

Swiss VAT

Switzerland.com/meetings

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Facts and figures

VAT rates

Switzerland has three VAT rates:

Standard rate	Reduced rate	Special rate
8.1%	2.6%	3.8%
General tax rate applicable to supplies and services (e.g. consultancy, trade fair admission, sale of goods)	Food, newspapers, magazines and books Take-away food and non-alcoholic beverages Admission to sports and cultural events, if VAT is paid voluntarily	Hotel stays in Switzerland including breakfast

The applicable tax rate is not determined by the date of invoicing or payment, but by the date on which the service is provided. In the case of periodic services, the entire period of service provision is relevant.

If services are provided that are subject to both the previous and the new tax rates due to the period in which they were provided, a breakdown must be made on the invoice (date/period of service provision and amount share). If this is not the case, the entire invoiced services must be charged at the new tax rates. In this context, it is worth consulting an experienced advisor in Switzerland for support.

VAT liability

a) Mandatory VAT liability

The determination of mandatory VAT liability is based on the turnover achieved worldwide. Anyone who generates more than CHF 100,000 in turnover within a year in Switzerland and abroad from services that are not exempt from Swiss VAT generally establishes a mandatory VAT liability and must be entered in the register of VAT payers. Turnover and business transactions relevant for VAT liability are, for example:

- Sale of goods in Switzerland (books, equipment, decoration materials, etc. in Switzerland [Liechtenstein also counts as Swiss territory for VAT and customs purposes]);
- Renting of objects in Switzerland;
- Renting and subletting of stand space at exhibitions;
- Services and turnover in the hotel and catering sector (accommodation, food, drinks, etc.);
- Passenger transport services in Switzerland;
- Some services in the field of science, culture and sport (admission to physical participation in events in Switzerland).

Since 1 January 2019, anyone who delivers / sells small consignments exempt from import tax from abroad to Switzerland in the amount of at least CHF 100,000 per year is also liable to pay tax in Switzerland.

Companies based abroad must check whether they are exempt from VAT liability in Switzerland (in the case of exclusively generating exports, services with a place of performance at the recipient's domestic registered office [pure organisational services for events / occasions or classic consulting services], etc.). If the turnover limit is not reached, voluntary registration can also be applied for.

b) Consequences of VAT liability

Obligation to register: If the above requirements are met, the company must register in Switzerland in the register of VAT payers. The mandatory VAT and therefore registration obligation generally begins from the time of the first supply of services. In the case of a voluntary VAT obligation, registration can be made at the earliest at the beginning of the current tax period (= calendar year), but not before the first service is provided.

Appointment of a tax/fiscal representative: Taxable persons without a place of residence/business (hereinafter: 'domicile') in Switzerland must appoint a representative domiciled in Switzerland to fulfil their procedural obligations. Such services are offered by fiduciary and tax consulting companies, such as PwC. However, representation can also be provided by group companies domiciled in Switzerland.

Provision of a security: VAT taxable persons not domiciled in Switzerland who are not entered in the Swiss commercial register must provide a security when they are entered in the register of VAT taxable persons; in cash or by issuing a bank guarantee with a bank domiciled in Switzerland. The security is generally calculated at 3% of the expected taxable domestic turnover (excluding exports). The minimum amount of the security is CHF 2,000, the maximum amount CHF 250,000.

Settlement and declaration of VAT: This is generally done on a quarterly basis by electronically submitting the tax form (so-called quarterly statements) in the ePortal of the Federal Tax Administration.

Input tax deduction: The VAT incurred and paid in Switzerland on invoices from third parties can generally be deducted as input tax in the quarterly statement if the expense or investment is related to a business activity that entitles the deduction of input tax (taxable or tax-exempt turnover). No input tax deduction can be claimed if the expenses/costs are used to generate sales that are exempt from VAT.

c) Consequences in the absence of VAT liability

Acquisition tax («Reverse charge»): If a company domiciled abroad that is not entered in the Swiss VAT register provides services (with the exception of telecommunications or electronic services to non-taxable recipients) to a recipient domiciled in Switzerland and if the service is deemed to have been provided from a Swiss VAT perspective at the location where the recipient of the service has the registered office of the economic activity or a permanent establishment for which the service is provided, the recipient of the service must pay tax on the service with the so-called acquisition tax (analogous to the 'reverse charge procedure' in the EU). The same applies to the supply of immovable property in the country, which is not subject to import tax. Note that the transfer of such property for use or consumption is excluded. The services subject to the acquisition tax at the recipient's end do not trigger any mandatory VAT liability on the part of the foreign company providing the services.

