-vhs.ch)

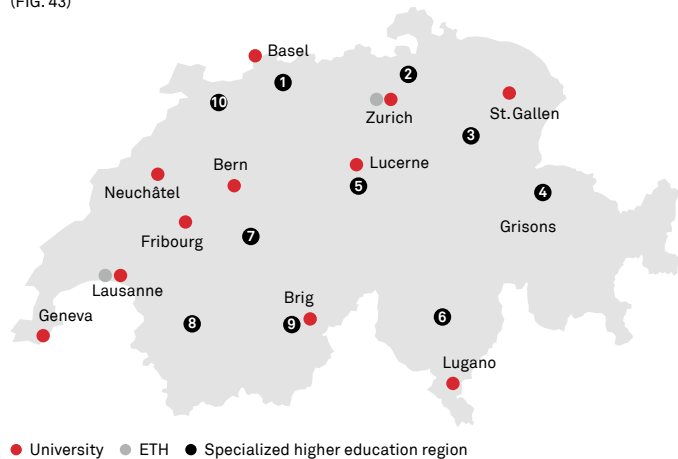
Swiss Adult Education Association

## 12.3 UNIVERSITIES AND COLLEGES

### 12.3.1 Universities and Institutes of Technology

#### Universities and Institutes of Technology

(FIG. 43)



#### Specialized higher education region

- 1 University of Applied Sciences Northern Switzerland (Fachhochschule Nordwestschweiz)
- 2 University of Applied Sciences Zurich (Zürcher Fachhochschule)
- 3 Eastern Switzerland University of Applied Sciences
- 4 University of Applied Sciences of the Grisons
- 5 Lucerne University of Applied Sciences and Arts
- 6 University of Applied Sciences Southern Switzerland (Scuola Universitaria Professionale della Svizzera Italiana)
- 7 University of Applied Sciences Bern (Bernern Fachhochschule)
- 8 University of Applied Sciences Western Switzerland (Haute école spécialisée de Suisse occidentale)
- 9 UniDistance Suisse
- 10 Kaleidos University of Applied Sciences

Sources: State Secretariat for Education, Research, and Innovation (SERI), 2022



**Semester Tuition Fees**  
(Bachelor degree, in CHF)  
(FIG. 44)

	EPFL LAUSANNE	ETH ZURICH	UNIVER- SITY OF BASEL	UNIVER- SITY OF BERN	UNIVER- SITY OF FRIBOURG	UNIVER- SITY OF GENEVA	UNIVER- SITY OF LAUSANNE	UNIVER- SITY OF LUCERNE	UNIVER- SITY OF NEUCHÂTEL	UNIVER- SITY OF ST. GALLEN	UNIVER- SITY OF ZURICH	USI (LUGANO MENDRISIO)
Domestic students	730	730	850	750	720	435	500	725	425	1,000–1,200	720	1,100
International students	730	730	850	950	870	435	500	1,025	700	2,900–9,848	1,220	3,100
Other mandatory fees	50	69		34-55	115	65	80	85	75–90	229	54	900

Sources: swissuniversities.ch, 2022

In Switzerland there are ten cantonal universities at which the main language of instruction is either German (Basel, Bern, Zurich, Lucerne, St. Gallen), French (Geneva, Lausanne, Neuchâtel), Italian (Lugano), or bilingual – German and French (Fribourg). There is a Swiss Federal Institute of Technology in Lausanne (French) and one in Zurich (German). In 2020/21, around 165,000 students were enrolled in these twelve universities, of whom almost 52% were female and around 31% were foreign students. This is one of the highest percentages of international students worldwide. At 45%, the number of foreign professors is also comparatively high, underlining the international aspect of Swiss universities.

The range of subjects offered for study at Swiss universities is very wide. With the exception of medicine, there are no specific restrictions on admission. For a Bachelor’s/Master’s degree, foreign students must meet the language requirements and some universities require students to pass an admissions exam. Tuition fees for international students are also very reasonable. In addition to tuition, between 18,000 and 28,000 Swiss francs a year are required for living expenses, depending on the city and personal needs. As a result of the Bologna Accords, which aim to create a European higher education area, all Swiss universities have converted all courses of study to the Bachelor’s/Master’s system. Within the scope of this reform, courses of study are increasingly offered either partially or fully in English (esp. Master’s courses). Switzerland participates in international student exchange programs such as ISEP, which enable foreign students to study at a Swiss university for a semester.

Swiss universities have earned high praise worldwide for their curricula and fields of research in certain areas of specialization in various degree subjects. The two Federal Institutes of Technology in Zurich (ETH) and Lausanne (EPFL) work together with the international research community to conduct cutting-edge research. They strive to attract world-renowned scientists. Swiss universities regularly rank among the top 100 universities worldwide and even higher in Europe, while some institutes are part of the world elite. Swiss colleges and universities are also involved in international research programs and offer postgraduate studies (e.g. in cooperation with foreign academic institutions).

- [www.sbf.admin.ch](http://www.sbf.admin.ch)  
State Secretariat for Education, Research and Innovation (SERI)
- [www.universityrankings.ch](http://www.universityrankings.ch)  
University ranking
- [www.swissuni.ch](http://www.swissuni.ch)  
Swiss association of university continuing education
- [www.swissuniversity.ch](http://www.swissuniversity.ch)  
Information for foreign students

## Executive MBAs: The Most Important Providers

(FIG. 45)

SUPPLIER	HOME PAGE
International Institute for Management Development (IMD)	<a href="http://www.imd.org/emba">www.imd.org/emba</a>
Omnium Alliance (University of St. Gallen, University of Toronto, partner schools)	<a href="http://www.omniumgemba.com">www.omniumgemba.com</a> <a href="http://www.gemba.unisg.ch">www.gemba.unisg.ch</a>
University of St. Gallen	<a href="http://www.emba.unisg.ch">www.emba.unisg.ch</a>
University of Zurich	<a href="http://www.emba.uzh.ch">www.emba.uzh.ch</a>
Rochester-Bern (University of Bern, University of Rochester)	<a href="http://www.rochester-bern.ch">www.rochester-bern.ch</a>
CEIBS Switzeland	<a href="http://www.ceibs.ch">www.ceibs.ch</a>
ZfU International Business School	<a href="http://www.zfu.ch/master-programme/">www.zfu.ch/master-programme/</a>
EMBA Lucerne	<a href="http://www.hslu.ch/emba">www.hslu.ch/emba</a>
Swiss Federal Institute of Technology Lausanne (EPFL)	<a href="http://emba.epfl.ch">emba.epfl.ch</a>
Università della Svizzera italiana	<a href="http://www.emba.usi.ch">www.emba.usi.ch</a>
Geneva School of Economics and Management	<a href="http://www.unige.ch/gsem/en/executive/emba">www.unige.ch/gsem/en/executive/emba</a>

Sources: collated internally

### 12.3.2 Universities of Applied Sciences

Universities of applied sciences offer practical training at the Bachelor's and Master's level for professionals, most of whom have professional certification and have already gathered professional experience. In addition to normal teaching, these universities carry out research and development projects with private companies, particularly SMEs, and provide advanced training courses to local enterprises.

As a result, universities of applied sciences have partial responsibility for regional science and technology transfer and therefore continuously interact with industry. They have a large pool of teaching, research, and development and services skills that are strongly geared to clients, markets, and practice. In their role as research institutes, they are supported at the national level by the Swiss Innovation Promotion Agency Innosuisse and work together with the Swiss Federal Institutes of Technology and universities.

[www.sbfi.admin.ch](http://www.sbfi.admin.ch) > Hochschulen > kantonale Hochschulen > Fachhochschulen und pädagogische Hochschulen  
Overview of universities of applied sciences

[www.innosuisse.ch](http://www.innosuisse.ch)  
Swiss Innovation Promotion Agency

### 12.3.3 Executive MBA (EMBA) Programs

A special type of further education is the Executive MBA program, which is aimed at managers with many years' managerial experience under their belt. Generally, EMBA courses are work-study programs that are based on a modular system. Most of the degree programs also include time studying abroad in addition to the courses in Switzerland. IMD in Lausanne is a prime example of a top Swiss school whose EMBA program is regularly ranked as one of the best in the world. The program at the University of St. Gallen is also one of the best programs in the entire world.

[www.find-mba.com](http://www.find-mba.com) > Europe > Switzerland  
MBA/EMBA- Programs in Switzerland

[www.ausbildung-weiterbildung.ch](http://www.ausbildung-weiterbildung.ch)  
Swiss continuing training portal

[www.swissuniversity.ch](http://www.swissuniversity.ch)  
Programs at Swiss universities

## 12.4 INTERNATIONAL PRIVATE SCHOOLS AND BOARDING SCHOOLS

The Swiss education system also includes private schools. At several hundred private schools, students are taught in one of the three national languages – German, French and Italian – or in English (and some also offer other languages) to over 100,000 students. International schools are primarily important for employees of foreign companies who often remain in Switzerland for only a short time. During their stay, the children receive a suitable education in their native language or an international education and are prepared for the school-leaving certificates valid in their home country, such as the German Abitur, French baccalauréat, or US university admission certificate. Suitable establishments can be found in every region and all cities. The school fees are average compared to other countries.

Swiss boarding schools are known not only for their high level of education, but also for their strict discipline and international student body. Often they have very selective acceptance criteria and are known for their elite standing in the world.

[www.swissprivateschoolregister.com](http://www.swissprivateschoolregister.com)  
Register of private schools in Switzerland

[www.swiss-schools.ch](http://www.swiss-schools.ch)  
Swiss Federation of Private Schools (SFPS)

[www.sgischools.com](http://www.sgischools.com)  
Swiss Group of International Schools

## 12.5 RESEARCH AND DEVELOPMENT

### 12.5.1 Conducting Research in Switzerland

The faster the pace of technological change, the greater the role that research and development play in a country's economy. Switzerland is one of the world's most research-intensive countries. In 2019 it spent more than 3% of its GDP on research and development.

Of the 22.9 billion Swiss francs spent on research and development in 2019, 65% (approx. 14.8 billion Swiss francs) was financed by the private sector.

Relative to its population, Switzerland has the world's highest proportion of Nobel laureates (see fig. 47). In terms of patent applications Switzerland ranks first in international comparison (see fig. 46).

**Switzerland is one of the world's most research-intensive countries. In 2019 it spent more than 3% of its GDP on research and development.**

## Patent Applications per 100,000 Inhabitants

(FIG. 46)

1	<b>Switzerland</b>	<b>521</b>
2	Korea Republic	503
3	Luxembourg	429
4	Japan	336
5	Sweden	253
6	Denmark	233
9	Germany	202
10	The Netherlands	188
12	Austria	154
13	USA	150
14	Ireland	142
15	Singapour	140
16	Belgium	117
18	China	102
19	France	95
20	United Kingdom	79
22	Canada	63
23	Italy	55
25	Australia	46
28	Hong Kong	28
50	India	3

Sources: IMD World Competitiveness Center 2020

In terms of academic publishing, Switzerland, with almost 4,300 publications per million inhabitants, is a world leader. From a global perspective, Switzerland is responsible for 1.1% of publications and hence finds itself in 19<sup>th</sup> place globally. Publishing articles in scientific journals (whether printed or digital) is the most important way to distribute research findings and knowledge. The “impact factor” shows how often articles in one journal are cited in another. Switzerland produces 1.5% of the world’s most quoted publications. This shows that Swiss publications receive considerable recognition internationally. In Switzerland, most publications are published in the area of life sciences.

