

Swiss VAT

Switzerland.com/meetings
Update PwC: 23 June 2023

Facts and figures

VAT rates

Switzerland has three VAT rates:

Standard rate	Reduced rate	Special rate
8.1%	2.6%	3.8%
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 decisive factor for the applicable tax rate is neither the date of invoicing nor the date of payment, but the date of provision of the benefit. For periodic benefits, the entire period of benefit provision is relevant.

If benefits are provided that are subject to both the previous and the new tax rates due to the period in which they were provided, a breakdown (date/period in which the benefit was provided as well as amount share) must be made on the invoice. If this is not the case, the entire invoiced benefits are to be settled using the new tax rates. In this context, it is worth consulting an experienced consultant in Switzerland for support.

VAT liability

a) Mandatory VAT liability

Determination of mandatory VAT liability is based on the turnover generated worldwide. Anyone generating, in any given year, more than CHF 100,000 in turnover from benefits, in Switzerland and abroad, that are not exempt from the tax is generally liable to mandatory Swiss VAT and must be entered in the Swiss 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 suchlike;
- Benefits and turnover in the hotel and catering industry (accommodation, food, beverages, etc.);
- Passenger transport in Switzerland;
- Certain services in the fields of science, culture, and sport (admission to events in Switzerland).

Since 1 January 2019, anyone who sends small consignments from abroad to Switzerland that are exempt from import tax to the tune of at least CHF 100,000 per year will also be liable to tax 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 provision at the recipient's registered office on Swiss territory [traditional consultancy], etc.). If turnover is below the defined threshold, registration may also be applied for on a voluntary basis.

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 benefit provision is made 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 benefit provision is made for the first time.
- Appointment of a tax representative: Taxable persons without a domicile, registered office or permanent establishment (hereinafter: "based") in Switzerland must appoint a representative based on Swiss territory to fulfil 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 in Switzerland, and not entered in the Swiss Commercial Register must provide security upon entry in the Swiss VAT Register, either in cash or by issuing a bank guarantee at a bank based in Switzerland. Security is principally 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 electronically submitting a tax form (so-called quarterly declarations) in the ePortal of the Federal Tax Administration.

- Input tax deduction: VAT incurred and paid in Switzerland on third-party invoices may generally be deducted as input tax in the quarterly declaration 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 in Switzerland, 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 in Switzerland 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

a) Incentive

Incentives are events or trips used by companies to influence, motivate or reward individuals (e.g. employees, customers, business partners, politicians). These events are usually very elaborately organised and have a VIP character.

b) PCO (Professional Congress Organiser)

A Professional Congress Organiser (PCO) is a company that specialises in the planning, organisation and implementation of congresses, conferences, seminars and similar events. A PCO offers the full service: design, tendering, registration, budgeting and budget control, booking of venues and room contingents, IT support, marketing, speakers, exhibition, etc.

c) AMC (Association Management Company)

An Association Management Company (AMC) provides a specialised service for associations and professional societies such as strategic planning, financial management, membership development, marketing and public relations, planning and organisation of congresses and events.

d) 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 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)
- 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 has its registered office or a permanent establishment.

⇒ No Swiss VAT is owed if the supplier has its registered office abroad. In this case, these services do not incur 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 has its registered office of business activity or a permanent establishment for which the service is provided.

⇒ The services do not generally incur 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 conferences

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 has its registered office or 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. In this case, sponsoring and consideration are provided. 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 (general services 7.7% or 8.1% from 1 January 2024, hotel e.g. 3.7% or 3.8% from 1 January 2024; see Facts & Figures, VAT rates above).
 - ⇒ These services generally trigger VAT liability.

c) VAT liability for exhibitors

- In principle, foreign exhibitors are subject to a compulsory VAT obligation in Switzerland if they sell goods in Switzerland (see Facts & Figures, VAT obligation, point a above).
- 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

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 deduction possible within the framework of the VAT refund procedure (see Facts & Figures, VAT liability, point c above).
- ⇒ 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 has its registered office or a permanent establishment. However, if additional third-party costs for catering, infrastructure, hotel rooms, etc. are charged to the group company(ies), these costs must in principle be taxed at the corresponding tax rate (see Facts & Figures, VAT rates above).
 - ⇒ Pure organisational services do not generally trigger VAT liability in Switzerland. No Swiss VAT is owed for services supplied 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. Expenses and gifts to employees that are not proportionate to 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 has its registered office or a permanent establishment.

⇒ No Swiss VAT is owed if the supplier has its registered office 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. The following should be noted, however: 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 as such (e.g. expenses of the travel agency or event organiser) shall be 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 declarations;
- Not registered in Switzerland: Input tax deduction possible within the framework of the VAT refund procedure (see Facts & Figures, VAT liability, point c above).

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 has its registered office or a permanent establishment.

⇒ No Swiss VAT is owed if the supplier has its registered office 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 declaration 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 as such (e.g. expenses of the travel agency or event organiser) shall be 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 declarations;
- Not registered in Switzerland: Input tax deduction possible within the framework of the VAT refund procedure (see Facts & Figures, VAT liability, point c above).