

Emergency cash tax points for Swiss companies and groups

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As a company operating or a group headquartered in Switzerland, you should consider the following short-term measures (in Switzerland and abroad) to protect your global cash tax position in these unprecedented times.

1. Review, reduce and reclaim tax prepayment

a) Review tax provision based on latest projections and request amended tax invoices:

- Update your FY20 projections
- Review provisional tax payments versus updated projected tax payments
- Request amended tax invoice with your local tax authorities

b) Ask for a refund of excess tax prepayments:

- Check if prepayments made are too high and request for a refund

2. Delay tax payments

a) Request deferred payments of taxes due:

- Check when tax liabilities (e.g. for last FYs) are due to be paid
- Apply with local tax authorities to defer such tax payments based on your overall crisis management

b) Defer tax payments by managing filing deadlines:

- Check when your (annual) tax returns are due to be filed
- Apply for an extension of filing deadline with your local tax authorities

c) Defer tax payments by managing tax audit deadlines:

- Obtain an overview about ongoing or announced tax audits
- Apply with local tax authorities to defer tax audits based on limited resources

3. Reduce penalties for late filing or late payments

- Understand payment due dates
- Understand applicable interests for provisional and final tax invoices
- Assess which payments can be deferred
- Assess whether a tax payment waiver might be possible

4. Increase and accelerate tax refunds by managing tax losses

- Obtain an overview of your tax losses
- Review how tax losses might be used most effectively (reduce dividend income, account tax deductible provisions, etc)
- Apply with your local tax authorities to amend tax payments if you expect tax losses

5. Reduce and reclaim withholding taxes (WHT)

a) Reduce withholding tax (WHT) payments:

- Obtain an overview of payments which (might) result in WHT (i.e. dividends, interest, royalties)
- Check if WHT exemption/reduction certificates are up to date
- If not: apply for (renewals of) WHT exemption
- Consider to defer (dividend, interest, royalty) payments
- In case of pending WHT applications: contact tax authorities to issue certificate

b) Request WHT refunds:

- Obtain an overview of WHT being paid
- Check treaty relief from WHT
- Apply for such relief certificates and WHT refunds with local or federal tax authorities immediately
- In case of pending WHT applications: contact local or federal tax authorities to issue certificate and ask for a WHT refund

c) Apply lump sum tax credit:

- Consider to claim lump sum tax credit for the past 3 years

6. Accelerate input and output VAT

- Filing of VAT returns immediately after end of period in case of refund positions
- In case of VAT debit ask for extended payment period at tax authority
- Postpone payment of VAT due without late payment interest and penalties in 2020 where possible
- Review of the booking processes regarding purchase invoices to ensure earliest possible recovery of input VAT
- Review of ARs concerning irrecoverability and corresponding reduction of output VAT (bad debt relief)
- Review of input VAT pro rata and direct allocations regarding possible methods to increase input VAT recovery
- Agreements with clients regarding assignment of input (VAT) claim and settlement against the output with the authorities including application for deferment of interest
- Change to monthly VAT filing to speed up VAT refund (in case of regular VAT refund position)

7. Reduce import VAT and manage new value chains

- Ask for special import procedure to declare import VAT in VAT return as reverse charge
- VAT (no cash payment required)
- Ask for a deferment account at the customs authorities to avoid prepayment of import VAT before input VAT refunded by the tax authorities
- Review of the value chains and possible optimisation in case of necessary adjustment of the current situation (caused by failure of deliveries due to Corona)
- Review of VAT consequences in case of switch to online trading or changed types of products (e.g. VAT rates)