



Eidgenössische Steuerverwaltung ESTV

Hauptabteilung Mehrwertsteuer

Administration fédérale des contributions AFC

Division principale de la taxe sur la valeur ajoutée

Amministrazione federale delle contribuzioni AFC

Divisione principale dell'imposta sul valore aggiunto

VAT Info No. 22 Foreign businesses

Abbreviations and acronyms

Art.	Article
CHF	Swiss francs
FTA	Federal Tax Administration
let.	letter
para.	Paragraph
VAT	Value Added Tax
Vat Act	Federal Act on Value Added Tax of 12 June 2009
VAT Ordinance	Ordinance on Value Added Tax of 27 November 2009

Introductory explanations

This VAT Info is based on the Federal Act on Value Added Tax (VAT Act), which came into force on 1 January 2010 and was partially revised on 1 January 2018, as well as on the associated VAT Ordinance.

This VAT Info contains the most important information concerning the tax, statement and accounting duties for businesses which have **their place of domicile or business abroad** (hereinafter referred to as foreign businesses). It enables foreign businesses to clarify whether they will be liable for tax in Switzerland based on certain supplies relating to Switzerland (e.g. Swiss customers or activities in Switzerland) and whether they have to register with the FTA using the online form (www.estv.admin.ch). It should be noted that permanent establishments of a foreign business constitute a separate taxable entity on Swiss territory if they provide goods or services on Swiss territory (☞ section 1.1.4).

For detailed information on tax, statement and accounting duties, please refer to the relevant FTA publications (particularly the [VAT Info on tax liability](#), [VAT Info on taxable supplies](#), [VAT Info on the place of supply](#), [VAT Info on tax returns and payment](#) and [VAT Info on accounting and invoicing](#)). Those VAT Infos are available only in the official languages German, French and Italian. The links lead to the German versions of the listed publications.

Foreign businesses that are not subject to VAT in Switzerland are entitled, under certain conditions, to a VAT refund on goods and services supplied to them in Switzerland and on their imports.

Validity

This VAT Info applies from 1 January 2018.

Material adjustments (practice clarifications or practice changes) and corrections of important translation errors are published on an ongoing basis. However, earlier versions of amended

sections can still be found in the online database. Purely editorial, formal or technical adjustments (e.g. new links) which do not change the material content are made on an ongoing basis and are not communicated separately.

For the sake of clarity, the date from which a practice change or practice clarification applies is highlighted directly in the text of the section concerned, **unless** this date is 1 January 2018. Please note the [VAT Info on the temporal effect of practice rules](#) (available only in the official languages German, French and Italian).

English is not an official language of the Swiss Confederation. This translation is provided for information purposes only and has no legal force.

1 Clarification of the obligation to register

1.1 Tax liability

1.1.1 Mandatory tax liability

A foreign business is mandatorily subject to value added tax in Switzerland if it supplies goods or services on Swiss territory (☞ section 1.2) and its worldwide taxable turnover is CHF 100,000 or more. The relevant limit is CHF 150,000 for non-profit, voluntarily-run sporting or cultural associations or charitable institutions. The terms "Swiss territory" and "domestic" refer to the territory of the Swiss Confederation, the Principality of Liechtenstein, the German municipality of Büsingen and the Swiss sector of EuroAirport Basel-Mulhouse-Freiburg ([Art. 3 let. a of the VAT Act](#)).

The tax liability of foreign businesses generally begins the first time a supply is provided on Swiss territory ([Art. 14 para. 1 let. b of the VAT Act](#)). However, particularly in the case of advance payments, this time is primarily determined by the invoice date or, in the case of supplies without an invoice, by the collection of consideration.

For more information on the beginning and end of tax liability, see the [VAT Info on tax liability](#) (available only in the official languages German, French and Italian).

1.1.2 Registration using the online form

Those who are liable to tax must register with the FTA using the [online form](#) within 30 days from the start of their tax liability. Among other things, the following information is required for this:

1. Business details: registered office, legal form and business address;
2. Name and business address of the tax representative;
3. Information on entrepreneurial activity on Swiss territory :
 - Type of entrepreneurial activity;
 - Start of entrepreneurial activity (date);
 - Closing date of the first business year and subsequent business years;
 - Turnover forecast for the first 12 months from the start of entrepreneurial activity;
 - In the case of already active businesses: worldwide turnover for the last six business years.