Government funding is provided principally for basic research. The private sector and the scientific community work closely together. Each institute at university and college level has a coordination office for cooperation with the private sector. The Swiss Innovation Promotion Agency Innosuisse can make significant financial contributions to research and development projects in which companies cooperate with non-profit research organizations.

[www.sbf.admin.ch](http://www.sbf.admin.ch) > Topics > Research and innovation  
State Secretariat for Education, Research and Innovation (SBFI)

[www.innosuisse.ch](http://www.innosuisse.ch)  
Swiss Innovation Promotion Agency

[www.snf.ch](http://www.snf.ch)  
Swiss National Science Foundation (SNSF)

[www.myscience.ch](http://www.myscience.ch)  
Swiss Portal for Research and Innovation

## Nobel Laureates per Million Inhabitants

(FIG. 47)

1	<b>Switzerland</b>	<b>1.73</b>
2	Norway	1.48
3	United Kingdom	1.10
4	Sweden	0.96
5	USA	0.93
6	Israel	0.85
7	Denmark	0.68
8	The Netherlands	0.57
9	Germany	0.46
10	Austria	0.45
11	Ireland	0.40
13	France	0.35
14	Belgium	0.35
16	Canada	0.29
18	Japan	0.17
19	Hong Kong	0.13
20	Italy	0.10
26	China	0.00
27	India	0.00
28	Korea Republic	0.00
28	Luxembourg	0.00

Sources: IMD World Competitiveness Center 2021



### 12.5.2 International Collaborative Research

The Swiss private sector has a keen interest in research cooperation with partners abroad, particularly from the EU. Research and development cooperation with innovative foreign partners also gives smaller companies access to know-how from which they can benefit. Bilateral agreements with the EU create even more favorable conditions for this type of cooperation.

Further information on international collaborative research can be found in Section 4.2.4.

[www.snf.ch](http://www.snf.ch) > Research > Fresh impetus for research > Internationality  
International Collaborative Research

[www.sbfli.admin.ch](http://www.sbfli.admin.ch) > Research and Innovation > International Cooperation in Research and Innovation  
International cooperation in education, research and science

### Research Establishments in Switzerland

(FIG. 48)

INSTITUTION		LOCATION	HOMEPAGE
CERN	European Organization for Nuclear Research	Geneva (GE)	<a href="http://www.cern.ch">www.cern.ch</a>
CSEM	Swiss Center for Electronics and Micro-technology	Neuchâtel (NE)	<a href="http://www.csem.ch">www.csem.ch</a>
EAWAG	Aquatic research institute of the ETH	Dübendorf (ZH), Kastanienbaum (LU)	<a href="http://www.eawag.ch">www.eawag.ch</a>
EMPA	Swiss Federal Laboratories for Materials Science + Technology	Thun (BE), Dübendorf (ZH), St. Gallen (SG)	<a href="http://www.empa.ch">www.empa.ch</a>
PSI	Paul Scherrer Institute	Villigen (AG)	<a href="http://www.psi.ch">www.psi.ch</a>
SLF	Swiss Federal Institute for Snow and Avalanche Research	Davos (GR)	<a href="http://www.slf.ch">www.slf.ch</a>
Geneva Graduate Institute	The Graduate Institute of International and Development Studies	Geneva (GE)	<a href="http://www.graduateinstitute.ch">www.graduateinstitute.ch</a>
WSL	Swiss Federal Institute for Forest, Snow and Landscape Research	Birmensdorf (ZH), Cadenazzo (IT), Davos (GR), Lausanne (VD), Sion (VS)	<a href="http://www.wsl.ch">www.wsl.ch</a>

Sources: collated internally

## 12.6 SWITZERLAND INNOVATION – THE SWISS INNOVATION PARK

Switzerland Innovation, Switzerland's innovation park, offers technology companies space to cooperate with leading international universities, including the prestigious Swiss Federal Institutes of Technology (ETH Zurich and EPFL) and the University of Basel, and to use research results to develop marketable products and services. Switzerland Innovation thrives off of interdisciplinary cooperation between science and industry, which opens up new ways of marketing for a new era.

Switzerland Innovation's technology parks are the ideal location for research-oriented companies to develop their next groundbreaking or highly profitable product. Switzerland thus lives up to its reputation as the most innovative country in the world.

### 12.6.1 Innovation Focus Areas

Switzerland Innovation focuses on five innovation focus areas: health and life sciences, mobility and transportation, energy, the environment and natural resources, manufacturing and production, and computer and computational science. Each of these fields is a breeding ground for the development of a broad range of innovations that benefit society in areas such as robotics, artificial intelligence, space, nanotechnology, materials research, additive manufacturing, diagnostics, cancer treatments, or renewable energy.

### 12.6.2 Switzerland Innovation Parks

#### Switzerland Innovation Park Basel Area

The Switzerland Innovation Park Basel Area offers a platform and the latest infrastructure for innovative research and development projects at the interface between leading industry in the field of life sciences as well as precision mechanics and first-class academic research. The focuses are health and medical technology, digital health, biotechnology, and industrial transformation. With local research institutes such as the University of Basel or the Department of Biosystems Science and Engineering at ETH Zurich, top research can be accessed in many different areas. The Innovation Park Basel Area is located at the four sites Allschwil, Basel, Jura, and the Novartis Campus, offers innovative and ultra-modern infrastructure, and is an ideal breeding-ground for startups.

#### Switzerland Innovation Park Biel/Bienne

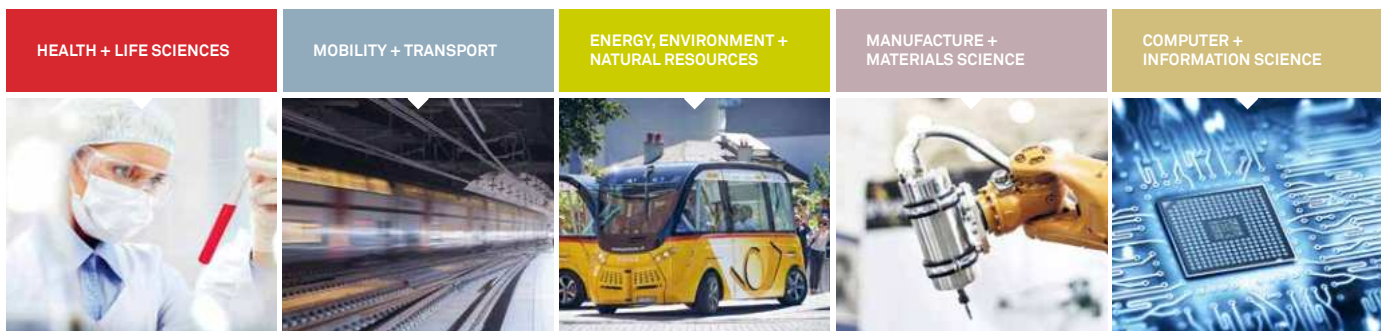
Switzerland Innovation Park Biel/Bienne has four competence centers – modern production techniques (industrial 3D printing), battery technology, medical technology and smart factory – as well as five priority areas for research and development: health and life sciences; energy, environment and natural resources; manufacturing and materials; computer and information technology; and mobility and transport. Its laboratories and research services are available for SMEs and start-ups and it supports them in development and implementing marketable products.

#### Switzerland Innovation Park Innovaare

The Switzerland Innovation Park Innovaare is a unique innovation park at the Paul Scherrer Institute (PSI) in Villigen that boasts large-scale, state-of-the-art research facilities. It is the site of an emerging research and development ecosystem that brings together research groups from large companies, SMEs, and startups with outstanding academics from the Paul Scherrer Institute. Based on the PSI's expertise, innovations are brought to market maturity in the areas of accelerator technology, new materials and processes, people and health as well as energy.

## Innovation Focus Areas and Specialist Areas

(FIG. 49)



Sources: Switzerland Innovation; own representation

### Switzerland Innovation Park West EPFL

The Switzerland Innovation Park West EPFL is a network that extends across six university locations in Western Switzerland, based around the renowned École polytechnique fédérale de Lausanne (EPFL). It covers all innovation areas. Here, companies and researchers will find outstandingly equipped laboratories and a unique atmosphere in an academic environment where the big sellers of the future are developed. Thanks to dialog between researchers, talented individuals and entrepreneurs, the network is a breeding-ground for innovations. R&D teams from large groups and creative startups get the chance to work with world-famous professors and innovative spin-offs and to shape the future with their new product developments. More than 200 startups and 30 international companies are located in the innovation parks. Over 400 companies of all sizes (including 50 international companies) are located in the innovation parks.

### Switzerland Innovation Park Zurich

In close proximity to the top-ranking Swiss Federal Institute of Technology (ETH) Zurich and the University of Zurich, Switzerland Innovation Park Zurich is creating a new platform for research, development and innovation. The first projects in this park come from the areas of robotics and mobility, space travel and aviation, as well as advanced manufacturing. For example, the ETH intends to establish a robotics and mobility hub to promote collaboration between academic research, companies, and start-ups. The University of Zurich is also planning a space and aviation hub.

### Switzerland Innovation Park Ost

The competence profile of Switzerland Innovation Park Ost covers the topics of health technology, MEM industries, and digitization. Selected focuses include an enhancement of the quality of life and performance as well as sensor technology. Research partners are Empa, the Cantonal Hospital of St. Gallen, the University of St. Gallen, the Eastern Switzerland University of Applied Sciences, and RhySearch. At the main location in St. Gallen, Switzerland Innovation Park Ost rents office and laboratory space and offers coaching programs for development teams. A special program identifies and supports start-up companies from the initial idea to successful implementation.

### 12.6.3 Target Audience

The strategic position of Switzerland Innovation at the forefront of global research attracts many highly innovative businesses. Nowhere else offers such a wide range of new technologies and the combined expertise of some of the world's leading experts making breakthrough innovations a reality. Research teams and innovation cells work together in an environment that inspires innovation and is focused on successfully launching new products on the global market. Target groups include:

- Medium-sized and large technology companies that develop new marketable products, services, and processes.
- Established companies from high-tech industries with a high value-added ratio and a clear focus on research and development and innovation activities.
- Research groups, the research and development teams of corporations, and start-ups.

### 12.6.4 Services

A wide range of services and excellent research infrastructure have been specifically designed to ensure the full potential and operational effectiveness of R&D staff and innovation cells at Switzerland Innovation. This includes, among others:

- Support for cooperation with world-class academic partners and easy access to the best talent and researchers.
- A network of thriving high-tech start-ups and spin-offs.
- A platform for the exchange of ideas and for partnering with the research and development teams of international companies.
- Industrial liaison officers who help R&D personnel to expand their options.
- Approximately 200,000 square meters of high-quality laboratories, offices, conference rooms and co-working spaces; large research institutions with accelerator facilities.
- A business-friendly and politically stable environment; access to research funding from Switzerland and the EU; very high quality of life that is attractive to top talents and their families.