The transfer of emission allowances, certificates and attestations for emission reductions, guarantees of origin for electricity and similar rights, attestations and certificates is subject to the acquisition tax if they are transferred by companies based, residing or operating in Switzerland, even if the recipient is based in Switzerland.

VAT refund procedure: Foreign companies that are not subject to VAT in Switzerland and do not provide services in Switzerland (there are exceptions to this rule) can reclaim Swiss VAT invoiced to them via a VAT refund procedure. This procedure is subject to various formal requirements and conditions that must be observed. It is necessary to check in each individual case whether the requirements are met.

In principle, the procedure requires the appointment of a tax/fiscal representative (e.g. a fiduciary/tax advisory firm such as PwC). Furthermore, the original invoice receipts must be available, and the reclaimed VAT amount must be at least CHF 500 per calendar year. In addition, there must be reciprocity between Switzerland and the country in which the applicant is domiciled. The deadline for submitting refund applications is 30 June of the following year.

Please note: VAT is not refundable on expenses for private purposes or for purposes not justified by the company. The following, for example, are considered to be such: trips lasting several days, such as a skiing or hiking weekend; holidays of the business owner in Switzerland; hobby, pastime.

Travel agencies based outside Switzerland are not entitled to a refund of Swiss VAT charged on goods and services purchased in Switzerland and invoiced to customers. The reimbursement of VAT on other costs that are not passed on as such (e.g. expenses of travel agency employees or Swiss import tax on vehicles used for baggage transport for travellers) is governed by the other provisions of the reimbursement procedure.

Definitions and general notes

a) Incentive

Incentives are events or trips that are used by companies to influence, motivate or reward individuals (e.g. employees, customers, business partners, politicians). These events are usually very lavishly organised and have a VIP character.

b) PCO (Professional Congress Organiser)

A Professional Congress Organiser (PCO) is a company specialising in the planning, organisation and execution of congresses, conferences, seminars and similar events. A PCO offers a complete service: design, tendering, registration, budgeting and budget control, booking of venues and room blocks, IT support, marketing, speakers, exhibition, etc.

c) AMC (Association Management Company)

An Association Management Company (AMC) offers specialised services for associations and professional organisations, such as strategic planning, financial management, membership development, marketing and public relations, and planning and organising conferences and events.

d) Congresses – VAT qualification

Fees for physical attendance at conferences in Switzerland (and in Liechtenstein) are generally taxable at the standard rate. However, if the event (e.g. symposia, conferences, workshops, etc.) is of a scientific or educational nature, the attendance fees are exempt from VAT (although they can be taxed voluntarily).

An event is considered to be of a educational nature if the primary objective is to impart or develop knowledge among the participants or with the participants.

They qualify as scientific events if their primary purpose is to gain and evaluate new knowledge in a particular field with a specialist audience.

Courses, lectures and other events of a scientific or educational nature are considered educational services if the scientific or educational element is in the foreground.

Please note: however, admission to events in the area of entertainment, amusement, casual leisure activities, socialising, joint activities, sporting activities, etc. are not exempt from VAT if the primary purpose of such activities is not the imparting of knowledge, but rather the experience of an adventure. The VAT treatment of the attendance fees can be submitted to the Federal Tax Administration, Main Division for VAT, for review and approval. In this context, it is worth seeking the assistance of an experienced adviser in Switzerland.

1 Association/institutional congresses

Types of events

- Medical congresses
- Scientific congresses
- Business (professional associations from the financial, insurance and telecommunications sectors, ITI, etc.)
- Politics (transport, environment, humanitarianism, sport, ecology, etc.)

Organiser

- International/European/Swiss association, institution, university/tertiary institution, federal office
- PCO (Professional Congress Organiser)
- AMC (Association Management Company)

VAT qualification and consequences

a) Pure organisational services

In principle, services consisting of organising events (developing the concept, preparation, coordination, negotiations with sponsors and speakers, handling the tendering process for the event, handling the registration process, collection, accounting) for a third party are taxable services at the standard rate. The services are deemed to have been provided at the place where the recipient of the services has its registered office or a permanent establishment.

However, organisational services in connection with educational events that are exempt from VAT are also exempt from VAT under certain conditions. It is important to check in each individual case whether the conditions are met.

Please note: pure organisational services do not, in principle, trigger any VAT liability for foreign companies in Switzerland. However, if the foreign service provider is registered for VAT purposes in Switzerland, the service provided to the recipient domiciled in Switzerland must be invoiced with Swiss VAT.

b) Services in connection with the organization of conferences

From the perspective of Swiss VAT law, services must always be analysed individually with regard to their tax classification.