1.1.3 Exemption from tax liability

Pursuant to [Article 10 paragraph 2 letter b of the VAT Act](#) or [Article 121a of the VAT Ordinance](#), a foreign business is **not required to be entered in the Register of Taxable Persons** if it provides only one or more of the following types of supplies, irrespective of the amount of its turnover:

1. Goods and services exempt from tax without credit ([Art. 21 para. 2 of the VAT Act](#));
2. Goods and services exempt from tax ([Art. 23 of the VAT Act](#));

3. Supplies of electricity in cables, gas via the natural gas distribution network and district heating to persons liable to the tax on Swiss territory;
4. Services whose place of supply in terms of [Article 8 paragraph 1 of the VAT Act](#) is located on Swiss territory (☞ section 1.2.2.2).



Those who provide **telecommunication or electronic services** to recipients who are not liable to tax (e.g. private individuals) are not exempt from tax liability. If a provider domiciled abroad is liable to pay tax, the provider must pay tax at the corresponding rate on all taxable goods and services supplied on Swiss territory. Further information can be found in the [VAT sector info on telecommunication and electronic services](#) (sections 3 and 5).

If the prerequisites for mandatory tax liability are not met, it is possible to be **entered voluntarily in the Register of Taxable Persons** at the beginning of the current tax period at the earliest. The registration must be maintained for at least one tax period ([Art. 11 of the VAT Act](#)).



Foreign businesses which are exempt from tax under Article 10 paragraph 2 letter b of the VAT Act and which are not voluntarily entered in the Register of Taxable Persons are entitled to a VAT refund on goods and services supplied to them on Swiss territory and on their imports ([Art. 107 para. 1 let. b of the VAT Act](#) in conjunction with [Art. 151 para. 2 of the VAT Ordinance](#)). Further information can be found in the [VAT Info on the refund procedure](#) (available only in the official languages German, French and Italian).



There is no entitlement to a VAT refund for foreign businesses that provide exclusively supplies that are exempt from tax without credit on Swiss territory and therefore do not register as a taxable person ([Art. 121a of the VAT Ordinance](#)).

1.1.4 Domestic permanent establishments of a foreign business

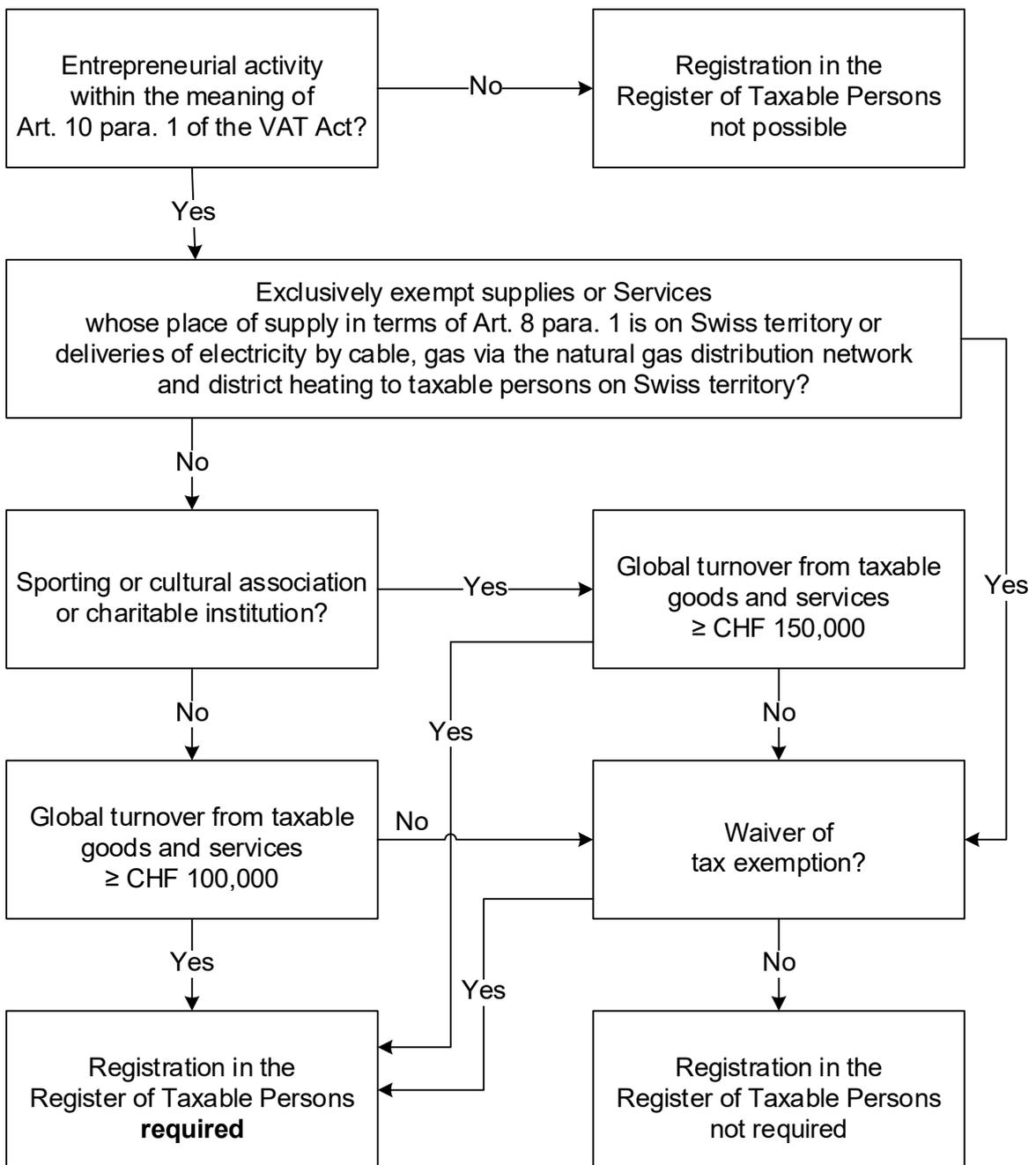
If the prerequisites for subjective tax liability are met, the domestic permanent establishments of a foreign businesses together constitute a separate taxable entity ([Art. 10 para. 3 of the VAT Act](#) and [Art. 7 of the VAT Ordinance](#)).

