

Create Your Company in Switzerland

As a common rule, the Swiss Constitution allows everyone, including foreign citizens, to conduct business in Switzerland, according to the freedom of trade and industry. Some of the main advantages of establishing your business in Switzerland are the reduced amount of legal “red tape” and the overall efficiency of the system.

At **Tunnel15** we provide professional *advice and lead you through all the steps* necessary to create your company in Switzerland:

1. Decide on the legal structure of your firm

- Limited Liability Company (Sàrl in French, GmbH in German, Srl in Italian)
- Public Limited Company (SA in French, AG in German, S.p.A. in Italian)
- Sole Proprietorship (RI in French, Einzelunternehmen in German, DI in Italian)
- General Partnership (SNC in French, KolG in German, SNC in Italian)
- Simple Partnership (SS in French, eG in German, SS in Italian)

	Limited Liability Company (LLC)	Public Limited Company (PLC)	Sole Proprietors	General Partnership	Simple Partnership
Owners	Minimum one associate	Minimum one shareholder	One person	Two or more partners (individuals)	Two or more partners (foreign and Swiss)
Liability Sharing	LLC's responsible for debts. Shareholders not liable.	PLC is responsible for debts. Shareholders not liable.	Unlimited liability of the owner.	GP is responsible for debts. Partners accountable for GP's liabilities.	SP is responsible for debts. Partners accountable for SP's liabilities.
Obligation to keep records	Yes	Yes	If the annual turnover exceeds CHF 100,000 (exceptions: “free professionals” like doctors)	Yes	Yes
Minimum Capital	CHF 20,000	CHF 100,000 (of which CHF 50,000 paid in)	No	No	No

Auditors	Yes if 2 out of 3 surpassed: -Total Assets of CHF 10mil -Revenue of CHF 20mil -50 full time employees	Yes if 2 out of 3 surpassed: -Total Assets of CHF 10mil -Revenue of CHF 20mil -50 full time employees	No	No	No
Taxation	Only LLC is taxable for income and capital. Shareholders taxable for dividends.	Only PLC is taxable for income and capital. Shareholders taxable for dividends.	Owner taxable for the Firm's and private income and assets.	Partners taxable for their portions of income and assets.	Partners taxable for their portions of income and assets.

2. Ensure the availability of your corporate name

Branches and regional offices have to be registered under the name of the head company. However, any other legal entity can choose its business name freely. The business name has to include information about the firm's legal arrangement and be easily distinguished from company names already in use.

The **availability** of the name can be checked with the Central Business Names Index (www.zefix.ch) delivered by the Federal Commercial Registry Office.

For more information on existing companies and their details:

- <http://www.moneyhouse.ch/en/>
- <http://zefix.ch/>

3. Choose your business domicile

Your domicile (registration address) must exist before you register the company. This domicile is the legal address of your company.

In case you have not found your perfect location, **Tunnel15** offers **domiciliation solutions** in the forms of virtual, shared and fixed offices.

4. Minimum capital deposit

The minimum capital required must be deposited in a Swiss Bank. The amount of capital varies according to the legal structure of the company chosen, as stated above.

LLC: the total amount of CHF 20,000 deposited in a Swiss Bank

PLC: CHF 100,000 minimum capital of which CHF 50,000 paid in and deposited into a Swiss Bank

Sole Proprietors/ GP/ SP: no minimum capital requirements

Branches/ Regional offices: no minimum capital requirements

For more information on banks in Switzerland: www.swissbanking.org.

5. Define the members of the governing groups of the business

In Switzerland, it is necessary to determine the representatives of your company, such as members of a Board of Directors, directors and auditors (if required).

Foreign citizens are eligible to obtain the representative titles with some restrictions: **at least one director**, with exclusive executive signatory status, or two directors with joint executive signatory status, who must be **domiciled in Switzerland**.

- To speed up the domiciliation process, **Tunnel15** may take on the responsibility of managing director representing your company in Switzerland. This includes services such as 24 hour accounting, VAT calculations and tax reports.

6. Submit notarized forms confirming the establishment of your firm

In order to be authorized to conduct business, you need to register your company with the Commercial Registry which gives the firms trading right protection.

