



Swiss VAT.

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Facts and figures

VAT rates

Switzerland has three VAT rates:

Standard rate (7.7%)	Reduced rate (2.5%)	Special rate (3.7%)
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

VAT liability

a) Mandatory VAT liability

The determination of mandatory VAT liability is based on turnover generated worldwide. Anyone who within one year generates turnover of more than CHF 100,000 on Swiss territory and abroad from supplies that are not exempt from the tax is generally liable to mandatory Swiss VAT and must be entered in the VAT Register. Examples of turnover and business transactions that are liable to VAT include:

- Sale of goods in Switzerland (books, appliances, decorative materials, rental of items in Switzerland, etc.);
- Rental and subletting of stand space at exhibitions and such like;
- Supplies and turnover in the hotel and catering industry (accommodation, food, beverages, etc.);
- Passenger transport in Switzerland;
- Certain services in the field of science, culture and sport (admission to events in Switzerland).



Companies based abroad must be assessed to determine whether they are exempt from VAT in Switzerland (in the case of the exclusive provision of exports, services with place of performance at the recipient's registered office on Swiss territory [traditional consultancy], etc.). If turnover is below the defined threshold, voluntary registration may also be applied for.

b) Consequences of VAT liability

- Mandatory registration: If the above conditions are fulfilled, companies must be entered in the Swiss VAT Register. The obligation to pay VAT and register generally begins when a service is being provided for the first time. In the case of voluntary VAT liability, registration is possible from the beginning of the current tax period at the earliest, but not before a service is being provided for the first time.
- Appointment of a tax representative: Taxable persons without a domicile, registered office or permanent establishment (hereinafter "based") on Swiss territory must appoint a representative based on Swiss territory to perform their procedural obligations. Such services are offered by fiduciary and tax consultancy firms such as PwC. However, representation may also be provided by group companies based on Swiss territory.
- Provision of security: Persons liable to VAT not based on Swiss territory and not entered in the Swiss Commercial Register must provide security upon entry in the VAT Register, either in cash or by issuing a bank guarantee at a bank based on Swiss territory. Security is calculated at 3% of expected taxable domestic turnover (excluding exports). The minimum security amount is CHF 2,000, the maximum CHF 250,000.
- Reporting and declaration of VAT: This is generally performed quarterly by submitting a tax form (quarterly return), currently in paper form or electronically.
- Input tax deduction: VAT incurred and paid in Switzerland on third-party invoices may generally be deducted as input tax in the quarterly return if the expense is related to a business activity entitling an input tax deduction (taxable or tax exempt turnover). No input tax deduction may be made where the expenditure is used to generate turnover exempt from VAT.

c) Consequences in the absence of VAT liability

- Acquisition tax ("reverse charge"): If a company based abroad and not entered in the Swiss VAT Register supplies services to a recipient based on Swiss territory, and the service is deemed to be supplied for Swiss VAT purposes at the place where the recipient of the service has its registered office of business activity or a permanent establishment for which the service is provided, the recipient of the service must pay tax on the service in the form of the so-called acquisition tax (analogous to the reverse charge procedure in the EU). The same applies to supplies of immovable goods on Swiss territory that are not subject to import tax. This excludes the making of such goods available for use or exploitation. Services subject to acquisition tax do not trigger mandatory VAT liability on the part of the foreign company.
- VAT refund procedure: Foreign companies that are not liable to VAT in Switzerland and do not supply services in Switzerland (subject to exceptions) may generally reclaim the Swiss VAT invoiced to them via a VAT refund procedure. This procedure is subject to various formalities and conditions. It must be checked on a case-by-case basis whether the conditions are fulfilled.

In principle, the procedure requires the appointment of a tax representative (e.g. a fiduciary/tax consultancy firm such as PwC). Furthermore, the original invoice documents must be available and the VAT amount reclaimed must be at least CHF 500 per calendar year. In addition, there must be a reciprocal law between Switzerland and the state in which the applicant is based. The deadline for submitting applications for reimbursement is 30 June of the following year.



Note: A refund of VAT on expenditure for private purposes or purposes not justified by business is excluded. Examples include excursions lasting several days, such as skiing or hiking weekends, holidays taken by the business owner in Switzerland, hobbies and leisure activities.

Travel agencies and event organisers based abroad are not entitled to refunds of Swiss VAT if they pass this on to the customer. The refund of VAT amounts on other costs that are not passed on as such (e.g. expenses of the travel agency or event organiser) shall be governed by the other provisions of the refund procedure.

