

## NEWSLETTER No. 1. Q4 2012

This newsletter is our first of what will be a quarterly series. In each newsletter we shall offer a short and sharp focus on key issues of interest to our clients. This newsletter discusses representation allowances, pension buy backs and 3<sup>rd</sup> pillar insurance products.

### 1. Representation Allowances

The cantonal tax and social security departments recognise that representing an organisation to existing and potential future clients is an important part of a senior manager's role and that this is not cost free. These departments also consider that nobody should be taxed or bear social security (for example AVS, AC and LAA deductions) on that part of their remuneration which is incurred in representation activities. This means an employer can pay a 'representation' allowance to an employee which will not be taxed or suffer deductions. Every organisation should therefore consider the payment of a representation allowance as a tax efficient component of an employee's package, but the authorities will only permit an allowance for employees who earn CHF 150,000 or more a year. There is also a scale on which the allowance is calculated.

#### So how much are we talking about?

In Geneva for someone earning CHF 150,000 a year their taxable salary drops to CHF142,500, for someone earning CHF 500,000 their taxable salary drops to CHF462,500.

### 2. Pension Buy Backs and 3 Pillar Insurance

In Switzerland savers can invest their surplus funds by buying back prior years' pension rights or by investing in a 3rd pillar life insurance policy. The great advantage is that payments into either can be deducted from your taxable income at the end of the year.

**Warning:** If you want to invest in your company pension fund or in a 3<sup>rd</sup> pillar insurance policy you have to do it before 31 December for it to count.

#### So how much are we talking about?

For someone on a B permit, you can put up to 20% of your pensionable salary in your company pension fund. For a 3<sup>rd</sup> pillar insurance policy it is up to CHF 6,682 for 2012.

### 3. Library Facility

Our quarterly newsletter will be dealing with different topics, but they should all be useful for you personally. To make sure that you can always trace them easily, we will be filing each quarter's newsletter on our new website which will be going live from 1 January 2013- [www.dryden.ch](http://www.dryden.ch).

#### Who are we?

Dryden Associates is an independent firm of Chartered Accountants based in Geneva focused on providing services to international corporate and personal clients. If you would like more information on the topics in this newsletter please email [Geneva@Dryden.ch](mailto:Geneva@Dryden.ch) quoting 'Newsletter' in the subject line.