This requires contacting a notary public who will need to prepare the necessary documents, authenticate and submit them to the Commercial Registry.

Registration requires a submitted application completed by the ancillary documents required:

- Business name
- Corporate address
- Activities
- Minimum Capital Requirement's approval of payment in an account at a Swiss Bank
- Originators, names of signatories
- Members of governing groups
- Legal auditors (if required) with acceptance letter
- Other members with signatory authority
- Details of the way in which company information will be transferred
- Documents of incorporation
- Shareholder binding agreement (if applicable)

Note: this list is subject to change according to the notary's requests.

If the documents are sent by priority mail, the registration takes 3 to 5 days and by standard mail roughly 7 days.

The fee varies between CHF 600 (for capital of CHF 20,000) and a maximum of CHF 10,000 (the announcement fee is comprised).

In 5–9 days the Commercial Registry will announce the date of the statutes and all names of shareholders in the Swiss Commercial Gazette.

For information on notaries in Switzerland:

- <http://www.sav-fsa.ch/Home-EN.1.0.html?&L=3>
- Geneva: <http://www.odage.ch/>

7. Explain VAT obligation with the Swiss Federal Tax Administration

It is mandatory to be registered with the Federal Social Authority and state the VAT liability to the Swiss Federal Tax Administration within 30 days of meeting the VAT liability requirements.

This can be done only after completing the company registration with the Commercial Registry. However, not all the firms are subject to VAT, special procedures are in place to determine whether the company is subject to that specific tax.

What is the VAT amount? Normally it is set at 8%, subject to some exceptions such as daily consumer goods production (2.5%).

VAT Exemptions: Some companies are not subject to the VAT liability according to the amount of their domestic turnover or the type of transactions/sectors of the turnover:

- Insurance segment
- Health segment
- Educational segment
- Social benefits segment
- Domestic turnover not exceeding CHF 100,000
- Capital and Monetary transactions
- Non-profit charities, sports and cultural organizations with turnover not exceeding CHF 150,000
- Foreign companies with the Swiss income subject only to the acquisition tax

Note: this list is not exhaustive.

Are you subject to VAT? Each legal entity is considered VAT liable if it performs an independent commercial and professional activity. It is irrelevant whether the entity is profit or non-profit.

- Limited Liability Companies (LLC)
- Public Limited Companies (PLC)
- Sole Proprietorship owners
- Simple Partnerships
- General and Limited Partnerships
- Non-profit organizations
- Foreign companies' income in Switzerland

Note: this list is not exhaustive.

As of 01/01/2010, the **limit** for VAT liability is set at CHF 100,000.

Company identification number vs. VAT: As of 01/01/2011, a consistent identification number (UID number) is attributed to each firm. Starting from 01/01/2014 this number will replace the VAT 6-digit number used previously. However, the Swiss Federal Tax Administration already advises companies to use their identification numbers with an extra reference to VAT. Nevertheless, the VAT number still has to be attained independently.

8. Determine audit techniques

For firms registered as Sole Proprietors, GP and SP, there is no obligation to appoint auditors.

As to other legal forms of companies and firms listed on the stock exchange, it is obligatory to have an official audit in place if two out of three following criteria are met:

- Total assets amount above CHF 10 million
- Total revenue above CHF 20 million
- More than 50 full-time employees

Exception: For companies with less than 10 full-time employees, officially appointed auditors are not mandatory.

9. Register your personnel in the Social Security System

After registration with the Commercial Registry, the employer will receive documents from the Social Security Office (Ausgleichskasse) which allows them to register personnel for the retirement and survivors' insurance (AHV), retirement pension (BVG), occupational accident insurance (UVG), and disability insurance (IV).

This registration is mandatory for all employees.

Total Costs of the Procedure

Tunnel 15 offers professional advice and step-by-step assistance in creating your company in Switzerland:

- Total cost of start-up services are between CHF 2800 – 3500 depending on the legal structure chosen by the client.
- Any additional costs are related to whether the client requests **Tunnel15** for day-to-day accounting, VAT calculation, tax reports, and managing director's services.