



Notice-006-M-2017-d dated 31.07.2017

## Foreign companies: change to the calculation of security

**Effective 1 August 2017, the security for a taxable person not resident or domiciled in Switzerland will be calculated differently.**

If a taxable person not resident or domiciled in Switzerland is not entered in the commercial register, a security will have to be provided in order to complete the registration for VAT purpose. Said security is usually paid in cash or by setting up a bank guarantee with a bank domiciled in Switzerland.

So far, the security essentially corresponded to the amount of the annual tax expected to be payable. It amounted to at least CHF 5,000 and at most CHF 250,000.

As from 1 August 2017, it will be calculated as follows:

- 3% of the expected taxable domestic turnover (excl. exports)
- Minimum amount: CHF 2,000
- Maximum amount: CHF 250,000

The FTA reserves the right to use other calculation methods in special cases. The new calculation method cannot be applied retroactively.

According to the revised Swiss VAT act that will come into force on 1 January 2018, the turnover threshold under which a person is exempt from tax liability is not limited to the turnover generated in Switzerland anymore. Therefore, foreign companies will need to register for VAT purposes in Switzerland if their global turnover reaches CHF 100,000 p.a. and part of that turnover has been generated locally in Switzerland.

As of 1 January 2019, a business based abroad supplying low-value goods to Swiss customers will be liable for Swiss VAT, if the turnover generated with such supplies reaches CHF 100'000 p.a..