

GUIDE TO STARTING A BUSINESS IN THE CANTON OF GENEVA

2015 edition



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I. legal forms

Setting up a company:
which legal structure is right for you



This chapter explains the pros and cons of various legal structures, and the necessary steps for setting up your company.

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Two Main Categories of Legal Structure

1. Sole proprietorship and unincorporated partnerships:

These business structures are cheap to set up, but the owner bears unlimited personal liability for the business on all his or her assets. The main unincorporated legal structures in Switzerland are:

- Sole proprietorship
- Simple partnership
- General partnership
- Limited partnership

2. Incorporated companies:

This type of company is more costly to set up, but the owner's liability is limited to the amount of his or her share capital (except in the case of criminal liability). The main incorporated legal structures in Switzerland are:

- Limited liability company (hereafter LLC) (société à responsabilité limitée, S.à.r.l.)
- Corporation limited by shares (hereafter corporation) or limited company (société anonyme, S.A.)
- Branch office

This guide does not discuss several other legal structures defined in Swiss law (including the foundation, the association, and the cooperative), which are designed for specific purposes (for instance managing private wealth, non profit-making activities, defending members' interests, etc.).

1. Sole proprietorships and Unincorporated Partnerships

	SOLE PROPRIETORSHIP
Number of partners	One natural person. The sole proprietorship is identified with the business owner. To operate a sole proprietorship, the owner must be a Swiss national, a foreign resident with a C permit, or an EU/EFTA national with a G or B permit.
Legal personality	Not a legal entity. It is identified with the person of the owner.
Setting-up process	To formalise set-up, the owner must register with a compensation fund (for compulsory social OASI/DI/IC* social insurance payments).
Commercial Register (CR) (Registre du Commerce)	Entry in the CR is compulsory only if annual turnover exceeds CHF 100,000 (ORC art. 36).
Business name	The owner's last name (with or without first name) must appear prominently in the business name (CO, art. 945, para. 1). Other terms may be added within the limits defined by the general legal guidelines on business names (CO, art. 944, e.g. it must be truthful and not misleading).
Nominal capital	None.
Capital contribution	None.
Articles of association	Not compulsory.
Decision-making	By the business owner.
Management and representation	By the business owner. He/she may give powers of representation and signature to third parties.
Liability	Unlimited personal liability of the business owner (including on private assets) for the liabilities.
Rights and obligations of partners	No partners.
Accounting	Compulsory, but for sole proprietorships with sales under CHF 500,000 annually, simple accounting is sufficient (statement of income, expenditures and assets). If revenue exceeds 500,000, the business must follow standard accounting rules (double entry bookkeeping according recognised accounting principles).
Taxation (see relevant chapter)	No double taxation. The business owner is considered self-employed; business profit is taxed as personal income.
Dissolution	Bankruptcy or voluntary termination.
Note	The simplest legal structure available.
OASI/DI/IC*	Business owner = self-employed with regard to the compulsory social insurance system.
Note	Sole proprietorship is equivalent to self-employed status.

* Old-Age and Survivors' Insurance/Disability Insurance/Income Compensation (AVS/AI/APG)

	SIMPLE PARTNERSHIP (SOCIÉTÉ SIMPLE, CONTRAT DE SOCIÉTÉ) NO REGISTERED BUSINESS NAME
Number of partners	Minimum: 2 natural persons or legal entities.
Legal personality	None, since it is essentially a contract (CO, art. 530 et ss.).
Setting-up process	The simple partnership can be entered into tacitly or by formal agreement.
Commercial Register (CR) (Registre du Commerce)	Simple partnerships cannot be registered. However, partners may register individually.
Business name	Simple partnerships have no trading name or business name, only a description referring to the partners is allowed. For instance, "Simple partnership of Rosa Wolf and Alice Bouchou."
Nominal capital	No legal limit.
Capital contribution	No capital contribution, but: <ul style="list-style-type: none"> Partners must make some form of contribution (cash, claims, equipment or labour). Unless agreed otherwise, their contributions must be of equal value (CO, art. 531) Allocation of profits and losses: profits and losses are shared equally, unless partners agree otherwise (CO, art. 533)
Articles of association	None. The partnership agreement may be tacit or formalised by contract. A written contract is strongly advised.
Decision-making	By consent of all the partners or a majority of partners, if specified in the agreement.
Voting method	As specified in the partnership agreement.
Management	Jointly by all partners, unless otherwise agreed. Each partner may act without involving the other partners, so long as they express no prior objection. Unanimous consent is required to appoint a general attorney (CO, art. 535).
Representation	A partner conducting business with a third party, for the partnership but in his own name, is sole creditor or debtor towards that third party. When one partner conducts business with third parties in name of the partnership or all the partners, the other partners may also be deemed creditors or debtors of that third party according to rules of representation. A partner is considered empowered to represent the partnership or all the partners in dealings with third parties as soon as management authority is conferred on him (CO, art. 543).
Liability	Partners are jointly and severally liable for obligations toward third parties contracted jointly or through representatives, unless otherwise agreed (CO, art. 544).
Accounting	Compulsory for partners required to register individually with the Commercial Register. Strongly advised in all other cases.
Taxation (see relevant chapter)	Partners are taxed individually.
Dissolution	The simple partnership is dissolved when one of the partners is declared bankrupt or when its purpose has been achieved. It is also dissolved when a partner leaves, unless otherwise specified in the partnership agreement (CO, art. 545).
Notes	<p>The simple partnership is not a legal entity suitable for setting up a new business. However, it is a useful structure when two businesses collaborate on a specific project.</p> <p>For third parties, the partnership is transparent, since each partner continues to represent himself/herself.</p> <p>By analogy, the rules governing simple partnerships are applied in many situations that are not specifically addressed in law (e.g. companies in formation or non-marital cohabitation).</p>