Definitions and general notes

Congresses – VAT qualification

Attendance fees for congresses are generally taxable at the standard rate. However, if the event (symposium, congress, workshop, etc.) is of a scientific or educational nature, attendance fees are exempt from VAT (although they may be taxed voluntarily).

An event is considered to be of an educational nature if the primary objective is to convey knowledge to the participants or develop the knowledge thereof.

It is considered to be of a scientific nature if the primary objective is to acquire and evaluate knowledge about a specific field with an audience of experts.

Courses, lectures and other events of a scientific or educational nature are regarded as educational services if the scientific or educational element is prioritised.

Note: Admission to events in the field of entertainment, amusement, individual leisure activities, socialising, joint pursuit of an activity, sporting activities, etc. is not exempt from VAT if the primary objective of such activities is not to impart knowledge but to offer an experience and/or adventure.

- ⇒ The VAT qualification of attendance fees may be submitted to the Federal Tax Administration, VAT Department, for examination or approval. In this context, it is worth consulting an experienced consultant in Switzerland for support.



1 Association/institutional meetings (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, e.g. MCI)
- AMC (association management company)

VAT qualification and consequences

a) Pure organisational services

Pure organisational services for congresses (elaboration of the concept, preparation, coordination) for a third party generally constitute taxable services at the standard rate. The services are deemed to be supplied at the place where the supplier is based or has a permanent establishment.

⇒ No Swiss VAT is owed if the supplier is based abroad. In this case, these services do not trigger VAT liability on the part of the foreign company in Switzerland.

However, organisational services in connection with educational events exempt from VAT are exempt from VAT under certain conditions. It must be checked on a case-by-case basis whether the conditions are fulfilled.

Note: If the service in question does not relate to organisation as a whole (e.g. only the organisation of advertising, general advice), the service is deemed to be supplied at the place where the recipient of the service is based or has a permanent establishment for which the service is provided.

⇒ The services do not generally trigger VAT liability on the part of foreign companies in Switzerland. However, if the foreign supplier is registered in Switzerland for VAT purposes, the service must be invoiced to the recipient based on Swiss territory with Swiss VAT.

b) Services in connection with the holding of congresses

For the purpose of Swiss VAT law, services must always be analysed individually with regard to their tax qualification.

- Attendance/registration fees: These qualify in principle as taxable at the standard rate if the event is not of an educational/scientific nature. The service is deemed to be supplied at the place where the event takes place.
 - ⇒ These services generally trigger VAT liability for events in Switzerland.



- Exhibition space: The fee for the rental of exhibition space is taxable at the standard rate. The service is deemed to be supplied at the place where the space is located.
 - ⇒ These services generally trigger VAT liability.
- Sponsoring/advertising: These services qualify as taxable services at the standard rate. They are deemed to be supplied at the place where the recipient of the service is based or has a permanent establishment for which the service is provided.
 - ⇒ These pure sponsoring services alone do not generally trigger VAT liability. The recipient in Switzerland is responsible for declaring the acquisition tax.

Sponsoring and advertising services often involve countertrade, whereby the sponsor receives admission tickets for the event or free catering, for example. These must be assessed individually for tax purposes under Swiss VAT law.
 - ⇒ Countertrade may trigger mandatory VAT liability on the part of the individual parties.
- Invoicing of various costs to third parties (e.g. exhibitors), such as infrastructure, technology, hotel and catering. These are generally taxable in Switzerland. The tax rate is determined by the service supplied (general services 7.7%, hotel, etc. 3.7%).
 - ⇒ These services generally trigger VAT liability.

c) VAT liability for exhibitors

- Foreign exhibitors are generally liable to pay VAT in Switzerland if they sell goods in Switzerland.
- Swiss VAT (import tax, domestic tax) may be deducted following registration.



2 Corporate meetings

Types of events

- Meetings
- Seminars
- Workshops
- Company incentives

Organiser

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

VAT qualification and consequences

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

- Company-internal cost allocation (within the same legal entity) has no VAT consequences. In principle, the company may reclaim the VAT incurred in Switzerland as follows:
 - Registered in Switzerland: input tax may be deducted in quarterly returns;
 - Not registered in Switzerland: input tax may be deducted as part of the VAT refund procedure.
- ⇒ Organisation is not generally liable to VAT in Switzerland.
- Note: If, however, the costs are invoiced to another group company, these pure organisational services generally constitute taxable services at the standard rate. The services are deemed to be supplied at the place where the supplier is based or has 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 must always be taxed.
 - ⇒ Pure organisational services do not generally trigger VAT liability in Switzerland. No Swiss VAT is owed by suppliers based abroad.
 - ⇒ The passing on of third-party costs generally triggers VAT liability and the services are taxable in Switzerland.

