

# Swiss VAT

Switzerland.com/meetings

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## **VAT liability for turnover in excess of CHF 100,000 throughout the year/worldwide:**

Since 1 January 2018, anyone who generates more than CHF 100,000 in revenue from services (supplies and services) within one year in Switzerland and abroad that are not exempt from VAT in accordance with Art. 21 para. 2 of the Swiss VAT Act (MWStG) is subject to mandatory tax liability. For companies based outside Switzerland that provide services in Switzerland, the global turnover is therefore decisive for the assessment of tax liability. Foreign entrepreneurs (such as exhibition stand construction companies) may become liable to tax in Switzerland on the basis of their worldwide turnover of over CHF 100,000 from the 'first franc of turnover', irrespective of the actual turnover in Switzerland, provided that the worldwide turnover already exceeds the limit of CHF 100,000.

With this change, by including domestic and foreign sales when determining mandatory tax liability, the legislator has eliminated the competitive disadvantage that existed before 2018 for domestic companies compared to foreign companies.

Mere event organisation services (development of 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 deemed to have been provided at the location where the recipient of the service has its place of business or a permanent establishment for which the service is provided.

The provision of pure organisational services does 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.

## **Taxation of attendance fees:**

In principle, fees for physical attendance at an event in Switzerland are subject to VAT, unless they are events of a scientific or educational nature that are exempt from the tax => for further advice, a precise assessment and, if necessary, discussion of the facts is required in advance.

## **Taxation of exhibitors:**

If the exhibitor is a foreign company that generates a worldwide turnover of over CHF 100,000 and carries out taxable transactions in Switzerland, the tax liability is generally given => for further advice, a precise assessment and, if necessary, discussion of the facts is required in advance.

## **Taxation of sponsors:**

Sponsorship services are taxable services because the recipient of the sponsorship money provides advertising services to the sponsor in return. The place of supply of these services is determined by the recipient location principle. If a foreign exhibitor receives sponsorship money from a domestic sponsor and the foreign exhibitor then advertises for the sponsor, this constitutes taxable remuneration. If the exhibitor is not liable for VAT in Switzerland, the domestic sponsor must pay Swiss acquisition tax (VAT) on the sponsorship funds (analogous to the 'reverse charge procedure' in the EU). In the case of domestic partners, there is generally always a taxable exchange of services.

## **VAT reimbursement:**

If the foreign person is not per se liable for VAT, they can in principle – subject to further conditions – submit the input tax refund application to the Federal Tax Administration.

## **Medical congresses: Are the conference fees exempt from VAT?**

Fees for physical attendance at an event in Switzerland are generally taxable. If the medical congresses are so-called 'other events of a scientific or educational nature', they are exempt from tax under Art. 21 para. 2 no. 11 let. b of the VAT Act. Such events are educational if the primary objective is to impart or develop new knowledge to or with the participants. An event is considered scientific if its primary purpose is to gain and evaluate new knowledge in a specific 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 the main focus. If there is no educational or scientific purpose, both the attendance fees and the speaker's fees are taxable. If the congress qualifies as an educational event, the tax-exempt attendance fees can be voluntarily made subject to tax by means of an option.

## Tax rate as per 1 January 2024

Switzerland has three VAT rates:

<b>Standard rate</b>	<b>Reduced rate</b>	<b>Special rate</b>
<b>8.1%</b>	<b>2.6%</b>	<b>3.8%</b>
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 determined neither by the date of invoicing nor by the date of payment, but by the date of performance. For periodic services, the entire period of performance is relevant.

If services are invoiced that are subject to both the previous and the new tax rates due to the period of time over which they are provided, the invoice must show a breakdown (date/period of service provision and amount). If this is not the case, the entire invoiced services are to be settled at the new tax rates. In this context, it is worth seeking the support of an experienced consultant in Switzerland.

## Customs regulations

It is possible to import and export items such as machines from abroad for the purpose of temporary use free of tax – application of the corresponding customs procedure is required. => For further consulting, a precise assessment of the facts and, if necessary, a discussion of the facts is required in advance.

## Weblinks:

[What is value added tax](#)

[VAT declaration](#)

[Remuneration of the value added tax](#)

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Mrs. Daniela Heim

Phone +41 58 792 55 15

[daniela.heim-schenker@pwc.ch](mailto:daniela.heim-schenker@pwc.ch)