[www.s-ge.com/innovation-parks](http://www.s-ge.com/innovation-parks)

[www.switzerland-innovation.com](http://www.switzerland-innovation.com)  
Switzerland Innovation Foundation



# LIVING IN SWITZERLAND

# 13

13.1	Safety and Quality of Life.....	131
13.2	Relocation and Integration.....	133
13.3	Renting an Apartment.....	133
13.4	Telephone, Internet, and TV.....	134
13.5	Insurance.....	135
13.6	Public Transport.....	135
13.7	Leisure Activities.....	135
13.8	Income and Cost of Living.....	136



Thanks to the excellent quality of life and the safe environment, life expectancy in Switzerland is among the highest in the world. The unspoiled natural surroundings and highly diverse cultural and recreational opportunities attract not only many tourists but also qualified foreign employees. Swiss households have an average monthly earned income of more than 7,000 Swiss francs, of which about 70% remains as disposable income for consumption after deduction of social security contributions and taxes. Switzerland therefore has the highest purchasing power in the world, despite relatively high prices.

### 13.1 SAFETY AND QUALITY OF LIFE

Switzerland is a very safe country and offers an extremely high quality of life. Switzerland receives high scores, in both cities and rural regions, for important criteria such as income, healthcare, climate and geography, political stability, safety and security, individual freedom, and family and community life.

The Swiss cities of Zurich, Geneva, Basel, and Bern have for years occupied the top spots in global rankings of cities compiled by the global consultancy firm Mercer.

#### International Comparison of Quality of Life

(FIG. 50)

1	Vienna, Austria
<b>2</b>	<b>Zurich, Switzerland</b>
3	Vancouver, Canada
3	Munich, Germany
3	Auckland, New Zealand
6	Düsseldorf, Germany
7	Frankfurt, Germany
8	Copenhagen, Denmark
<b>9</b>	<b>Geneva, Switzerland</b>
<b>10</b>	<b>Basel, Switzerland</b>
11	Sydney, Australia
11	Amsterdam, The Netherlands
13	Berlin, Germany
<b>14</b>	<b>Bern, Switzerland</b>
16	Toronto, Canada
18	Luxembourg, Luxembourg
33	Dublin, Ireland
39	Paris, France
41	Milan, Italy
41	London, United Kingdom
44	New York, USA
49	Tokyo, Japan
71	Hong Kong, Hong Kong SAR

Sources: Mercer Survey, Quality of Living Ranking, as of 2019, 2022



Everyone is guaranteed freedom of movement and safety – everywhere and at all times. There are relatively few large population centers or extensive monotonous and impersonal housing developments. Children generally walk to school unaccompanied. The safe environment and the traditional discretion of the Swiss people are widely valued. Even internationally known celebrities can mostly move about in Switzerland without personal protection.

Switzerland is a magnet for qualified specialists from abroad. In an international comparison of the most attractive countries, it has been at the top as a global talent hub for several years in a row (see Fig. 51). The ranking is published annually by the Institute of Management Development (IMD) and compares the ability of countries to attract and retain top talents. According to the study, Switzerland is characterized in particular by a stable economic and political environment, an efficient education system and high productivity. In addition, there is a high level of international expertise and an excellent quality of life.

Switzerland is the country of choice for qualified workers from abroad.

### Attracting and Retaining Talent

1 = low priority in companies, 10 = high priority in companies

(FIG. 51)

1	Denmark	8.59
2	The Netherlands	8.24
3	Ireland	8.24
4	Japan	8.13
5	Sweden	8.09
<b>6</b>	<b>Switzerland</b>	<b>8.00</b>
10	Luxembourg	7.82
11	Germany	7.81
12	France	7.78
13	Austria	7.75
14	Australia	7.70
19	USA	7.49
20	Canada	7.49
24	Singapour	7.36

Sources: IMD World Talent Ranking 2022

## 13.2 RELOCATION AND INTEGRATION

More than 10,000 foreign enterprises currently operate in or from Switzerland. Many of them often send foreign managers and specialists to Switzerland for short-term temporary stays to work as expatriates. There are specialized relocation agencies, expat groups, books, and websites designed to help these transferred employees settle in and adapt quickly to life in Switzerland.

Moving to a foreign country raises many questions depending on one's individual situation. Which school is the most appropriate? Where can you shop? How do we find a house? How high are the taxes, duties, and other fees? There are competent, internationally experienced consultants in all parts of the country who can give further assistance with these issues. Specialized relocation agencies offer comprehensive packages that cover relocation issues and the initial orientation period in Switzerland. The Internet offers a wealth of information. A number of the cantonal economic development agencies also have their own online information platforms that cater specifically to expatriates.

[www.ch.ch](http://www.ch.ch) > Foreign nationals in Switzerland  
Moving to Switzerland

### 13.2.1 Moving

The personal effects of people moving to Switzerland (household items, personal collections, animals, vehicles, etc.) can be imported duty-free. The only requirement is that the imported items must have been used personally abroad for at least six months and will continue to be used in Switzerland after arrival. In addition to a list of personal effects to be imported, the entry-point customs office must on arrival also be provided with an employment contract, rental agreement, or the de-registration certificate from the country of departure (for citizens from EU25/EFTA countries) or residence permit (nationals of other countries). After entering Switzerland you are obligated to register with the local residential authorities within fourteen days. To do so, the following documents are required:

- A valid official identification document such as a passport or ID card (for each family member entering the country)
- Confirmation of health insurance (proof of mandatory basic coverage). The period for registering with a Swiss health insurance fund is three months, so confirmation of health insurance can also be submitted later.
- A passport photo (for each family member entering the country)
- Marital status documents (e.g. an excerpt from the register of births and marriages, marriage certificate, birth certificates for children, etc.)
- An employment contract

If a vehicle is being brought into Switzerland, it must be registered for a technical inspection and be insured and licensed in Switzerland within twelve months. A Swiss driver's license is also required within the same time period.

[www.ezv.admin.ch](http://www.ezv.admin.ch) > Information individuals > Personal property, students, holiday homes, getting married and inheritance > Importing into Switzerland  
Form for listing imported personal effects

### 13.2.2 Language Courses

Many Swiss citizens understand English and/or a second national language of Switzerland. In order to become integrated into Swiss society, however, knowledge of the national language spoken in the particular region is a great advantage. Depending on the area, the language may be German, French, Italian, or Romansh. The fact that there are four national languages in Switzerland does not mean, however, that all Swiss people speak four languages.

There are large numbers of private companies and individuals offering language courses tailored to every need. Public institutions also offer language courses in the respective national language, partly in conjunction with immigrant integration efforts. We recommend searching the Internet or consulting the Website of the Swiss Federation for Adult Learning for courses.

[www.alice.ch](http://www.alice.ch) > Services > Finding further education  
Swiss Federation for Adult Learning

## 13.3 RENTING AN APARTMENT

Anyone interested in renting an apartment should contact the advertiser (often a professional property management company) and set up an appointment to see the apartment. If the apartment meets your expectations, you are generally asked to fill out an application form. This form includes information such as age, marital status, profession or occupation, children, residential status, employer, salary, and pets. Applicants are often required to provide an abstract from the debt enforcement register as proof that they can pay the rent. This document can be obtained from the local debt enforcement office.

### 13.3.1 Deposits and Rental Agreements

Tenants must often pay a certain amount in advance as a security deposit. This may total up to three months' rent, which is deposited in a special bank account in the tenant's name. The deposit serves as security for the landlord. After moving out, the tenant receives the deposit back with interest.

Tenants have the right to move into a clean and usable property. The formal handover takes place before the new tenant moves in. The tenant and landlord inspect the condition of the property together and record any defects in writing.

In general, tenants pay their rent monthly in advance for the next month. Tenants mostly also pay additional costs for heating, hot water or cable television, for example. Tenants receive monthly or quarterly bills from the utility company for the electricity consumed in the apartment itself. Since there are a number of providers of telephone and Internet services (and often cable television as well), tenants enter into separate agreements for these services and pay the providers directly.

In Switzerland you can choose among countless providers of fixed-line and mobile telephony, VoIP, and Internet access.

If landlords wish to increase the rent (after renovation or a rise in mortgage rates, for example), they must do so using an official form. Any tenant who considers a rent increase to be unreasonable has 30 days in which to submit a written appeal to the arbitration authority.

The lease or rental agreement may be terminated by either the tenant or the landlord. The required terms of notice are stated in the agreement. Any tenant giving notice of termination must do so in writing, preferably by registered mail. Married couples have equal rights. This means that the notice of termination is not valid unless signed by both spouses. When moving out, tenants are required to hand over a clean property. The tenant and landlord inspect the condition of the property together and record any defects in writing. They then decide jointly which party shall pay for any repairs that might be necessary.

### 13.3.2 House Rules and Maintenance

In most cases, professional property management companies are responsible for building management. In large buildings in particular, there is also a building superintendent who can answer tenants' questions, make minor repairs, and oversee security and maintenance. Regional tenants' associations can also assist tenants with problems.

[www.bwo.admin.ch](http://www.bwo.admin.ch) > How we live > Info sheet "Living in Switzerland"  
Important information for tenants

Tenants' associations  
German-speaking Switzerland: [www.mieterverband.ch](http://www.mieterverband.ch)

French-speaking Switzerland: [www.asloca.ch](http://www.asloca.ch)

Italian-speaking Switzerland: [www.asi-infoalloggio.ch](http://www.asi-infoalloggio.ch)

### 13.4 TELEPHONE, INTERNET, AND TV

Before liberalization in 1998, the Swiss telecommunications market was dominated by Swisscom. Today you can choose among numerous providers of landline and mobile telephone, VoIP, and Internet services. Swisscom, Salt, and Sunrise are the major providers of mobile telephone services. However, there are also other companies that use the networks of the major providers and offer very attractive terms (including M-Budget Mobile, CoopMobile, yallo, TalkTalk). All services are also available to foreign nationals who are living in Switzerland temporarily. Even so, registration is obligatory (even for prepaid plans). Setting up Internet access is easy.

Sunrise UPC and Swisscom are market leaders in television. With upc cablecom's cable connection you can receive more than 80 TV channels. An additional receiver is required for digital reception. It is also possible to receive more than 330 channels via telephone line with Swisscom's "blueTV". More than 300 regional cable operators offer services similar to those of Sunrise UPC. And of course you can also receive television programs via satellite. Anyone who listens to the radio or watches television in Switzerland must pay reception fees. These license fees must be paid regardless of which programs are watched or listened to or how they are received. The license fees for radio and TV channels are invoiced and collected by Serafe AG.

[www.local.ch](http://www.local.ch)  
Phone book

[www.comparis.ch](http://www.comparis.ch)  
Comparison of providers and prices

[www.teltarif.ch](http://www.teltarif.ch)  
Comparison of providers and prices

[www.serafe.ch](http://www.serafe.ch)  
Schweizerische Empfangsstelle für Radio- und Fernsehempfangsgebühren (Swiss Collection Center for Radio and TV License Fees)

### 13.5 INSURANCE

Swiss citizens enjoy comprehensive insurance coverage. Swiss families spend an average of 19% of their household budget on insurance. Medical insurance is by far the most expensive insurance.

Contributions to pension and unemployment insurance are mandatory, as are medical and fire insurance (for property owners). Contributions to pension and unemployment insurance are set by the government and are deducted directly from employees' salaries. Medical and liability insurance can be purchased privately based on one's own choice of provider.