	GENERAL PARTNERSHIP (SOCIÉTÉ EN NOM COLLECTIF)
Number of partners	Minimum 2 natural persons or legal entities.
Legal personality	None. The partnership may, however, acquire rights, enter into commitments, take legal action and be sued; it has quasi-legal personality.
Setting-up process	The partners sign a contract defining the name and purpose of the business and the legal relationship between them (namely their respective contributions). The business is then entered in the commercial register. The partners are required to register with OASI.
Commercial Register (CR) (Registre du Commerce)	<ul style="list-style-type: none"> • Registration is compulsory. • Request signed by all the partners. • Signatures of managing partners registered.
Business name	The business name must contain the last name of at least one partner (with or without first name) as well as a clear reference to identity as a partnership (CO, art. 947 para. 1). Other terms may be added within the limits defined by the general legal guidelines on business names (CO, art. 944, e.g. it must be truthful and not misleading).
Nominal capital	No legal limit.
Capital contribution	No capital contribution, but partners must make a contribution in some form. Profits and losses are then apportioned as defined in the partnership agreement. The agreement may stipulate the payment of interest in relation to each partner's assets.
Articles of association	Not compulsory.
Decision-making	Unless otherwise agreed, general partnerships follow the rules defined for simple partnerships.
Voting method	Specified in the partnership agreement.
Management	Unless the commercial register contains an entry to the contrary, all partners are authorised to represent the partnership.
Representation	Unless the commercial register contains an entry to the contrary, all partners are authorised to carry out in the partnership's name all transactions that serve the purpose of the partnership.
Liability	Partnership's liability: for any commitment entered into in its name by a managing partner, as well as any tort committed by a partner in the exercise of his partnership function. Partners' liability towards third parties: partners are jointly and severally liable for all obligations of the partnership; partnership assets are first in line (secondary liability). A person joining a general partnership is jointly and severally liable on his/her entire assets for the partnership's existing joint obligations. Creditors' claims against a partner become time-barred five years after dissolution of the partnership. Liability of a partner towards other partners: as specified in the partnership agreement.
Partners' rights and obligations	Right of control; approval of annual accounts; distribution of profits. Partners may not engage in activities that compete with the partnership. Right to receive a share of the profits and fees of the previous accounting period or to proceeds of liquidation.

	GENERAL PARTNERSHIP (CONT.)
Accounting	Compulsory, but for partnerships with annual sales of less than CHF 500,000, simple accounting is sufficient (statement of income, expenditures and assets). If revenue exceeds 500,000, the partnership must keep accounting records following recognised standards (double entry bookkeeping). Each partner is advised to keep detailed accounting records, since their position vis-à-vis the partnership may evolve over time.
Taxation (see relevant chapter)	Partners are taxed individually.
Dissolution	By the commencement of insolvency proceedings. The partnership may also be liquidated by agreement among all the partners, or by a majority of partners, if specified in the partnership agreement. Provisions governing simple partnerships are also applicable to general partnerships (CO, art. 545).
Note	If a partner decides to resign from a partnership with only two partners, or if one of the partners wishes to continue the partnership's affairs (registration with the CR), the general partnership is not dissolved, but the remaining partner cannot continue to conduct business with the same legal structure.
OASI/DI/IC*	Partners = self-employed.