- Participation/registration fees: These generally qualify as taxable at the standard rate if the event is not of a non-scientific/educational nature. The service provided directly to persons physically present at the event is deemed to have been provided at the location where the event is taking place.
⇒ These services generally trigger VAT liability for events in Switzerland.

- If both physical attendance at the venue and virtual attendance or participation (e.g. via live streaming) are possible when attending conferences (hybrid services), the place of performance is determined as follows:

If the recipient of the service (participant) decides to participate online when purchasing the service, the place of performance is based on the registered office of the recipient of the service.

- If participation in the conference is interactive (so that there is no electronic service), such services do not, in principle, trigger any VAT liability in Switzerland for foreign companies. However, if the foreign service provider is registered for VAT purposes in Switzerland, the service provided to the recipient domiciled in Switzerland must be invoiced with Swiss VAT, provided that no educational services (event of an educational/scientific nature) are involved. Interactive participation in a conference requires that each conference participant be able to ask technical questions online regarding the content of the conference to a direct expert contact of the service provider (e.g. speaker) and receive an individual, personal, non-automated answer or engage in a technical exchange with the speaker. Whether or how often the individual conference participant makes use of this opportunity is not relevant for the tax qualification.

If the recipient of the service (participant) chooses to attend the event on site, the place of performance is based on the venue of the event.

- These services generally trigger a VAT liability for events in Switzerland.

If hybrid participation (i.e. partly on-site and partly online) is prescribed or if the recipient of the service (participant) does not have to decide when purchasing the service offering whether they will participate on-site or online, the place of performance is based on the location of the recipient of the service.

- If participation in the conference is interactive (so that there is no electronic service), such services do not, in principle, trigger any VAT liability in Switzerland for foreign companies. However, if the foreign service provider is registered for VAT purposes in Switzerland, the service provided to the recipient domiciled in Switzerland must be invoiced with Swiss VAT, provided that no educational services (event of an educational/scientific nature) are involved. Interactive participation in a conference requires that each conference participant be able to ask technical questions online regarding the content offered to a direct technical contact of the service provider (e.g. speaker) and receive an individual, personal, non-automated answer or take part in a technical exchange. Whether or how often the individual conference participant makes use of this opportunity is not relevant for the tax qualification.
- Exhibition space: The fee for renting exhibition space is taxable at the standard rate. The service is deemed to be provided at the location where the space is situated.
 - These services generally trigger VAT liability.

- Sponsoring/advertising: Advertising services (for which sponsoring amounts are invoiced) qualify as services taxable at the standard rate. They are deemed to have been provided at the place where the recipient of the service has the registered office or a permanent establishment for which the service is provided.
 - ⇒ These pure advertising services alone do not trigger any VAT liability in Switzerland for foreign service providers (providers of advertising services). The domestic recipient of the services (sponsor / payer) must declare the acquisition tax.

In the case of sponsoring and advertising services, countervailing transactions often take place. For example, the 'sponsor' receives tickets for the event, free meals, etc. In this case, services (advertising services) and countervailing services are provided. These are to be assessed individually for each service provider for VAT purposes under Swiss VAT law.

- ⇒ Countervailing transactions can trigger a mandatory VAT liability for the individual parties.
- Invoicing of various costs to third parties (e.g. exhibitors), such as infrastructure, technology, hotel, catering, etc. These are taxable in Switzerland. The tax rate is determined by the service (general services 8.1%, hotel e.g. 3.8%; see Facts & Figures, VAT rates above).
 - These services generally trigger VAT liability.

c) VAT liability for exhibitors

- In principle, foreign exhibitors are subject to a mandatory value added tax liability in Switzerland if they sell goods in Switzerland, in particular at the exhibition stands during the exhibitions (see above Facts & Figures, Value Added Tax Liability, Section a).
- With the registration, Swiss VAT (import tax, domestic tax) can be deducted as input tax.

2 Corporate meetings

Types of events

- Meetings
- Seminars
- Workshops
- Company incentives

Organiser

- The company itself (e.g. internal events department)
- An external agency

VAT qualification and consequences

a) The company itself (e.g. internal events department) organises meetings, seminars and workshops

- Intra-company cost allocation (within the same legal entity) has no VAT consequences. The company can reclaim the VAT incurred in Switzerland as follows:
 - Registered in Switzerland: input tax can be deducted in the quarterly returns;
 - Not registered in Switzerland: input tax deduction possible as part of the VAT refund procedure (see above, Facts & Figures, VAT liability, point c).
 - Organisation is not generally liable to VAT in Switzerland.
- Please note: However, if the costs are charged to another group company, these pure organisational services are generally taxable at the standard rate. The services are deemed to have been provided at the place where the recipient of the services has its registered office or a permanent establishment. However, if additional third-party costs for catering, infrastructure, hotel rooms, etc. are passed on to the group company(ies), these costs are generally taxable at the corresponding tax rate (see above Facts & Figures, VAT rates).
 - In principle, pure organisational services do not trigger any VAT liability for foreign companies in Switzerland. However, if the foreign service provider is registered for VAT purposes in Switzerland (e.g. for passing on third-party costs), the service provided to the recipient domiciled in Switzerland must be invoiced with Swiss VAT. In principle, the passing on of third-party costs triggers a VAT liability and the services are taxable in Switzerland.