Tenants are urged to take out insurance covering household contents and personal liability (available either separately or in combination). Contents insurance covers damage such as water damage to the floor caused by an overflowing bathtub. Personal liability insurance covers damage caused by the insured person to third parties (property damage and/or personal injury).

Every owner of a motor vehicle is required to have motor vehicle liability insurance. This covers personal injury and/or property damage caused by operation of the insured motor vehicle, regardless of who is driving the vehicle at the time of the accident. Comprehensive and fully comprehensive cover are also recommended.

### 13.6 PUBLIC TRANSPORT

Thanks to public transport, people in Switzerland have many ways to get around, even if they do not have their own car. The rail, bus, and boat network is very dense, and traffic intensity is one of the highest in the world. Boats not only operate for tourism purposes but also represent important transport connections. There is not a single village in Switzerland that is not served by some form of public transport at least every two hours.

There is a wide range of tickets and passes for public transport. The basic rule is that the longer a pass is valid, the cheaper it is. And with the "GA travelcard," a pass for all forms of public transport, you can travel at all times on the entire SBB rail network, most private railways, boats, buses, and urban transit networks. The low-priced "Halbtax-Abo" gives holders a 50% discount on SBB routes as well as many private and mountain railways. Children up to six years of age travel free of charge. Under-16s with a "Junior travelcard" can travel for free with their parents, as can those with the "Children's Co-travelcard" when accompanied by an adult. Young people between the ages of 16 and 25 can ride free in 2<sup>nd</sup> class cars after 7 p.m. with the "Seven25" pass. Although these special rates benefit people living in Switzerland, tourists can also benefit from offers that are designed especially for them.

[www.sbb.ch](http://www.sbb.ch)  
Swiss national railway operator SBB: timetable, tickets

[www.swisstravelsystem.com](http://www.swisstravelsystem.com)  
Traveling in Switzerland for foreign visitors

### 13.7 LEISURE ACTIVITIES

#### 13.7.1 Recreational and Cultural Offers

Switzerland offers a great variety of cultural and recreational activities. It is no coincidence that the country is an ideal year-round destination for nature lovers, sports enthusiasts, people seeking peace and quiet, art aficionados, and business travelers. Switzerland is synonymous with individuality, true relaxation, and adventure. Both tourists and permanent Swiss residents find just what they need here: summer and winter sports on the doorstep, charming market towns and busy urban centers, culture and nature, relaxation, and action every hour of the day. Thanks to decentralized residential development, cultural life and opportunities for participating in sports and social activities are plentiful in both the city and the countryside. Switzerland is home to prestigious events like the Lucerne Festival and Montreux Jazz festival, the Menuhin Festival in Gstaad, the Film Festival in Locarno, Art Basel, the Omega European Masters golf tournament in Crans-Montana, Swiss Indoors Basel, and the world-class athletics meeting in Zurich. In addition to these major events, there is also a lively local cultural scene.

With more than 1,000 museums, Switzerland has the world's highest density of museums. Several opera houses, major theaters and numerous stages provide venues for a wide range of theatrical events, from amateur dramatics to performances by international artists. More than 800 libraries are open to the public. Switzerland's ten largest libraries hold more than 55 million titles.

Lovers of the great outdoors will find all their heart desires in the country's 19 nature reserves and on the more than 65,000 kilometers (53,000 miles) of footpaths and mountain hiking paths. Protected areas of national importance cover a total of 23% of the country's territory. There are also 13 UNESCO World Cultural Heritage Sites to marvel at. These include the prehistoric houses on stilts all around the Alps, the terraced vineyards of Lavaux, the three castles of Bellinzona, the Benedictine monastery in St. Gallen, and the old town of Bern.

Popular sports are also extremely beloved in Switzerland. Football clubs and gymnastics associations can be found in the smallest communities. Switzerland's sport infrastructure comprises more than 32,000 sports facilities such as sports halls and all-weather fields. In elite sports, it's clear to see that Switzerland is primarily a winter sports country. For example, Switzerland typically finishes among the top ten nations at the Winter Olympics. Tennis is one exception to this rule. Players like Roger Federer and Stanislas Wawrinka are well-known figures. It's therefore hardly surprising that the sport is extremely popular, even among amateur players.

[www.myswitzerland.com](http://www.myswitzerland.com)  
Swiss Tourist Board, including calendar of events

[www.swissworld.org](http://www.swissworld.org) > Society > Traditions  
Seasonal customs

### 13.7.2 Associations and Volunteer Work

Many Swiss citizens are actively involved in clubs and pursue hobbies during their non-working hours. Even the smallest communities and villages cultivate and promote an active cultural and club life and offer the necessary infrastructure. From music, theater, sports, and politics to hiking and conservation, there is hardly an area of life that does not have its own special club. There is often no clear-cut dividing line between hobbies and volunteer work. Approximately a fifth of the population in Switzerland engages in institutionalized volunteer and thus unpaid work. Since Switzerland does not require clubs and organizations to be registered, there is no complete list. However, the homepages of municipal websites generally give information about local clubs.

[www.benevol.ch](http://www.benevol.ch)  
Volunteer work

[www.ch.ch](http://www.ch.ch) > Safety and justice > Addresses of administrative authorities  
Communal authorities

## 13.8 INCOME AND COST OF LIVING

The average Swiss household has 2.11 inhabitants with a combined monthly earned income of 7,036 Swiss francs. Together with income from other sources and transfer income, gross income totals 9,582 Swiss francs (as of 2019). After deduction of social security contributions and taxes, approximately 70% remains as disposable income for consumption.

There are considerable regional differences in real disposable income (after the deduction of obligatory taxes and fixed costs). Credit Suisse uses the RDI (Regional Disposal Income) indicator to assess the financial residential attractiveness of Swiss cantons and municipalities based on key factors. Real disposable income is below the Swiss average (low RDI value), not only in the business centers but also in a small number of mountain communities. These are popular tourism areas with very high real estate prices. Cantons such as Appenzell Innerrhoden, Uri, Glarus, or Schaffhausen are in attractive locations and have high real disposable income (high RDI value), while the cities of Bern, Geneva, Lausanne, and Zurich are at the other end of the scale.

[www.bfs.admin.ch](http://www.bfs.admin.ch) > Look for statistics > Economic and social situation of the population > Income, consumption, and wealth  
Statistics on income, consumption, and wealth

[www.credit-suisse.com](http://www.credit-suisse.com)  
Living cheaply? Where you have the most free income in Switzerland.



## Monthly Average Household Budget

(CHF)

(FIG. 52)

<b>GROSS INCOME (EARNED INCOME TRANSFERS, ETC.)</b>	<b>9,582</b>	<b>100.0%</b>
Mandatory transfer expenses	-2,800	-29.2%
Social security contributions	-950	-9.9%
Taxes	-1,180	-12.3%
Health insurance: premiums for basic cover	-670	-7.0%
Monetary transfer expenses to other households	-173	-1.8%
<b>DISPOSABLE INCOME</b>	<b>6,609</b>	<b>69.0%</b>
Other insurance, fees, and transfers	-579	-6.0%
<b>CONSUMER SPENDING</b>	<b>-4,985</b>	<b>-52.0%</b>
Foodstuffs and non-alcoholic drinks	-637	-6.6%
Alcoholic drinks and tobacco	-95	-1.0%
Restaurants and accommodation	-558	-5.8%
Clothing and shoes	-175	-1.8%
Living costs and energy	-1,381	-14.4%
Furnishings and ongoing household costs	-210	-2.2%
Health spending	-245	-2.6%
Transportation	-710	-7.4%
Communication	-174	-1.8%
Entertainment, recreation, and culture	-510	-5.3%
Other goods and services	-291	-3.0%
<b>SPORADIC INCOME</b>	<b>187</b>	<b>2.0%</b>
<b>SAVINGS</b>	<b>1,232</b>	<b>12.9%</b>
Number of people per household (median)	2.11	

Sources: Swiss Federal Statistical Office (FSO), 2022



# INVESTMENT PROMOTION

# 14

14.1	Responsibilities and Services.....	139
14.2	Promotional Policy and Instruments.....	140

Investment promotion is an important part of Swiss economic policy and takes the form of close cooperation between businesses, the state, the cantons, and Switzerland Global Enterprise. The activities used to promote foreign direct investment in Switzerland are organized and coordinated by Switzerland Global Enterprise on behalf of the state.

#### 14.1 RESPONSIBILITIES AND SERVICES

National location promotion is a task shared by the Confederation and the cantons. Acting on behalf of the Confederation (State Secretariat for Economic Affairs SECO) and the cantons, Switzerland Global Enterprise (S-GE) informs foreign potential investors about the particular strengths as well as the underlying conditions of Switzerland as a business location.

The offices S-GE maintains abroad are known as “Swiss Business Hubs” (SBH). The specialists at these hubs are the first point of contact for foreign investors. Foreign investors from countries without an SBH can contact the S-GE team of experts in Switzerland directly. S-GE provides information about the specific benefits of Switzerland as a location and answers location questions on a national level. If a company is interested in the numerous benefits of the different locations in Switzerland, S-GE puts the foreign company in touch with the regional and cantonal business promotion agencies. These, in turn, provide information about the specific benefits of an establishment in their economic area, prepare establishment offers, and support the foreign company in the ongoing establishment process. Even after an investment project has been completed successfully, the business promotion agencies provide investors with ongoing customer care.

Contact addresses can be found in the annex.

[www.s-ge.com/invest](http://www.s-ge.com/invest)  
Switzerland Global Enterprise S-GE

[www.s-ge.com/areas](http://www.s-ge.com/areas)  
[www.s-ge.com/cantons](http://www.s-ge.com/cantons)  
Areas and cantons

## 14.2 PROMOTIONAL POLICY AND INSTRUMENTS

In line with Switzerland's liberal economic system, economic policy in Switzerland focuses on optimum structuring and support for the general business environment. Financial assistance programs are time-limited and strategic. In general, financial assistance from the state always complements private initiatives.

The possible funding options, the mix of various instruments and the scale of payments depend on the specific investment project. There is always room for individual solutions. It is therefore advisable, once a project has been roughly evaluated, to discuss it with the cantonal economic development agencies first.

### 14.2.1 Cantonal Promotion

Most Swiss cantons have their own economic development agencies, although some of these work together with other cantons. All cantons can offer tax relief to businesses as an economic development incentive. Other forms of economic assistance vary from canton to canton, depending on interest and regional economic conditions.

### 14.2.2 Tax Relief as Part of Regional Policy

As part of federal regional policy, specific support is given for the economic development of structurally weak regions such as mountainous areas and rural districts. The federal government can support major investment and innovation projects as well as the establishment of new companies in these regions through tax relief. The main requirement for federal tax relief is that the canton in question also supports the project by providing an equivalent level of tax relief. Since July 1, 2016, 93 regional centers in 19 cantons belong to the regions applying such relief.

The application process for tax relief in connection with regional policies is always handled by the cantons. The cantonal economic development agencies in question provide consultation on the best way to proceed.