The head office abroad and any foreign permanent establishments together constitute another taxable entity (dual entity principle), provided that the prerequisites for the tax liability are also met.

If the prerequisites for the tax liability are met, the head office (including foreign permanent establishments) and the permanent establishment(s) domiciled on Swiss territory must be entered individually in the Register of Taxable Persons.

1.1.5 Chart for checking the obligation to register

The following chart can be used to check the obligation to register:



1.2 Domestic supplies (of goods and services)

1.2.1 Supplies of goods

1.2.1.1 What are supplies of goods?

The supply of goods within the meaning of Swiss value added tax is deemed to be the following ([Art. 3 let. d of the VAT Act](#)):

1. The transfer of the power to dispose of a good commercially in one's own name,
2. The delivery of a good on which work has been performed, even if the good is not altered by the work, but only tested, calibrated, regulated, checked for its function or has been treated in another way, or

3. The provision of a good for use or exploitation (e.g. rental or leasing).



Unlike EU VAT law, Swiss VAT law considers the rental of items, the performance of repairs and other work on items and their installation on site to be **supplies of goods** and not supplies of services. This qualification has an impact on the place of supply (☞ section 1.2.1.3) and thus on domestic tax liability.

1.2.1.2 Processing an item as a supply of goods

From a VAT perspective, the following in particular are regarded as supplies of goods:

- Construction and bricklaying work
- Landscaping work
- Joinery and carpentry work
- Tiling
- Painting
- Installation of windows, kitchens, built-in wardrobes
- Electrical installations
- Demolition, cleaning, maintenance and repair work on properties
- Assembly of exhibition stands
- Cleaning of movable objects (e.g. machines)
- Installation, launch, testing, regulation, maintenance or repair of items
- Software installation at the customer's location

If a foreign business provides such supplies of goods on Swiss territory, mandatory tax liability may be triggered, regardless of whether or not material is also supplied (☞ section 1.1.1).

Further information can be found in the [VAT Info on the place of supply](#) (available only in the official languages German, French and Italian) and in publication no. 52.02 from the Federal Customs Administration, [Contracts for works and delivery of items after processing in Switzerland](#).

1.2.1.3 Place of supply of goods

According to [Article 7 paragraph 1 letter a of the VAT Act](#), the place of supply of goods is the place where the good is located at the time of transfer of the power to dispose commercially of it, of its delivery or of its being made available for use or exploitation.

