

NEWSLETTER No. 10 – Q1 2015

Family Allowances

The Swiss family allowance system covers employees, the self-employed as well as individuals who are not in gainful employment. The family allowance benefit is at least CHF 200 for children up to 16 and at least CHF 250 for children from 16 to 25 who are still in education. Although this is the federal minimum, each canton has its own legislation about family allowances and each canton may have different rates applicable. In the case of Geneva, the equivalent rates are CHF 300 and CHF 400 per month.

If a child over 16 is in further education, this will have to be evidenced by an “attestation” from the education institute concerned. This will need to be an original document, a copy is not sufficient and a new version will be required for each new academic year / semester.

In some cantons there are also birth and adoption allowances in addition to family allowances. As an example the birth allowance in Geneva is CHF 2,000 as a one off payment for the first child increasing to CHF 3,000 from the third child, in Vaud it is CHF 1,500. This allowance is different from the maternity allowance which may be granted during the sixteen weeks after the birth of the child.

APPLYING FOR FAMILY ALLOWANCES

Family allowances should be applied for by the person who is employed in the canton in which the family is domiciled. If both parents work in the same canton, it is the parent with the highest income who should apply for the family allowances. Copies of various documents are also required with the application. These are listed on the application form.

The family allowances are paid by the family allowance fund to which the company is affiliated. There is a standard application form that should be completed (and if employed) be counter-signed by the employer. If the person does not apply for a family allowance, it can be applied for retrospectively for up to five years but may be lost if not claimed in time. In some cantons the family allowance is paid by the employer and reclaimed from the family allowance fund. In other cantons, the family allowance is paid directly to the parent concerned.

For individuals who are taxed at source, the tax on the monthly family allowance is included in the monthly tax at source charge on the monthly pay slip.

FRONTALIERS

In the event that an individual lives outside Switzerland but works in Switzerland then he or she can apply for a family allowance for their children. However any allowances paid by the jurisdiction in which the frontaliere resides will be deducted from the Swiss family allowance. In addition, when applying for the allowance, an “attestation” from the local jurisdiction will be required. As an example, for a UK frontaliere, the family allowance fund requires form E411 from the HMRC to be completed with the amount received in the UK. In the case of France, it would be the CAF.

Who are we?

Dryden Associates SA is an independent firm of Chartered Accountants based in Geneva focused on providing services to international corporate and personal clients. We have supported many companies establish subsidiaries or branches in Switzerland. If you would like more information on the topics in this newsletter please email geneva@dryden.ch quoting ‘Newsletter’ in the subject line, or go to our website www.Dryden.ch.