See also chapter 9.4.3

[www.seco.admin.ch](http://www.seco.admin.ch) > Promotion activities > SME policy  
Tax Relief as Part of Regional Policy

## Examples of Cantonal Business Promotion Instruments

(FIG. 53)

RANGE OF SERVICES	TYPE OF SUPPORT
Procurement of sites	<ul style="list-style-type: none"> <li>– Providing commercial premises and land</li> <li>– Contribution to the costs of planning and / or building industrial premises</li> <li>– Subsidizing the cost of converting corporate buildings</li> </ul>
Taxes	<ul style="list-style-type: none"> <li>– Offering tax relief during the start-up or construction phase as well as for restructuring projects</li> </ul>
Funding investment	<ul style="list-style-type: none"> <li>– Granting or assisting with securities for bank loans</li> <li>– Assisting with interest-rate cuts or paying/waiving interest costs</li> <li>– Offering interest-free or low-interest cantonal loans</li> <li>– One-off contributions ("à fonds perdu")</li> </ul>

Sources: Legal basis and information from cantonal economic development agencies

## Areas of Application for Tax Breaks

(FIG. 54)



● Areas of application as per DEA directive of July 1, 2016

Sources: State Secretariat for Economic Affairs (SECO)

### 14.2.3 Switzerland Innovation

Switzerland Innovation offers domestic and foreign business in Switzerland's first-class locations for developing innovative ideas into marketable products. As a collective instrument of the Federal Government, cantons, science, and industry, Switzerland Innovation strengthens Switzerland's innovative capacity in international competition and creates a platform for making connections between Swiss universities and innovative enterprises.

Large sites suitable for development in the vicinity of leading universities are made available to internationally operating businesses for setting up research and development facilities. Switzerland Innovation consists of six regional locations and one national foundation.

For more information on Switzerland Innovation, please see chapter 12.6.

### 14.2.4 Innosuisse – Swiss Agency for Innovation Promotion

Innosuisse is Switzerland's federal innovation promotion agency. Digital transformation is changing the world, and Switzerland is a global leader in innovation. With the goal of remaining competitive in the digital age, Innosuisse promotes the transfer of knowledge and technology between companies and universities. It brings partners from these two areas together in applied research and development projects and provides assistance to startup companies during the development phase.

Innosuisse provides funding for:

- market-oriented R&D projects carried out jointly by companies and universities in the areas of industry and services,
- the establishment and development of science-based companies,
- transfer of knowledge and technology through platforms and networks.

R&D project grants are available in all disciplines involving scientific innovation. Project applications are submitted in accordance with the bottom-up principle. Grants are awarded on the basis of innovative content and market potential.

In its Venturelab program, Innosuisse helps promising entrepreneurs get started by guiding them through customized training modules. The modules give them the tools and methods they need to implement an exciting business idea and establish a new company. Young entrepreneurs can also apply for professional coaching. Support is provided to knowledge-intensive technology-based companies with great market potential.

Innosuisse promotes knowledge and technology transfer (KTT) between universities and industry, where this does not happen without support. CTI's KTT support strengthens knowledge and technology transfer between universities and industries in the same region. Professionally run national thematic networks (NTNs) provide on-site assistance to SMEs and universities in making contacts and developing projects.

Innovative Swiss companies and researchers are also offered development opportunities through access to international programs and networks such as IS, ESA, and EUREKA.

[www.innosuisse.ch](http://www.innosuisse.ch)  
Innosuisse – Swiss agency for innovation promotion

[www.venturelab.swiss](http://www.venturelab.swiss)  
Venturelab

[www.ctistartup.ch](http://www.ctistartup.ch)  
KTI Start-up

### 14.2.5 Technology Parks and Business Incubators

Facilities and support centers designed to encourage or facilitate entrepreneurial activity are now part of an economy's infrastructure. Switzerland has a large number of technology parks and business incubators or start-up centers. Most have joined together to form networks or associations. They differ in concept and specific focus; some have developed in close cooperation with universities while others stem from purely private initiatives. They offer premises (generally at preferential rates) for the start-up and development phase as well as shared infrastructure and professional support.

Participation by their umbrella organizations in international networks enables them to use technology park infrastructures throughout Europe. This enables companies to speed up the difficult start-up phase and save on start-up costs. A number of business incubation centers have also been formed in major cities. They too serve as short-term start-up locations for foreign companies establishing new operations in Switzerland by providing flexible and expandable premises, contacts, and business incubation support.

Technology parks and business incubators have the following advantages:

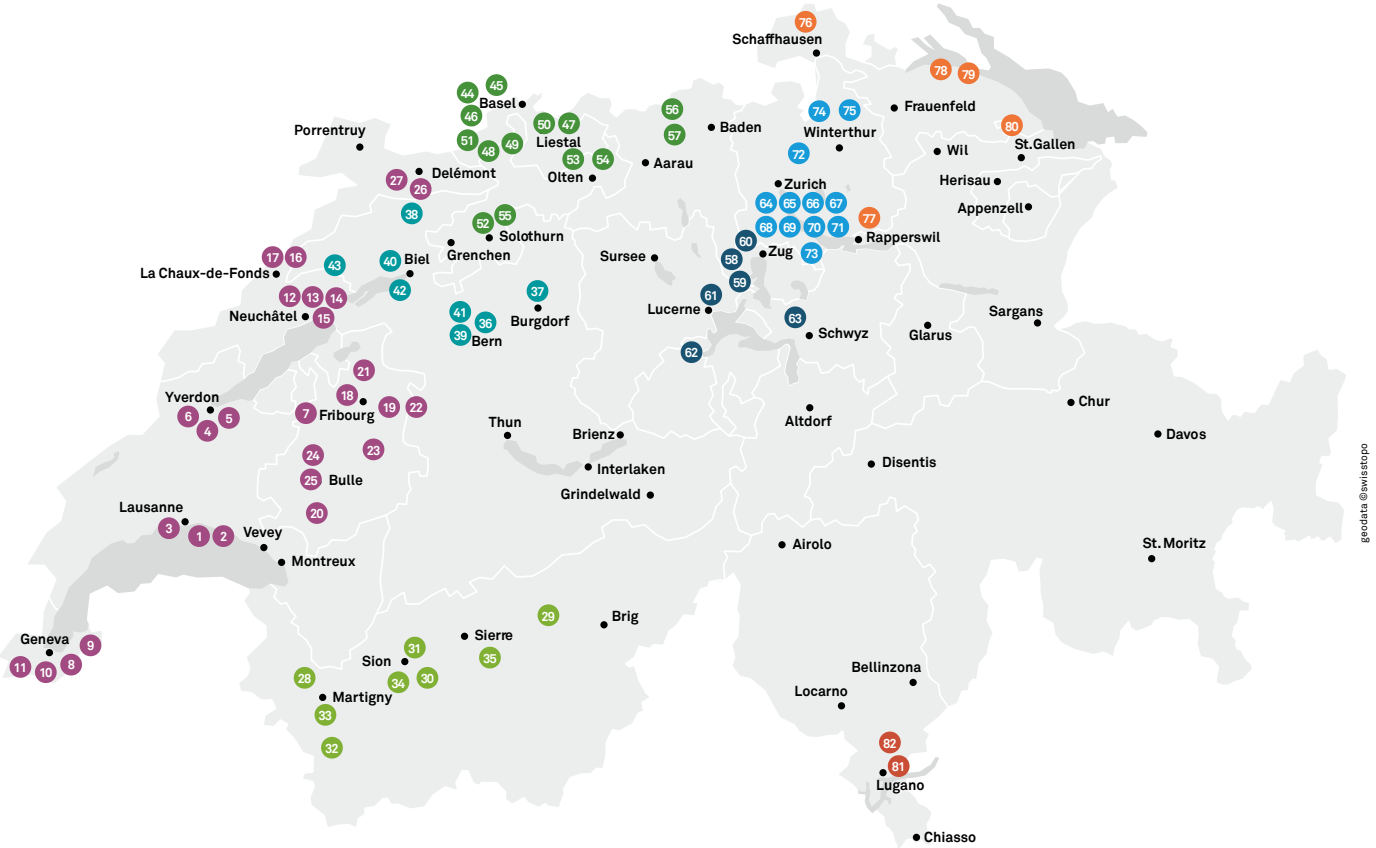
- They provide services such as consultation, coaching, telephone services, etc.
- They offer contacts to universities.
- Companies are surrounded by like-minded entrepreneurs.
- Infrastructure and flexible premises
- Networking
- Higher chance of success: the average survival rate is more than 90%.

[www.swissparks.ch](http://www.swissparks.ch)  
Association of Swiss Technology Parks and Business Incubators



## Technology Parks and Business Incubators

(FIG. 55)



geodata @swisstopo

### NATIONAL ORGANIZATIONS

Technopark-Allianz

[www.technopark-allianz.ch](http://www.technopark-allianz.ch)

SwissParks – Association of Swiss Technology Parks and Business Incubators

[www.swissparks.ch](http://www.swissparks.ch)

Interest group Coworking Schweiz

[www.coworking-schweiz.ch](http://www.coworking-schweiz.ch)

Switzerland Innovation, innovation park at 6 locations

[www.switzerland-innovation.com](http://www.switzerland-innovation.com)

### WESTERN SWITZERLAND

1 EPFL Innovation Park, Lausanne

[www.switzerland-innovation.com/network-west](http://www.switzerland-innovation.com/network-west)

2 Biopôle Life Sciences Campus & Community, Lausanne

[www.biopole.ch](http://www.biopole.ch)

3 La Fondation des Ateliers de la Ville de Renens, Renens

[www.ateliersvdr.ch](http://www.ateliersvdr.ch)

4 TecOrbe, Technopôle, Yverdon-les-Bains  
[www.tecorbe.ch](http://www.tecorbe.ch)

5 Y-Parc - Swiss Technopole, Yverdon-les-Bains  
[www.y-parc.ch](http://www.y-parc.ch)

6 Center for microwelding, Sainte-Croix (VD)  
[www.technopole1450.ch](http://www.technopole1450.ch)

7 Swiss Aéroptôle, Aviation and aerospace industry, Payerne  
[www.aeropole.ch](http://www.aeropole.ch)

8 Campus Biotech, Geneva  
[www.campusbiotech.ch](http://www.campusbiotech.ch)

9 Impact Hub Geneva  
[geneva.impacthub.net](http://geneva.impacthub.net)

10 Ecllosion Ventures, incubator, Geneva  
[www.ecllosion.com](http://www.ecllosion.com)

11 FONGIT, technology center, Plan-les-Ouates  
[www.fongit.ch](http://www.fongit.ch)

12 Microcity, Center for innovation, Neuchâtel  
[www.microcity.ch](http://www.microcity.ch)

13 Innoparc 4, Business Center, Neuenburg  
[www.innoparc.ch](http://www.innoparc.ch)

14 Innoparc 1, Business Center, Hauterive  
[www.innoparc.ch](http://www.innoparc.ch)

15 Innoparc 2, Business Center, Saint-Blaise  
[www.innoparc.ch](http://www.innoparc.ch)

16 Innoparc 3, Business Center, La Chaux-de-Fonds  
[www.innoparc.ch](http://www.innoparc.ch)

17 Microcity, Center for innovation, La Chaux-de-Fonds  
[www.microcity.ch](http://www.microcity.ch)

18 Bluefactory, innovation center, Fribourg  
[www.bluefactory.ch](http://www.bluefactory.ch)

19 Fri Up, business incubator, Fribourg  
[www.friup.ch](http://www.friup.ch)

20 Fri Up, business incubator south, Vaulruz  
[www.friup.ch](http://www.friup.ch)

21 Fri Up, business incubator north, Murten  
[www.friup.ch](http://www.friup.ch)

- 22 Innovation Lab Fribourg  
[www.innolabfribourg.ch](http://www.innolabfribourg.ch)
- 23 Marly Innovation Center, Marly  
[www.marly-innovation-center.org](http://www.marly-innovation-center.org)
- 24 Venturi Incubateur,  
Villaz-St-Pierre  
[www.venturi-incubateur.ch](http://www.venturi-incubateur.ch)
- 25 Le Vivier, Technology park  
Parc technologique Villaz-St-Pierre  
[www.vivier.ch](http://www.vivier.ch)
- 26 medtech lab, Courroux  
[www.innodel.ch](http://www.innodel.ch)
- 27 media lab, Creapole SA, Delémont  
[www.creapole.ch](http://www.creapole.ch)