If an item is newly produced or processed before it is transferred to the customer (☞ section 1.2.1.2), the item will **not** be deemed to have been **supplied until** it has been transferred to the customer, i.e. **after completion of the work**. Supply thus takes place after assembly or installation and, if applicable, after launch.

If goods are transported or dispatched, the place of supply of goods is the place where the transport or dispatch of the good to the customer begins (so-called **transport or dispatch supply**). Anyone who thus dispatches an item from abroad to Switzerland does not trigger tax liability in Switzerland with such supplies alone, as the place of supply is abroad. If the item (e.g. a piece of furniture) transported or dispatched to Swiss territory is merely assembled on Swiss territory, the place of supply is still the place where the transport or

dispatch begins. If in contrast the item is permanently installed (e.g. built-in wardrobe or fitted kitchen), this is deemed to be a domestic supply (☞ section 1.2.1.2).

A foreign business can import an item from abroad into Swiss territory in its own name, provided it has FTA authorisation (**declaration of subjection for abroad**) at the time of importation. This results in the place of supply being on Swiss territory even though the transport/dispatch began abroad.



If a **mail-order company** generates at least CHF 100,000 in turnover per year from small consignments (import tax amount up to CHF 5) that it transports or dispatches from abroad, the supplies of goods will be deemed to be domestic supplies ([Art. 7 para. 3 lit b of the VAT Act](#)). It must be entered in the Register of Taxable Persons. From that time, not only are the small consignments of the mail-order company considered as domestic supplies of goods, but also all other consignments where the import tax amount is more than CHF 5 per consignment.