* Old-Age and Survivors' Insurance/Disability Insurance/Income Compensation (AVS/AI/APG)

	LIMITED PARTNERSHIP (SOCIÉTÉ EN COMMANDITE SIMPLE)
Number of partners	<p>Minimum 2.</p> <p>At least one of the partners (the general partner) has unlimited liability; one or more of the other partners (limited partners) are liable only up to the amount of their specific contributions.</p> <p>General (unlimited) partner = natural person.</p> <p>Limited partner = natural person or legal entity.</p>
Legal personality	No legal personality. The partnership may, however, acquire rights, enter into commitments, take legal action and be sued (quasi-legal personality).
Setting-up process	The partners sign an agreement defining the name and purpose of the partnership, the amount of each partner's contribution, the limited partnership's contribution, as well as the legal relationship between partners. The partnership is then entered in the Commercial Register.
Commercial Register (CR) (Registre du Commerce)	<p>Registration is compulsory.</p> <p>Request signed by all the partners.</p> <p>The signatures of all general (unlimited) partners must also be registered.</p>
Business name	<p>The owner's last name (with or without first name) must constitute the essential content of the business name (CO, art. 945 para. 1).</p> <p>Other terms may be added within the limits defined by the general legal guidelines on business names (CO, art. 944, e.g. it must be truthful and not misleading).</p>
Nominal capital	No legal limit.
Capital contribution	<p>In cash, kind or labour. No capital contribution, but partners must make a contribution in some form. Profits and losses are then apportioned as defined in the agreement. The agreement may stipulate the payment of interest in relation each partner's assets.</p> <p>Specific contribution determined by the partnership agreement (in cash or kind).</p>
Articles of association	Not compulsory. The partnership agreement signed by the partners specifies how profits are to be allocated.
Decision-making	Unless otherwise specified in the agreement, the rules are the same as those of general partnerships.
Voting method	As specified in the partnership agreement.
Management	By the general partner(s).
Representation	<p>By the general partner(s).</p> <p>By a limited partner on the condition that he/she is a registered attorney or commercial agent of the partnership.</p>
Liability	<p>Partners' liability towards third parties: the partners have unlimited and joint liability for the partnership's liabilities. Partnership assets are first in line. Limited partners are liable only up to the amount of their contribution as registered with the CR, including on the partnership's pre-existing debts, unless:</p> <ul style="list-style-type: none"> • Their name appears in the business name. • They are authorised to conduct business for the partnership without specifying that they are acting as a registered attorney or commercial agent of the partnership. • The partnership conducted business before it was entered in the CR. <p>Partners' liability towards other partners: as defined in the partnership agreement, but limited partners are liable only up to the amount of their respective contributions.</p>

	LIMITED PARTNERSHIP (CONT.)
Rights and obligations of partners	Limited partners: right to receive interest and profit equal to that of general (unlimited) partners, insofar as this does not diminish the value of their specific contributions; right to reimbursement of expenditures and payment of fees; right to check accounting records. General (unlimited) partners: right to manage and represent the partnership; right to draw profits, interests and fees for the previous financial year.
Accounting	Compulsory
Taxation (see relevant chapter)	General and limited partners are taxed individually.
Dissolution	The provisions governing the dissolution of general partnerships are also applicable to the dissolution and liquidation of limited partnerships, as well as the limitation period for legal action against partners.
OASI/DI/IC*	General partner = sole proprietor (self-employed for the purpose of compulsory social insurance contributions). Limited partners employed by the limited partnership pay employee social insurance contributions.

* Old-Age and Survivors' Insurance/Disability Insurance/Income Compensation (AVS/AI/APG)

2. Incorporated Companies

	LIMITED LIABILITY COMPANY (LLC) (SOCIÉTÉ À RESPONSABILITÉ LIMITÉE, S.À.R.L)
Number of members	One or more natural persons or commercial entities, either Swiss or foreign.
Legal personality	Full legal personality.
Setting-up process	Capital contribution deposited in a capital payment account at a bank (the value of contributions in kind are evaluated by an expert). Sign public deed and articles of association before a notary. The notary then enters the company in the commercial register.
Commercial Register (CR) (Registre du Commerce)	Entry in CR is compulsory and constitutes the company as a legal entity (CO, art. 779, para. 1). Request signed by two managers or a member authorised to represent the company with his/her individual signature. The articles of association and certificate of incorporation are sent by the notary (along with proof that capital contributions have been deposited and are validly subscribed for).
Nominal capital	Minimum CHF 20,000 (CO, art. 773); in cash or kind; no upper limit.
Capital contribution	Minimum CHF 100; at least one share per partner; fully paid up at formation (see note below).
Articles of association	Compulsory. Must contain provisions regarding the company's: <ul style="list-style-type: none"> • Business name • Headquarters • Purpose • Amount of nominal capital and value of capital contributions. • Form of its external communications. By law, the articles of association must include special provisions concerning the rights and obligations of partners. For instance, right of veto, prohibition of competition clauses, and obligation to make additional financial contributions (CO, art. 776 a).
Role of the members' general meeting	The company's highest governing body is its general meeting of members (GM). The GM's inalienable powers include: <ul style="list-style-type: none"> • Right to amend the articles of association. • Right to appoint and remove managing directors, set their fees and discharge them. • Right to approve the annual accounts and determine how profits from the balance sheet are used.
Decision-making	In principle: the voting rights of members are determined by the value of their capital contribution, with a few exceptions (e.g. appointment of members of the auditor and resolutions on raising a liability action). The articles of association may specify that voting rights are not dependent on nominal value, and that each capital contribution carries one vote. In that case, the ratio between lowest and highest capital contribution cannot exceed 1:10.
Management and Representation	Jointly by company members; the articles of association may also give powers of management and representation to: <ul style="list-style-type: none"> • One or more company members. • Third parties.