#### VALAIS

- 28 BioArk, biotechnology center, Monthey  
[www.bioark.ch/en](http://www.bioark.ch/en)
- 29 BioArk, biotechnology center, Visp  
[www.bioarkvisp.ch/en](http://www.bioarkvisp.ch/en)
- 30 BlueArk, Outdoor laboratory for intelligent water and environmental management, Le Châble  
[www.blueark.ch/en](http://www.blueark.ch/en)
- 31 Energypolis Campus, energy, green chemistry, alpine and polar environment, rehabilitation and health, Sion  
[www.energypolis.ch/?lang=en](http://www.energypolis.ch/?lang=en)
- 32 IdeArk, technological center for multimodal interaction, Martigny  
[www.ideark.ch/en](http://www.ideark.ch/en)
- 33 IDIAP, research institute information technology, Martigny  
[www.idiap.ch/en](http://www.idiap.ch/en)
- 34 PhytoArk, development center for plant-based products, Sion-Conthey  
[www.phytoark.ch/en](http://www.phytoark.ch/en)
- 35 TechnoArk, ICT center, Sierre  
[www.technoark.ch/en](http://www.technoark.ch/en)

#### BERN

- 36 Bernapark, Zentrum für Innovation und Digitalisierung (ZID), Stettlen  
[www.bernapark.ch](http://www.bernapark.ch)
- 37 BforBUSINESS, Burgdorf  
[www.bforbusiness.ch](http://www.bforbusiness.ch)
- 38 Incubateur i-moutier, Moutier  
[www.i-moutier.ch](http://www.i-moutier.ch)
- 39 Impact Hub Bern  
[bern.impacthub.net](http://bern.impacthub.net)
- 40 La Werkstadt, Biel/Bienne  
[www.lawerkstadt.ch](http://www.lawerkstadt.ch)
- 41 Sitem Insel, Bern  
[sitem-insel.ch/en](http://sitem-insel.ch/en)
- 42 Switzerland Innovation Park, Biel/Bienne  
[www.sipbb.ch](http://www.sipbb.ch)
- 43 Technologieparks, Saint-Imier, TP I (Techtransfer), TP II (Cleantech)  
[www.saint-imier.ch](http://www.saint-imier.ch)

#### NORTHWEST SWITZERLAND

- 44 Impact Hub Basel  
[basel.impacthub.net](http://basel.impacthub.net)
- 45 Technologiepark Basel  
[www.technologiepark-basel.ch](http://www.technologiepark-basel.ch)
- 46 Startup Academy, Basel  
[www.startup-academy.ch](http://www.startup-academy.ch)
- 47 Startup Academy, Liestal  
[www.startup-academy.ch/liestal](http://www.startup-academy.ch/liestal)
- 48 Business Park Oberbaselbiet,  
Laufental & Thierstein, Zwingen  
[www.bpbt.ch](http://www.bpbt.ch)
- 49 business parc, Reinach  
[www.businessparc.ch](http://www.businessparc.ch)
- 50 Tenum AG, center for construction, energy and environmental technology, Liestal  
[www.tenum.ch](http://www.tenum.ch)
- 51 TZW technology center, Witterswil,  
Life Sciences  
[www.tzw-witterswil.ch](http://www.tzw-witterswil.ch)
- 52 GZS establishment services, Canton of Solothurn, Solothurn  
[www.gzs.ch](http://www.gzs.ch)
- 53 plug & start, Wirtschaftsförderung, Olten  
[www.wirtschaft-regionolten.ch](http://www.wirtschaft-regionolten.ch)
- 54 SwissbioLabs, accelerator for diagnostics and bioanalytics, Olten  
[www.swissbiolabs.ch](http://www.swissbiolabs.ch)
- 55 Cleantech Businesspark, Deitingen  
[www.cleantechbusinesspark.ch](http://www.cleantechbusinesspark.ch)
- 56 Switzerland Innovation Park Innovaare at PSI, Villigen  
[www.parkinnovaare.ch](http://www.parkinnovaare.ch)
- 57 Technopark Aargau, Brugg  
[www.technopark-aargau.ch](http://www.technopark-aargau.ch)

#### CENTRAL SWITZERLAND

- 58 BusinessPark Zug, Zug  
Business Incubator  
[www.businessparkzug.ch](http://www.businessparkzug.ch)
- 59 Innovation Park Central Switzerland:  
Building Excellence, Rotkreuz  
[www.building-excellence.ch](http://www.building-excellence.ch)
- 60 Technology Forum Zug, Steinhausen  
[www.technologieforumzug.ch](http://www.technologieforumzug.ch)
- 61 Technopark Lucerne, Root  
[www.technopark-luzern.ch](http://www.technopark-luzern.ch)
- 62 Startup Pilatus, Sarnen/Alpnach  
[www.startup-pilatus.ch](http://www.startup-pilatus.ch)
- 63 Schwyz Next, Schwyz  
[www.schwyz-next.ch](http://www.schwyz-next.ch)

#### ZURICH

- 64 Technopark Zurich  
[www.technopark.ch](http://www.technopark.ch)
- 65 BlueLion, Zurich; incubator for ICT and cleantech companies  
[www.bluelion.ch](http://www.bluelion.ch)

- 66 Impact Hub Zurich  
[www.zurich.impacthub.ch](http://www.zurich.impacthub.ch)
- 67 StartZentrum Zurich  
[www.startzentrum.ch](http://www.startzentrum.ch)
- 68 Switzerland Innovation Park Zurich  
[www.switzerland-innovation.com/zurich](http://www.switzerland-innovation.com/zurich)
- 69 Swiss Startup Factory, Zurich  
[www.swissstartupfactory.com](http://www.swissstartupfactory.com)
- 70 Biotechnology park, Schlieren Zurich  
[www.bio-technopark.ch](http://www.bio-technopark.ch)
- 71 startup space, Schlieren Zurich  
[www.startupspace.ch](http://www.startupspace.ch)
- 72 glaTec – Empa incubator, Dübendorf  
[www.glatec.ch](http://www.glatec.ch)
- 73 grow – Gründerorg. Wädenswil  
[www.grow-waedenswil.ch](http://www.grow-waedenswil.ch)
- 74 Technopark Winterthur, Winterthur  
[www.technopark-winterthur.ch](http://www.technopark-winterthur.ch)
- 75 RUNWAY, Start-up incubator,  
Winterthur  
[www.runway-incubator.ch](http://www.runway-incubator.ch)

#### EASTERN SWITZERLAND

- 76 RhyTech - Materials Work, Neuhausen  
[www.rhytech.ch](http://www.rhytech.ch)
- 77 Futur foundation, business incubator  
Rapperswil-Jona  
[www.futur.ch](http://www.futur.ch)
- 78 High tech center, Tägerwil  
[www.high-tech-center.ch](http://www.high-tech-center.ch)
- 79 Bodensee Technologie & Trade Center,  
business incubator, Kreuzlingen  
[www.btcc.ch](http://www.btcc.ch)
- 80 Startfeld Innozentrum, St. Gallen  
[www.startfeld.ch](http://www.startfeld.ch)

#### TICINO

- 81 USI Startup Centre, Viganello  
[www.startup.usi.ch](http://www.startup.usi.ch)
- 82 Tecnapolo Manno  
[www.agire.ch](http://www.agire.ch)



# APPENDIX

# 15

15.1	International Network.....	145
15.2	National Network.....	146
15.3	List of Figures.....	148

## 15.1 INTERNATIONAL NETWORK

### 15.1.1 Swiss Business Hubs Investment Promotion

#### Europe

##### Austria

Swiss Business Hub Austria  
c/o Embassy of Switzerland  
Prinz Eugen-Strasse 9a  
1030 Vienna, Austria  
Phone +43 1 795 05 37  
vie.sbhaustralia@eda.admin.ch

##### France

Swiss Business Hub France  
c/o Embassy of Switzerland  
142, rue de Grenelle  
75007 Paris, France  
Phone +33 1 49 55 67 85  
par.sbhfrance@eda.admin.ch

##### Germany

Swiss Business Hub Germany  
c/o Consulate General of  
Switzerland  
Hirschstrasse 22  
70173 Stuttgart, Germany  
Phone +49 711 22 29 43 29  
stu.sbhgermany@eda.admin.ch

##### Italy

Swiss Business Hub Italy  
c/o Consulate General of  
Switzerland – Italy  
Via Palestro, 2  
I-20121 Milan  
Phone +39 02 77 79 1641  
mil.sbhitalia@eda.admin.ch

##### Poland

Swiss Business Hub Central  
Europe  
c/o Embassy of Switzerland  
Aleje Ujazdowskie 27  
00-540 Warsaw, Poland  
Phone +48 22 628 04 81  
var.sbhpoland@eda.admin.ch

##### Russia

Swiss Business Hub Russia  
c/o Embassy of Switzerland  
Per. Ogorodnaya Sloboda 2/5  
Entrance 1, Side Gussyatnikov Per.  
10100 Moscow, Russia  
Phone +7 495 225 88 41  
mot.sbhruussia@eda.admin.ch

##### Spain

Swiss Business Hub Spain  
c/o Embassy of Switzerland  
Calle Nuñez de Balboa 35A-7º,  
Edificio Goya  
28001 Madrid, Spain  
Phone +34 91 432 04 66  
mad.sbhspain@eda.admin.ch

##### Turkey

Swiss Business Hub Turkey  
c/o Consulate General of  
Switzerland  
Esentepe Mah. Büyükdere Cad.  
173, 1. Levent Plaza A Blok Kat: 3  
34394 Levent – Sisli – Istanbul,  
Turkey  
Phone +90 (0) 212 283 12 82  
ist.sbhturkey@eda.admin.ch

##### UK & Ireland

Swiss Business Hub UK & Ireland  
c/o Embassy of Switzerland  
16–18 Montagu Place  
London W1H 2BQ, UK  
Phone +44 20 7616 6000  
lon.sbhuk@eda.admin.ch

#### Norh and South America

##### Brazil

Swiss Business Hub Brazil  
c/o Consulado Geral da Suíça  
AV. Paulista 1754, 4º andar Edificio  
BR-01310-920 São Paulo / SP  
Tel. +55 11 33 72 82 00  
sao.sbhbrasil@eda.admin.ch

##### Canada

Swiss Business Hub Canada  
c/o Consulate General of  
Switzerland  
1572, Docteur-Penfield Avenue  
QC H3G 1C4 Montreal, Canada  
Phone +1 514 932 7181  
mon.sbhcanada@eda.admin.ch