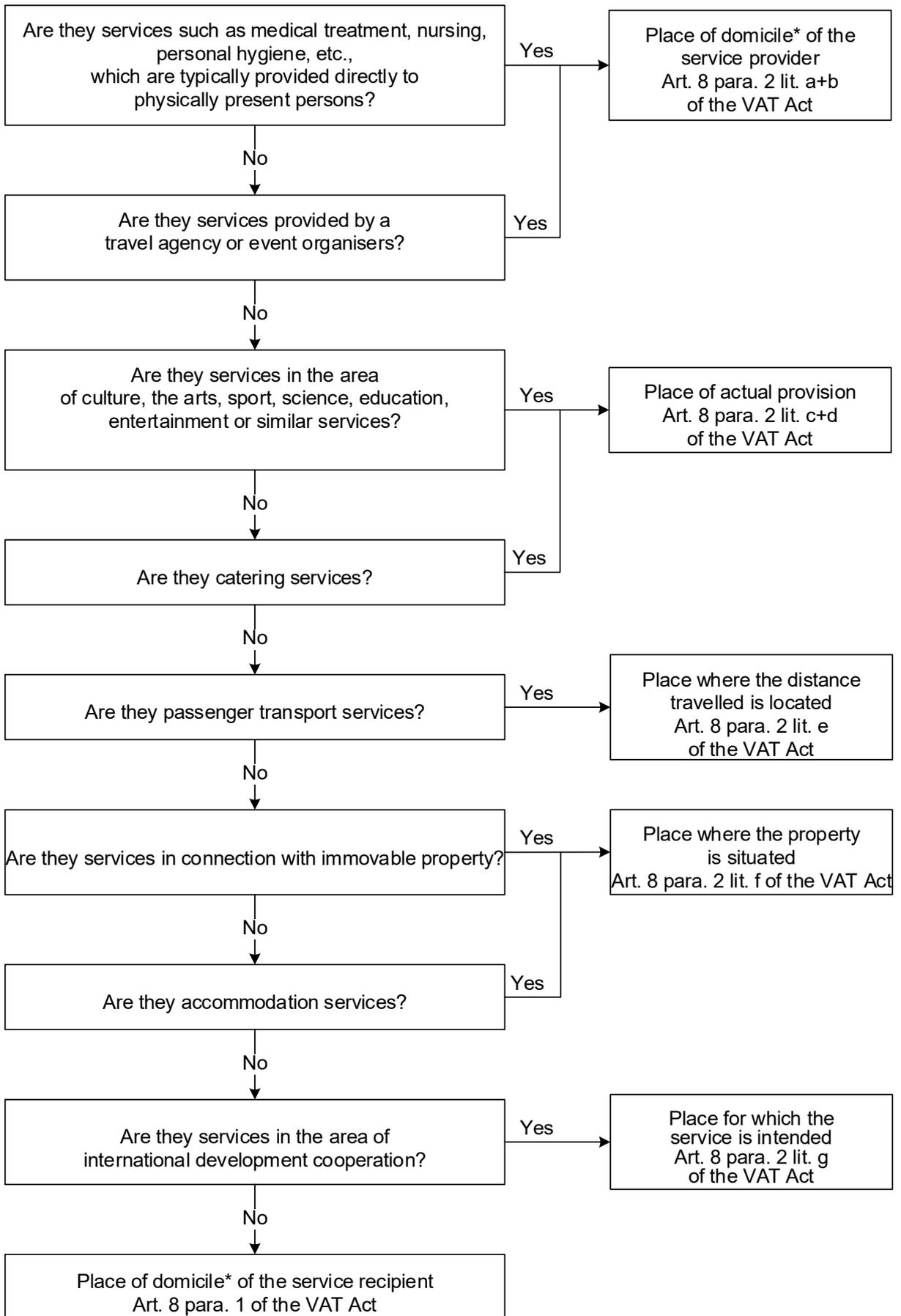
1.2.2 Services

1.2.2.1 What are supplies of services?

Supplies of services are all supplies which are not to be regarded as supplies of goods ([Art. 3 let. e of the VAT Act](#)). In particular, a supply of services exists also if intangible assets or rights are transferred, an action is omitted or an action or a situation is tolerated.

1.2.2.2 Place of service provision

The following chart is helpful for determining the place of service provision:



* Registered office, domicile or permanent establishment

2 Accounting / statement of receipts and expenditure

2.1 General

Taxable persons without a place of domicile, registered office or permanent establishment on Swiss territory who do not keep separate accounting records for their activities on Swiss territory must keep at least a statement of receipts and expenditure, as well as a schedule of the business assets ([Art. 128 of the VAT Ordinance](#)). This can be done with the enclosed work aid/checklist (☞ section 6). It must be possible to trace all individual business transactions from the supporting documents and statement of receipts and expenditure to the VAT return (audit trail).

☞ For further details in connection with the requirements relating to accounting, consistency and the record-keeping obligation, please refer to the [VAT Info on accounting and invoicing](#) (available only in the official languages German, French and Italian).

2.2 Retention obligation for accounting records and supporting documents

Pursuant to Article 70 paragraph 2 of the VAT Act, taxable persons must retain their books of account, receipts, business documents and other records in a proper manner until the absolute limitation period for the tax claim ([Art. 42 para. 6 of the VAT Act](#)) has expired. The retention period is thus 10 years. A statutory retention period of 20 years applies in the case of business documents in connection with the calculation of a subsequent input tax deduction or own use of immovable goods ([Art. 70 para. 3 of the VAT Act](#)). However, it is recommended to retain the documentation for 26 years in any case.

Regarding the tax representative's retention obligations, please refer to section 4.1 below.

☞ For further details in connection with the retention obligation for accounting records and documents, please refer to the [VAT Info on accounting and invoicing](#) (available only in the official languages German, French and Italian).

3 VAT return filing

3.1 General

The VAT return must be completed periodically – usually quarterly – either electronically (online return) or using the FTA's paper form. Information on the various reporting methods and how to complete the VAT return can be found in the [VAT Info on tax returns and payment](#) (available only in the official languages German, French and Italian).

3.2 Simplified declaration of turnover for foreign businesses

Foreign businesses entered in the Register of Taxable Persons may refrain from declaring their global turnover **in section 200 of periodic returns**. They **may declare only their turnover generated on Swiss territory**. However, if remuneration for supplies exempt from tax without credit ([Art. 21 para. 2 of the VAT Act](#)) or subsidies ([Art. 18 para. 2 let. a-c of the VAT Act](#) in conjunction with [Art. 29 of the VAT Ordinance](#)) were received, the FTA recommends declaring the global turnover.

When using the option of a simplified declaration, foreign businesses **must convert** the annual turnover generated domestically in a foreign currency **into Swiss francs**. The conversion is made based on the rate of exchange published by the FTA, whereby the taxable person may elect to use the average monthly rate or the daily exchange rate. Taxable persons who are members of a corporate group may use the group conversion rate for the conversion.