b) The company itself (e.g. internal events department) organises incentives

- In principle, the above statements in point a) apply.
- Please note that input tax can only be deducted in the context of entrepreneurial activities that entitle the taxpayer to a deduction (i.e. activities that are generally taxable and not exempt from VAT under Swiss VAT law). If the expenses are incurred for private purposes or for purposes not justified by the business, the deduction or refund is excluded. Such purposes may include, for example, trips lasting several days, such as skiing or hiking weekends; hobbies. Expenses and gifts to employees that are not in proportion to the business activity also do not entitle the business to deduct input tax
- The organisation (of meetings, seminars and workshops) does not constitute a VAT liability in Switzerland.

c) An external agency organises meetings, seminars and workshops

- Organisational services (development of the concept, preparation, coordination, negotiations with sponsors and speakers, handling the tendering of the event, handling the registration process) for a third party generally constitute taxable services at the standard rate. The services are deemed to have been provided at the place where the recipient of the services has its registered office or a permanent establishment.
- In principle, pure organisational services do not trigger any VAT liability for foreign companies in Switzerland. However, if the foreign service provider is registered for VAT purposes in Switzerland (e.g. for the purpose of charging third-party costs), the service provided to the service recipient domiciled in Switzerland must be invoiced with Swiss VAT. For the billing of third-party costs, it must be determined for each service whether it is deemed to have been provided in Switzerland.
- In principle, the services can trigger a VAT liability for foreign companies in Switzerland.
- The organiser (external agency) can generally deduct Swiss VAT as input tax, either in the quarterly settlement or in the refund procedure. However, the input tax refund procedure should only be used if the organiser/external agency has only incurred Swiss input tax on employee expenses (e.g. accommodation costs, taxi fares, meal costs, costs for drinks). The Swiss input tax on third-party costs that the external agency passes on to the organiser (from services that are deemed to have been provided in Switzerland and are therefore subject to Swiss VAT for the external agency and trigger its VAT liability in Switzerland) must be deducted by the external agency in the input tax calculation process – in the quarterly statement.
- The company placing the order can deduct or reclaim the Swiss VAT invoiced to it as follows:
 - Registered in Switzerland: input tax can be deducted in the quarterly returns;
 - Not registered in Switzerland: input tax deduction possible within the framework of the VAT refund procedure (see above Facts & Figures, VAT liability, point c).

3 Agency/meeting planner

a) Pure organisational services

- Organisational services (concept development, preparation, coordination, negotiations with sponsors and speakers, handling the tendering process for the event, handling the registration process, collection, accounting) for a third party generally constitute taxable services at the standard rate. The services are deemed to have been provided at the place where the customer has its registered office or a permanent establishment.
- In principle, pure organisational services do not trigger any VAT liability for foreign companies in Switzerland. However, if the foreign service provider is registered for VAT purposes in Switzerland (e.g. for the purpose of passing on third-party costs), the service provided to the service recipient domiciled in Switzerland must be invoiced with Swiss VAT.

b) Invoicing of third-party costs

- For the offsetting of third-party costs, it is necessary to check whether each service is deemed to have been provided in Switzerland.
 - ⇒ The benefits can, in principle, trigger a VAT liability for foreign companies in Switzerland.
- The organiser can generally deduct Swiss VAT as input tax, either in the quarterly return or in the refund procedure. However, the input tax refund procedure should only be used if the organiser has only incurred Swiss input tax on employee expenses (e.g. accommodation costs, taxi fares, meal costs, costs for drinks). The Swiss input tax on third-party costs that the organiser passes on to the event organiser (from services that are deemed to have been provided in Switzerland and are therefore subject to Swiss VAT for the organiser and trigger his VAT liability in Switzerland) must be deducted by the organiser in the input tax calculation procedure – in the quarterly statement.
- The contracting company can deduct or reclaim the Swiss VAT invoiced to it as follows:
 - Registered in Switzerland: input tax deduction possible in the quarterly returns;
 - Not registered in Switzerland: input tax deduction possible as part of the VAT refund procedure (see above Facts & Figures, VAT liability, point c).