##### Chile

Swiss Business Hub Santiago de  
Chile  
c/o Embajada de Suiza  
Américo Vespucio Sur 100, piso 14  
Santiago (Las Condes)  
Tel. +56 2 2928 01 25  
mark.untersander@eda.admin.ch

##### Mexico

Swiss Business Hub México  
c/o Embassy of Switzerland  
Paseo de las Palmas No. 405,  
Torre Optima I, piso 11 Col.  
Lomas de Chapultepec  
11000 Mexico D.F., Mexico  
Phone +52 55 91 78 43 70  
ruben.araizadiaz@eda.admin.ch

##### USA

Swiss Business Hub USA  
c/o Consulate General of  
Switzerland  
633 Third Avenue, 30<sup>th</sup> Floor  
New York, NY 10017-6706,  
United States  
Phone +1 212 599 5700 ext 1032  
nyc.sbhusa@eda.admin.ch

#### Asia

##### ASEAN

Swiss Business Hub ASEAN  
c/o Embassy of Switzerland  
1 Swiss Club Link  
289754 Singapore  
Phone +65 6594 6580  
sin.sbhasean@eda.admin.ch

##### China

Swiss Business Hub China  
c/o Embassy of Switzerland  
Sanlitun Dongwujie 3  
100600 Beijing/China  
Phone +86 10 8532 88 88  
bei.sbhchina@eda.admin.ch

##### Gulf States

Swiss Business Hub Middle East  
c/o Consulate General of  
Switzerland  
Dubai World Trade Center,  
22<sup>nd</sup> floor  
Dubai, United Arab Emirates  
Phone +971 4 329 09 99  
dai.sbhduhai@eda.admin.ch

##### India

Swiss Business Hub India  
c/o Consulate General of  
Switzerland  
102 Maker Chamber IV, 10<sup>th</sup> floor  
222, Jammalal Bajaj Marg  
Nariman Point  
Mumbai 400 021, India  
Phone +91 22 2285 8161  
mum.sbhindia@eda.admin.ch

##### Indonesia

Swiss Business Hub Indonesia  
c/o Embassy of Switzerland  
Jl. HR Rasuna Said Blok X3/2  
Kuningan  
12950 Jakarta-Selatan, Indonesia  
Phone +62 21 525 60 61  
roger.zbinden@eda.admin.ch

##### Japan

Swiss Business Hub Japan  
c/o Embassy of Switzerland  
5 Chome-9-12 Minami-Azabu  
Minato-ku  
Tokyo 106-0047, Japan  
Phone +81 3 5449 8424  
tok.sbhjapan@eda.admin.ch

##### South Korea

Swiss Business Hub South Korea  
c/o Embassy of Switzerland  
77 Songwol-gil, Jongno-gu  
Yongsan-gu  
140-887 Seoul, Korea  
Phone +82 2 739 9511 / 12 / 13 / 14  
seoul.sbhkorea@eda.admin.ch

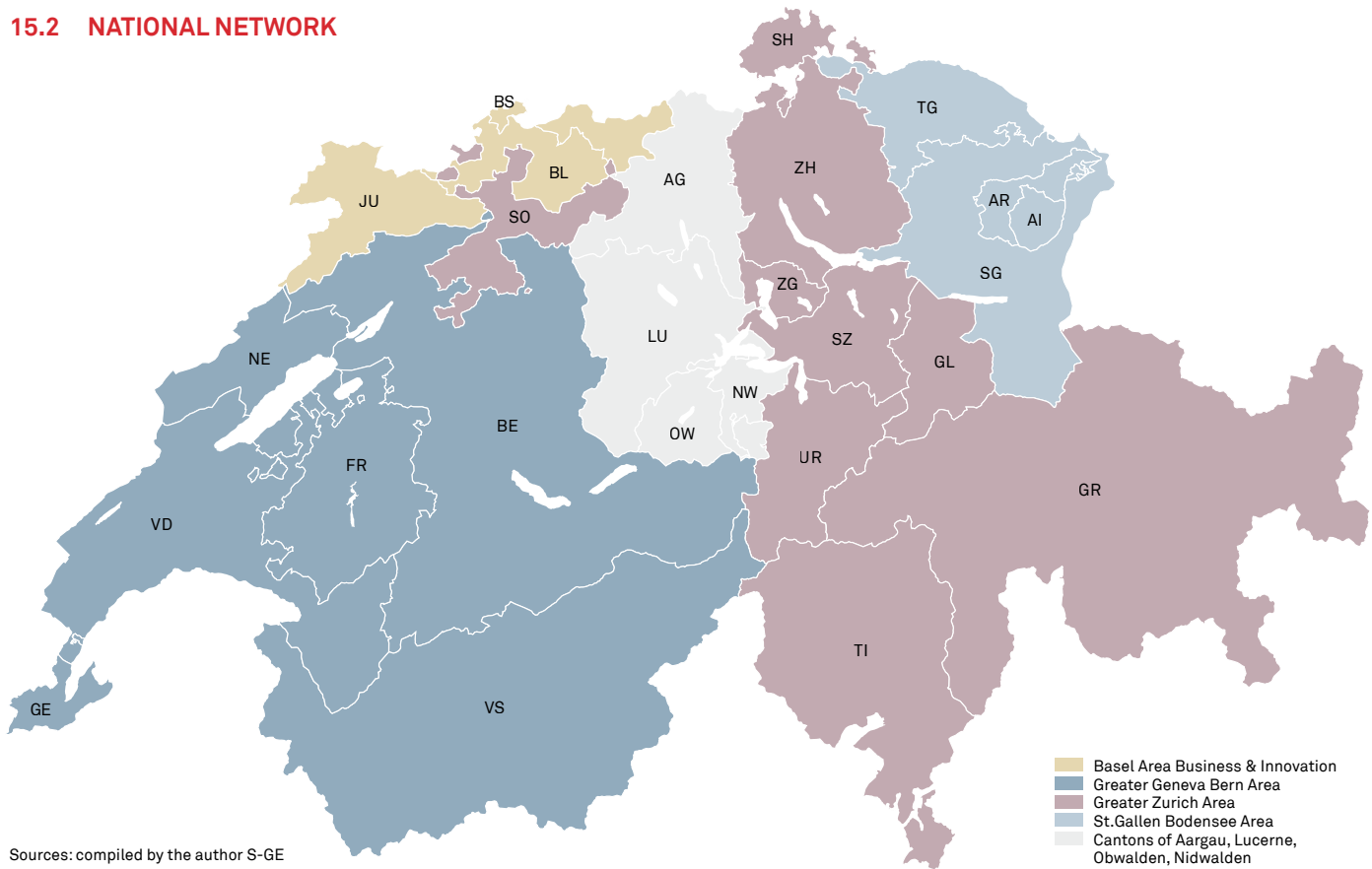
#### Africa

##### South Africa

Swiss Business Hub Southern  
Africa  
c/o Embassy of Switzerland  
Brooklyn Square 0075  
ZA-0181 Pretoria  
Phone +27 12 452 0690  
pre.sbhsa@eda.admin.ch

Switzerland Global Enterprise's  
Trade Points can be found at:  
[www.s-ge.com/offices](http://www.s-ge.com/offices)

## 15.2 NATIONAL NETWORK



Sources: compiled by the author S-GE

### 15.2.1 Cantonal Business Promotion Agencies

#### Aargau (AG)

Services Economic Promotion  
Rain 53  
PO Box  
5001 Aarau, Switzerland  
Phone +41 62 835 24 40  
aargau.services@ag.ch  
www.aargauservices.ch

#### Appenzell Ausserrhoden (AR)

Office for economy  
Government building  
9102 Herisau, Switzerland  
Phone +41 71 353 64 37  
Fax +41 71 353 62 59  
wirtschaft.arbeit@ar.ch  
www.ar.ch/wirtschaft

#### Appenzell Innerrhoden (AI)

Office for economy  
Marktasse 2  
9050 Appenzell, Switzerland  
Phone +41 71 788 94 40  
wirtschaft@ai.ch  
www.ai.ch/standort

#### Basel-Stadt (BS), Basel-Landschaft (BL) and Jura (JU)

Basel Area Business & Innovation  
Dufourstrasse 11  
4010 Basel, Switzerland  
Phone +41 61 295 50 00  
info@baselarea.swiss  
www.baselarea.swiss

#### Bern (BE)

Economic Development Agency  
Münsterplatz 3a  
PO Box  
3000 Bern 8, Switzerland  
Phone +41 31 633 41 20  
info@berninvest.be.ch  
www.berninvest.be.ch

#### Fribourg (FR)

Fribourg Development Agency  
(FDA)  
Boulevard de Pérolles 25  
PO Box 1350  
1701 Fribourg, Switzerland  
Phone +41 26 304 14 00  
promfr@fr.ch  
www.promfr.ch

#### Geneva (GE)

Directorate General for Economic  
Development, Research and  
Innovation  
Rue de l'Hôtel-de-Ville 11  
PO Box  
1211 Geneva 3, Switzerland  
Phone +41 22 388 34 34  
ecodev@etat.ge.ch  
ingeneva.ge.ch

#### Glarus (GL)

Department for Economics and  
Home Affairs  
Zwinglistrasse 6  
8750 Glarus, Switzerland  
Phone +41 55 646 66 00  
volkswirtschaftinneres@gl.ch  
www.gl.ch

#### Grisons (GR)

Economic Development and  
Tourism Agency Grisons  
Ringstrasse 10  
7001 Chur, Switzerland  
Phone +41 81 257 23 42  
info@awt.gr.ch  
www.awt.gr.ch

#### Lucerne (LU)

Economic Region of Lucerne  
Alpenquai 30  
6005 Lucerne, Switzerland  
Phone +41 41 367 44 00  
info@luzern-business.ch  
www.luzern-business.ch

#### Neuchâtel (NE)

Economic service  
Avenue de la Gare 2  
2000 Neuchâtel, Switzerland  
Phone +41 32 889 68 20  
neco@ne.ch  
www.neuchateleconomie.com



**Nidwalden (NW)**

Economic development office  
Nidwalden  
Stansstaderstrasse 54  
PO Box 1251  
6371 Stans, Switzerland  
Phone +41 41 618 76 54  
wirtschaftsfoerderung@nw.ch  
www.wirtschaftsfoerderung.nw.ch

**Obwalden (OW)**

Location promotion in Obwalden  
Dorfplatz 1  
6060 Sarnen, Switzerland  
Phone +41 41 660 90 66  
info@iow.ch  
www.iow.ch

**Schaffhausen (SH)**

Economic development office  
Canton of Schaffhausen  
Freier Platz 10  
8200 Schaffhausen, Switzerland  
Phone +41 52 674 03 03  
info@standort.sh.ch  
standort.sh.ch

**Schwyz (SZ)**

Office for Economy  
Bahnhofstrasse 15  
PO Box 1187  
6431 Schwyz, Switzerland  
Phone +41 41 819 16 34  
Fax +41 41 819 16 19  
wirtschaftsfoerderung@sz.ch  
www.sz.ch/wirtschaftsfoerderung