Opting for a simplified declaration does not release taxpayers from the obligation to correct the input tax based on [Article 30 of the VAT Act](#) or to reduce it based on [Article 33 of the VAT Act](#). Since turnover generated abroad and subsidies received abroad might also impact the amount of input tax that can be deducted in Switzerland, the FTA expressly reserves the right to request information on that specific turnover and those subsidies when performing an audit. For detailed information on the entitlement to input tax, please refer to the [VAT Info on input tax deduction and input tax corrections](#) (available only in the official languages German, French and Italian).

3.3 Online return

The VAT return can be filled in and submitted online. The advantages for you:

- Electronic submission of the VAT return, 24/7;
- Time and cost savings by eliminating dispatch by post;
- Traceability of reported figures thanks to return history;
- Reduction in paper consumption;
- Rights to fill in and submit the VAT returns can be assigned to other persons by means of an online user administration/management tool and the "role" model enables the flexible involvement of third parties such as tax representatives.

4 Tax representative and security

4.1 Tax representatives

In order to fulfil their procedural obligations, foreign businesses must appoint a representative whose place of domicile or business is in Switzerland ([Art. 67 para. 1 of the VAT Act](#)). The appointment of a representative does not create a permanent establishment ([Art. 67 para. 2 of the VAT Act](#)). Subject to the provisions of criminal law, the tax representative is not jointly and severally liable for the tax claim.

All documentation relevant for the calculation of the VAT claim must be available at the tax representative's place of domicile or business within a reasonable period of time until the right to establish the tax claim ([Art. 42 of the VAT Act](#)) becomes statute-barred. This concerns particularly accounting documents, purchase orders, delivery notes, copies of customer invoices, payment receipts, supplier invoices and customs documents.

4.2 Security

Under certain circumstances, foreign businesses may have to provide security when they are entered in the Register of Taxable Persons. Such security is usually paid in cash or by setting up a bank guarantee from a bank domiciled on Swiss territory.

The security generally amounts to 3% of expected taxable domestic turnover excluding exports; with a minimum of CHF 2,000 and a maximum of CHF 250,000 required.

The FTA reserves the right to use other calculation methods in special cases.

5 Examples to illustrate the possible tax liability of businesses with their place of business or domicile abroad

Case A

Salvatore Piazzolla has been operating a landscaping business in Milan (IT) for many years, with an annual turnover of the equivalent of CHF 400,000. Previously, he carried out work solely in Italy. In July 2019, he helped a horticulturist friend from Chiasso with landscaping work in Switzerland for a short time. He was paid CHF 8,000 for this, and all materials were provided locally.

Mr Piazzolla's worldwide turnover is CHF 100,000 or more ([Art. 10 para. 2 let. a of the VAT Act](#)) and he must therefore register with the FTA using the online form within 30 days of goods or services first being supplied on Swiss territory in July 2019. It should also be noted that a tax representative domiciled in Switzerland must be appointed and security must be provided. As long as it can be assumed that the assignment in Switzerland was a one-off, Mr Piazzolla can be removed from the Register of Taxable Persons at the end of 2019.

Case B

Mauro Moretti is a self-employed painter. His place of business is in Domodossola (IT). He generates annual turnover of the equivalent of CHF 150,000. His brother Luigi owns a holiday home in Belalp in Switzerland. Mr Moretti was commissioned to repaint the façade of the holiday home in June 2019. He imported the paint and materials from Italy. Mauro Moretti received CHF 18,000 for the job (work including materials).

Mr Moretti's worldwide turnover is CHF 100,000 or more ([Art. 10 para. 2 let. a of the VAT Act](#)) and he must therefore register with the FTA using the online form within 30 days of goods or services first being supplied on Swiss territory (in June 2019). It should also be noted that a tax representative domiciled in Switzerland must be appointed and security must be provided. As long as it can be assumed that the assignment in Switzerland was a one-off, Mr Moretti can be removed from the Register of Taxable Persons at the end of 2019.

Case C

Catering SA, based in Strasbourg (FR), specialises in catering for large events and generates annual turnover of around CHF 1,500,000. Previously, the company operated only in France. On 3 February 2019, it provided catering services for a major event in Basel (CH). Catering SA received CHF 50,000 for this job.

Catering SA's worldwide turnover is CHF 100,000 or more ([Art. 10 para. 2 let. a of the VAT Act](#)). With its assignment in Basel, it provided catering services on Swiss territory ([Art. 8 para. 2 let. d of the VAT Act](#)). With the provision of services on Swiss territory on 3 February 2019, it thus fulfilled the conditions for VAT liability and must register with the FTA using the online form within 30 days. It should also be noted that a tax representative domiciled in Switzerland must be appointed and security must be provided. As long as it can be assumed that the assignment in Switzerland was a one-off, the company can be removed from the Register of Taxable Persons at the end of 2019.

