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Setting up business in Switzerland

As a general rule, Switzerland is a business friendly low taxation environment to set up a company. This newsletter focuses on the alternative ways to set up a company or branch in Switzerland.

INCORPORATION OF A BUSINESS ENTITY

When setting up a limited liability company in Switzerland you can choose between two different legal forms – a Société Anonyme (SA) or a Société à responsabilité limitée (SàRL). Although both offer a limited liability structure, the SA has a higher minimum issued capital (CHF 50,000) and does not have to publish the names of the shareholders in a public register while the SàRL has a lower minimum share capital (CHF 20,000) and does have to publish the names of the shareholders in the cantonal Commercial Register. You can also register a branch of an existing company (Swiss or foreign) which is a common alternative when setting up a new operation.

To set up an SA in one of the cantons usually takes between one and two weeks from the time that all the documents are available. At the incorporation meeting the notary ensures that all the documentation has been correctly prepared and that the signatories (together with appropriate authorities) have correctly signed the incorporation documentation. The documentation is then lodged with the Commercial Register who publishes the details in the commercial gazette. Setting up an Sàrl in Geneva also takes between one and two weeks from the time that all the documents are available. The company must have an address in the canton where it is incorporated and at least one of the directors or executive managers must be resident in Switzerland. Incorporating a branch of an existing entity can be a simpler process.

From a social security and taxation point of view, there is no difference in the treatment of an SA, an Sàrl or a branch. For social security and taxation purposes the treatment and the registration process is the same. Once a company (or branch) is set up the only statutory filing requirement is the annual tax declaration with signed financial statements. However, once there are employees there are also annual filing obligations to the social security, pension fund, accident insurance and tax at source authorities. Registration for VAT is not obligatory until a revenue threshold is reached but it may be useful to register on a voluntary basis if input VAT is significant. Although tax rulings can be applied for at the time of incorporation, it is also possible to apply for a tax ruling at a later date once the business has become operational. Finally, depending upon the scale of the activities an annual audit may also be required.

Any amendments to the status of the company or the branch e.g. change of directors, change of address, change of shareholders (for an Sàrl) etc., have to be reported to the cantonal Commercial Register usually through the completion of a requisition letter with the appropriate attachments. In the event that signatures or documents come from individuals or corporations outside Switzerland, the documents will probably need to be both notarised and apostilled in the country of origin.

Who are we?

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