**Solothurn (SO)**

Economic development office  
Canton of Solothurn  
Untere Sternengasse 2  
4509 Solothurn, Switzerland  
Phone +41 32 627 95 50  
standortfoerderung@vd.so.ch  
www.standortsolothurn.ch

**St. Gallen (SG)**

Promotional activities  
Office for Economy and Labor of  
the Canton of St. Gallen  
Davidstrasse 35  
9001 St. Gallen, Switzerland  
Phone +41 58 229 64 64  
Info.Standortfoerderung@sg.ch  
www.standort.sg.ch

**Ticino (TI)**

Economic development office  
Viale S. Francini 17  
6501 Bellinzona, Switzerland  
Phone +41 91 814 35 41  
dfe-use@ti.ch  
www.ti.ch/sviluppo-economico

**Thurgau (TG)**

Economic development office  
Thurgau  
Staubeggstrasse 2  
8510 Frauenfeld, Switzerland  
Phone +41 58 345 55 00  
wifoe@tg.ch  
www.wifoe.tg.ch

**Uri (UR)**

Economic development office  
Canton of Uri  
Klausenstrasse 4  
6460 Altdorf, Switzerland  
Phone +41 41 875 24 06  
wirtschaft@ur.ch  
www.standort-uri.ch

**Vaud (VD)**

Innovaud  
Avenue de Gratta-Paille 2  
1018 Lausanne, Switzerland  
Phone +41 21 644 00 60  
contact@innovaud.ch  
www.innovaud.ch

**Valais (VS)**

Business Promotion Valais  
Rue de l'Industrie 23  
PO Box 478  
1951 Sion, Switzerland  
Phone +41 27 606 73 90  
economie@valais.ch  
www.valais-economie.ch

**Zug (ZG)**

Economic Promotion  
Aabachstrasse 5  
CH-6300 Zug  
Tel. +41 41 728 55 04  
economy@zug.ch  
www.zg.ch/economy

**Zurich (ZH)**

Office for economy and labor  
Promotional activities for the  
Canton of Zurich  
Walchstrasse 19  
8090 Zurich, Switzerland  
Phone +41 43 259 49 92  
standort@vd.zh.ch  
www.standort.zh.ch

**15.2.2 Intercantonal Location Promotion Organizations****Basel Area**

Basel Area Business & Innovation  
Dufourstrasse 11  
4010 Basel, Switzerland  
Phone +41 61 295 50 00  
info@baselarea.swiss  
www.baselarea.swiss

**GGBa**

Greater Geneva Bern area  
Invest Western Switzerland  
World Trade Center  
Av. de Gratta-Paille 2  
PO Box 252  
1000 Lausanne 22, Switzerland  
Phone +41 21 644 00 90  
info@ggba-switzerland.ch  
www.ggba-switzerland.ch

**Greater Zurich Area**

Greater Zurich Area Ltd  
Limmatquai 122  
8001 Zurich, Switzerland  
Phone +41 44 254 59 59  
info@greaterzuricharea.com  
www.greaterzuricharea.com

**St.GallenBodenseeArea**

St.GallenBodenseeArea  
Davidstrasse 35  
9001 St. Gallen, Switzerland  
Phone +41 58 229 64 64  
Info.Standortfoerderung@sg.ch  
www.sgba.ch

## 15.3 LIST OF FIGURES

FIG. 1	Reference Map.....	25
FIG. 2	The Swiss Political System.....	26
FIG. 3	Political Stability.....	27
FIG. 4	Most Cosmopolitan Economies.....	29
FIG. 5	Gross Domestic Product per Capita (Nominal).....	31
FIG. 6	Industry Structure and Shares of Workforce.....	32
FIG. 7	International Competitiveness Ranking.....	32
FIG. 8	Global Innovation Index.....	33
FIG. 9	Foreign Trade by Economic Area.....	34
FIG. 10	Direct Investments Capital Stock.....	35
FIG. 11	Economic Freedom.....	41
FIG. 12	Legal Forms at a Glance.....	55
FIG. 13	Process of Establishing a Company (AG, GmbH).....	58
FIG. 14	Costs of Forming a Stock Corporation (AG).....	59
FIG. 15	Costs of Forming a Limited Liability Company (GmbH).....	59
FIG. 16	Do I Need a Visa?.....	61
FIG. 17	Types of Permits.....	62
FIG. 18	Work and Residence Permits: Rules and Procedures.....	65
FIG. 19	Market Prices for Office Space.....	70
FIG. 20	Building Land: Market Prices for Commercial Buildings.....	71
FIG. 21	Market Prices for Rented Accommodation.....	72
FIG. 22	Market Prices for Owner-Occupied Accommodation.....	73
FIG. 23	Permit Requirements for Different Groups.....	75
FIG. 24	International Experience by Managers.....	77
FIG. 25	International Comparison of Motivation to Work.....	78
FIG. 26	Productivity.....	78
FIG. 27	Deregulation of the Labor Market.....	79
FIG. 28	Cooperation in Labour-Employer Relations.....	80
FIG. 29	Daytime, Evening, and Night-time Periods.....	81
FIG. 30	Flexibility in Hiring and Firing.....	83
FIG. 31	Overview of Obligatory Social Insurance Contributions.....	84
FIG. 32	Global Financial Regulation, Transparency, and Compliance Index (GFRTCI).....	89
FIG. 33	Mortgage Rates.....	92
FIG. 34	State Support Schemes.....	94
FIG. 35	Capital Costs.....	95
FIG. 36	Corporate tax rates: OECD and G20 countries.....	100
FIG. 37	International Business Activity.....	107
FIG. 38	Switzerland's National and Regional Airports.....	114
FIG. 39	Digital Competitiveness.....	115
FIG. 40	The Swiss Education System.....	120
FIG. 41	Quality of the Education System.....	121
FIG. 42	Public per Capita Spending on Education.....	121
FIG. 43	Universities and Institutes of Technology.....	122
FIG. 44	Annual Tuition Fees.....	123
FIG. 45	Executive MBAs: The Most Important Providers.....	124
FIG. 46	Patent Applications per 100,000 Inhabitants.....	126
FIG. 47	Nobel Laureates per Million Inhabitants.....	126
FIG. 48	Research Establishments in Switzerland.....	127
FIG. 49	Innovation Focus Areas and Specialist Areas.....	128
FIG. 50	International Comparison of Quality of Life.....	131
FIG. 51	Attracting and Retaining Talent.....	132
FIG. 52	Monthly Average Household Budget.....	137
FIG. 53	Examples of Cantonal Business Promotion Instruments.....	140
FIG. 54	Areas of Application for Tax Breaks.....	140
FIG. 55	Technology Parks and Business Incubators.....	142

# MAP OF EUROPE





# MAP OF SWITZERLAND



© 2022 Office fédéral de topographie. Tous droits réservés. © 2022 Bundesamt für Landestopografie. Alle Rechte vorbehalten.

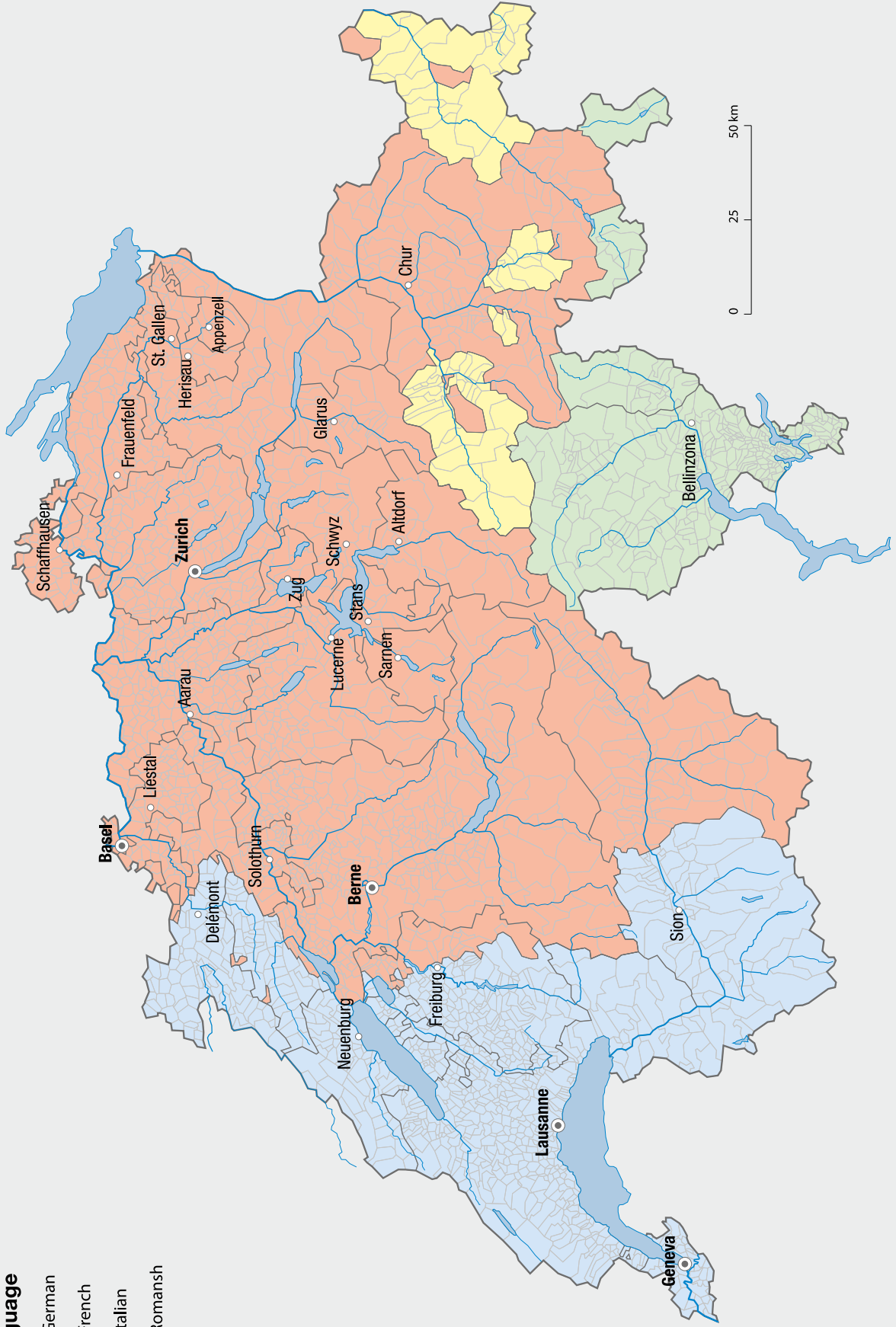


# LINGUISTIC AREAS OF SWITZERLAND

## Language regions

### Language

- German
- French
- Italian
- Romansh







A series of horizontal dotted lines spanning the width of the page, intended for handwritten notes or a list.





## Investment Promotion

[s-ge.com/invest](http://s-ge.com/invest)



Follow us on LinkedIn and Twitter:

[s-ge.com/linkedin-invest](http://s-ge.com/linkedin-invest)

[twitter.com/investCH](https://twitter.com/investCH)

Switzerland Global Enterprise  
Stampfenbachstrasse 85  
CH-8006 Zurich  
Tel. +41 44 365 51 51

[s-ge.com/invest](http://s-ge.com/invest)  
[invest@s-ge.com](mailto:invest@s-ge.com)