Case D

Tax advisor Maximilian Meier from Düsseldorf (DE) previously had only clients domiciled in

the EU and generated annual turnover of around CHF 300,000. In March 2019, he provided consultancy services to Mr Fischer, resident in Zurich (CH), and received CHF 2,000 in return.

On Swiss territory, Mr Meier only provided services whose place of supply is governed by [Article 8 paragraph 1 of the VAT Act](#) and is therefore exempt from tax liability pursuant to [Article 10 paragraph 2 letter b number 2 of the VAT Act](#) (☞ section 1.1.1).

Case E

P + W Architekten ZT GmbH from Vienna (AT) previously provided services only in Austria and Germany, generating annual turnover of approximately CHF 500,000. Berater GmbH, based in Vienna, is expanding into Switzerland, and therefore commissioned P + W Architekten ZT GmbH to design a building for its new branch in St. Gallen (CH) in May 2019.

P + W Architekten ZT GmbH provided a service whose place of supply is determined in accordance with [Article 8 paragraph 2 letter f of the VAT Act](#), i.e. the place where the property is located; St. Gallen in this case. P + W Architekten ZT GmbH provided a service on Swiss territory and became liable to tax on Swiss territory because its worldwide turnover amounted to CHF 100,000 or more ([Art. 10 para. 2 let. a of the VAT Act](#)). It must register with the FTA using the online form within 30 days of the commencement of the tax liability. It also has to appoint a tax representative domiciled in Switzerland and provide security. After the assignment has been completed, it can request to be removed from the Register of Taxable Persons at the end of 2019 if it can be assumed that the firm will not provide any further services in Switzerland in the near future.

Case F

Gartenbau GmbH from Freiburg (D) previously provided services only in Germany and generates annual turnover of around CHF 400,000. Mr Hänggi from Basel wants to have a swimming pond installed in his garden and commissioned Gartenbau GmbH to do it. Gartenbau GmbH requested an advance payment of CHF 10,000 with an invoice dated 28 March 2019. Mr Hänggi paid the bill at the end of April. Work commenced in Basel at the start of May. The final invoice, which was settled in mid-July 2019, was sent to Mr Hänggi in mid-June.

Gartenbau GmbH's worldwide turnover is CHF 100,000 or more ([Art. 10 para. 2 let. a of the VAT Act](#)). With the assignment in Basel, the company made a supply of goods on Swiss territory ([Art. 7 para. 1 let. a of the VAT Act](#)) and thus became liable to tax. In the case of advance payment requests, primarily the request date is decisive for determining the date the supply is provided. Gartenbau GmbH therefore became liable to VAT on 28 March 2019 and must register with the FTA using the online form within 30 days. It should also be noted that Gartenbau GmbH must appoint a tax representative domiciled in Switzerland and provide security. As long as it can be assumed that the assignment in Switzerland was a one-off, the company can ask to be removed from the Register of Taxable Persons at the end of 2019.

6 Work aid/checklist on receipts and expenditure, and on the overview of assets

The following checklist can be used as an aid for accounting purposes and should serve as a means for collecting the relevant supporting documentation.

Within the framework of the free consideration of evidence ([Art. 81 para. 3 of the VAT Act](#)), other supporting documents may also be used, such as divisional accounting, cost object accounting or cost centre accounting.

6.1 General information on taxable foreign businesses

Activity

Information on activity on Swiss territory if another activity was previously carried out.

6.2 Work aid statement of receipts and expenditure (all values in CHF)

Turnover from supplies

Turnover from supplies of goods and services _____

Other turnover on Swiss territory _____

Cost of goods / materials _____

Cost of services _____

Expenses for third-party goods and services _____

Administrative and advertising expenses _____

Other expenses (description) _____

Expenses where an input tax correction applies _____

6.3 Asset situation questionnaire (all values in CHF)

Liquid assets _____

Trade receivables (debtors) _____

Value adjustment on receivables (collection risk) _____

Inventories / partly finished and finished goods _____

Advance payments _____

Other assets _____

Trade payables (creditors) _____

Other liabilities (please specify)