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# Regulation Changes Affecting Mail-Order Companies from 1 January 2019

**With the partial amendment of the VAT Act, mail-order companies with place of business abroad will be set on equal terms as the companies with place of residence in Switzerland.**

## **Current regulation:**

In principle, mail-order companies delivering into Switzerland are subjected to the Swiss import tax. The person in charge of the customs declaration charges import tax to the consignee (recipient).

For economic reasons, the Federal Customs Administration waives the levy of import tax on consignments with a tax amount of 5 CHF or less (hereinafter referred to as “small consignments”).

A tax amount of 5 CHF corresponds to a value of goods (including consignment costs) of 65 CHF at the normal VAT rate of 7,7%, or 200 CHF at the reduced VAT rate of 2.5% (e.g. books, magazines, food).

## **New regulation as of 1 January 2019:**

If a mail-order company generates a turnover from small consignments of a minimum of 100,000 CHF per year, these consignments will be considered domestic deliveries and the company will be liable for the tax in Switzerland. The tax liability arises when the qualifying turnover is reached.

In order to determine their tax liability from 1 January 2019, a mail-order company must check whether they have reached a minimum turnover of 100,000 CHF from small consignments over the previous 12 months and then also to forecast such provisions over the 12 months from 1 January 2019. On reaching this qualifying turnover, the mail-order company is liable for the Swiss VAT (domestic tax) on all subsequent consignments to customers in Switzerland, and is also liable for VAT for consignments subjected to the import tax.

**The mail-order company must import the goods in their own name from the date they are liable for the tax and, as a result, can deduct the import tax as input tax** (the mail-order company is regarded as the importer).

By means of a [“declaration of subjection: abroad”](#), mail-order companies may voluntarily subject themselves to tax liability before they reach the qualifying turnover. This makes the changeover easier to plan. In order to avoid double taxation, the person charged with the customs declaration must pass on the import tax to the tax liable mail-order company and not the consignee.

If a company or person fulfills the requirements for tax liability, they must register with the Federal Tax Administration. The company or person with place of business abroad must appoint a tax representative with residence or place of business in Switzerland. In addition, a security deposit must be provided by an unlimited joint guarantee from a bank based in Switzerland or by a cash deposit.

If a (domestic or foreign) company is registered for Swiss VAT due to other supplies and services on Swiss territory, and this company also delivers consignments including small consignments from abroad onto Swiss territory, those small consignments are also considered as deliveries abroad. These consignments will be considered as domestic deliveries if the limit of 100,000 CHF per year is reached.

For further information, please do not hesitate to contact us:

- Federal Tax Administration, Information Service: [Contact](#)
- Federal Customs Administration, Roman Kohler: 058 462 65 48