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

- In this respect, the provisions of a) above shall apply in principle.
- Please note that input tax may only be deducted within the scope of the business activity entitling deduction. If the expenses are in connection with private purposes or purposes not justified by business, a deduction or refund is excluded. Examples of such purposes include excursions lasting several days, such as skiing or hiking weekends, hobbies and leisure activities. Expenditures and gifts to employees that are not proportionate to the scope of business activities are also not liable for input tax deduction.
 - ⇒ Organisation is not generally liable to VAT in Switzerland.



c) An external agency organises meetings, seminars and workshops

- Pure organisational services (elaboration of the concept, preparation, coordination) for a third party generally constitute taxable services at the standard rate. The services are deemed to be supplied at the place where the supplier is based or has a permanent establishment.
 - ⇒ No Swiss VAT is owed if the supplier is based abroad. In this case, these services do not trigger VAT liability on the part of the foreign company in Switzerland.

Note: If the service in question does not relate to organisation as a whole (e.g. only the organisation of advertising, general advice), the service is deemed to be supplied at the place where the recipient of the service has its registered office of business activity or a permanent establishment for which the service is provided.

- ⇒ The services do not generally trigger VAT liability on the part of foreign companies in Switzerland. However, if the foreign supplier is registered in Switzerland for VAT purposes, the service must be invoiced to the recipient based on Swiss territory with Swiss VAT.
- For the invoicing of third-party costs, it must be checked for each service whether the service is supplied in Switzerland.
 - ⇒ The services may generally trigger VAT liability on the part of foreign companies in Switzerland.
- The organiser may generally deduct Swiss VAT, either in the quarterly return or as part of the refund procedure. It must be noted, however, that event organisers based abroad are not entitled to refunds of VAT on the acquisition of services on Swiss territory that they pass on to the customer. The refund of tax amounts on other costs that are not passed on (e.g. expenses of the travel agency or event organiser) are governed by the other provisions of the refund procedure.
- The company placing the order may deduct or reclaim the Swiss VAT invoiced to it as follows:
 - Registered in Switzerland: input tax may be deducted in quarterly returns;
 - Not registered in Switzerland: input tax may be deducted as part of the VAT refund procedure.



3 Agency/meeting planner

a) Pure organisational services

- Pure organisational services (elaboration of the concept, preparation, coordination) for a third party generally constitute taxable services at the standard rate. The services are deemed to be supplied at the place where the supplier is based or has a permanent establishment.
 - ⇒ No Swiss VAT is owed if the supplier is based abroad. In this case, these services do not trigger VAT liability on the part of the foreign company in Switzerland.

Note: If the service in question does not relate to organisation as a whole (e.g. only the organisation of advertising, general advice), the service is deemed to be supplied at the place where the recipient of the service has its registered office of business activity or a permanent establishment for which the service is provided.

- ⇒ The services do not generally trigger VAT liability on the part of foreign companies in Switzerland. However, if the foreign supplier is registered in Switzerland for VAT purposes, the service must be invoiced to the recipient based on Swiss territory with Swiss VAT.

b) Invoicing of third-party costs

- For the invoicing of third-party costs, it must be checked for each service whether the service is supplied in Switzerland.
 - ⇒ The services may generally trigger VAT liability on the part of foreign companies in Switzerland.
- The organiser may generally deduct Swiss VAT, either in the quarterly return or as part of the refund procedure. It must be noted, however, that event organisers based abroad are not entitled to refunds of VAT on the acquisition of services on Swiss territory that they pass on to the customer. The refund of tax amounts on other costs that are not passed on (e.g. expenses of the travel agency or event organiser) is governed by the other provisions of the refund procedure.
- The company placing the order may deduct or reclaim the Swiss VAT invoiced to it as follows:
 - Registered in Switzerland: input tax may be deducted in quarterly returns;
 - Not registered in Switzerland: input tax may be deducted as part of the VAT refund procedure.