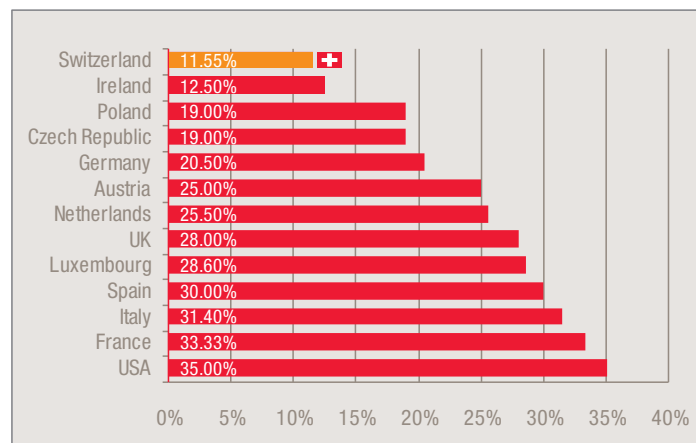


Switzerland: an excellent choice – from a tax and business point of view

Switzerland in international comparison

Compared with other European countries, Switzerland is one of the most attractive locations from a tax as well as from a business point of view.

Corporate tax comparison



The Swiss tax system mirrors Switzerland’s federal structure, i.e. income tax is levied at federal, cantonal and communal level (26 cantons – 26 tax laws). Due to the low tax rates (but not only for this reason) Switzerland represents a very attractive location for foreign businesses.

Low tax rate even for ordinary taxed companies

Examples of effective income tax rates (including cantonal/communal and federal tax) for ordinary taxed companies:

Canton	City	Effective income tax rate
Schwyz	Wollerau	11.56% (lowest rate in Switzerland)
Appenzell Ausserrhoden	Herisau	12.66%
Obwalden	Sarnen	12.66%
Zug	Zug	15.38%
Schaffhausen	Schaffhausen	15.96%
Lucerne	Lucerne	15.96%
Zurich	Zurich	21.17%
Basel	Basel	22.78%
Geneva	Geneva	24.18%

Very advantageous tax rates for privileged companies

Special tax status is available for holding companies, domiciliary companies, mixed companies and principal companies:

Tax Status	Effective income tax rate
Holding company	7.834%
Principal/Domiciliary/Mixed company	4%–11%

Other tax highlights

Some of the tax highlights which characterise the Swiss tax system:

- unique relationship with the Swiss tax authorities and valuable ruling practice
- tax holidays available for newly set up businesses (in certain regions)
- tax neutral group internal reorganisations possible
- tax loss carry forward period of seven years
- full exemption of foreign PE income, losses from foreign PE deductible in Switzerland
- excellent double tax treaty network and access to EU agreements
- no CFC rules
- low individual income taxes
- easy tax law
- off-set of income tax with capital tax in many cantons
- additional benefits to come (e.g. planned amendment of participation relief, abolishment of stamp duty, etc.)



International headquarters

Switzerland is an excellent location for international headquarters, entrepreneurial, trading and financing activities. Many MNC's have already taken benefit of this. Switzerland is high ranking both for hard and soft factors such as:

Your contacts in Switzerland

Carl Bellingham
PwC Lausanne
Partner, Value Chain Transformation
Tel. +41 58 792 81 29
carl.bellingham@ch.pwc.com

Nicolas Bonvin
PwC Lausanne
Partner, Transfer Pricing
Tel. +41 58 792 83 08
nicolas.bonvin@ch.pwc.com

Salim Damji
PwC Geneva
Partner, Transfer Pricing
Tel. +41 58 792 93 37
salim.damji@ch.pwc.com

Benjamin Koch
PwC Zurich
Partner, Transfer Pricing
Tel. +41 58 792 43 34
benjamin.koch@ch.pwc.com

Norbert Raschle
PwC Zurich
Partner, Transfer Pricing
Tel. +41 58 792 43 06
norbert.raschle@ch.pwc.com

Hard factors	Soft factors
Stable and reliable political and legal environment	Excellent quality of life and safe environment
Qualified labour market	Distance to major international airports
Excellent infrastructure	Located in the heart of western Europe
Flexible labour laws, reasonable trade unions	High level social security system
Access to highly developed Swiss banking system and capital market	Very good public and private schools and international communities
Moderate tax rates	Government support
Multilingual	Business friendly environment

Holding company status – attractive special tax regime

- Switzerland is one of the most attractive locations for top and intermediate holding companies, granting special tax status for an unlimited period of time.
- To qualify as a Swiss holding company only a few, clearly defined conditions have to be met which can easily be fulfilled.
- Tax benefits such as the following can be achieved by a qualifying holding company:
 - exemption from cantonal/municipal income taxes for all type of income (i.e. also finance income) with the exception of income from Swiss real estate
 - effective tax rate of 7.83 % (i.e. federal income tax rate). Further reduction can be achieved by means of participation relief on qualifying dividends and capital gains (i.e. effective tax rate close to 0% achievable for mere holding companies).
 - reduced capital tax on cantonal/municipal tax level.