	LIMITED LIABILITY COMPANY (CONT.)
Management and Representation (cont.)	<p>➤ At least one person authorised to represent the company (managing director or manager) must be resident in Switzerland. When company members hold joint power of representation, a sufficient number of members authorised to sign on the company's behalf must be resident in Switzerland.</p> <p>Only natural persons may be appointed as managing directors.</p> <p>If a commercial enterprise participates in the company as a member, it can appoint a natural person as managing director.</p> <p>If the company has more than one managing director, the general meeting of members appoints one director to act as chairman.</p> <p>The company may at any time remove a managing director it has appointed.</p> <p>If the company has more than one managing director, management decisions are taken by a majority of votes cast. The chairman has the casting vote.</p>
Liability	<p>The provisions of the law on corporations (companies limited by shares) apply by analogy to the liability of founders, managing directors, auditors and liquidators of LLCs.</p> <p>The company is sole responsible for its liabilities, which are payable from company assets only.</p>
Rights and obligations of members	<p>The voting rights of members are determined by the value of their nominal share, with each member holding at least one vote.</p> <p>Members have the right to request information from the managing director regarding the affairs of the company. If an auditor has been appointed, members can request to consult the company books and files only if they have a legitimate interest in doing so.</p> <p>They have a right to a share of the profits proportional to the nominal value of their share.</p> <p>A right of resignation may be specified in the articles of association.</p>
Accounting	<p>Compulsory. Accounting records must be kept with the care and detail required by the nature and scope of the business. They should clearly reflect the company's financial situation, the state of its liabilities and receivables, and annual profit and loss.</p>
Auditor	<p>The company is in principle required to appoint an auditor to perform an audit, which can be either ordinary or limited, according to the law on LLCs (CO, art. 727 ff., with reference to art. 818 para. 1).</p> <p>LLCs may also "opt out" of appointing an auditor if they meet all three of the following conditions (CO, art. 818 para. 1 and 727a para. 2):</p> <ul style="list-style-type: none"> • All the company members give their consent. • The company is required only to perform a limited audit. • The company does not have more than ten full-time employees on annual average.
Taxation (see relevant chapter)	<p>Federal tax on net profit.</p> <p>Cantonal tax on net profit and capital.</p> <p>Municipal business tax (if applicable, depends on the municipality where the company is domiciled).</p>
Dissolution	<p>By decision of the members' general meeting, with at least 2/3 of votes represented, and an absolute majority of the nominal capital with a right to vote (the articles of association may specify a larger majority, see art. 808b CO).</p> <p>If bankruptcy proceedings are started, or in other cases provided by the law (art. 821 CO) or the articles of association.</p>
Notes	<p>Substantially simpler administration than a corporation.</p> <p>Negotiating capital contributions can be difficult, especially when no special exceptions regarding the form and means of consent for transferring contributions are included in the articles of association (art. 786 CO).</p> <p>The law does not guarantee the right of members to freely resign from the company without just cause. However, the articles of association may define such a right as well as the conditions under which it may be exercised.</p>
OASI/DI/IC*	<p>Company members do not contribute to social insurance, unless they are also employed by the company (in which case they contribute as employees). However, shares of profits, fixed fees and attendance fees disbursed to members of management and governing bodies are subject to social insurance contributions.</p>

* Old-Age and Survivors' Insurance/Disability Insurance/Income Compensation (AVS/AI/APG)

	CORPORATION (SOCIÉTÉ ANONYME, S.A.)
Number of partners	A corporation can be established by one or more entities (natural persons or legal entities) or commercial enterprises (single founder is possible).
Legal personality	Full legal personality. Liabilities are payable only from the company's assets.
Setting-up process	Capital contribution deposited on a capital payment account with a bank (the value of contributions in kind must be evaluated by an expert). Sign public deed and articles of association before a notary. The notary then enters the company in the commercial register.
Commercial Register (CR) (Registre du Commerce)	Entry in the CR is compulsory, and constitutes the company as a legal entity.
Nominal capital	At least CHF 100,000, of which 20% (but at least CHF 50,000) must be paid up at time of foundation (CO, art. 621 and 632). No upper limit.
Capital contribution	Registered or bearer shares with a minimum nominal value of CHF 0.01. The company may also issue participation and/or dividend rights certificates (neither of which carry voting rights).
Articles of association	Compulsory. The articles must contain provisions regarding the company's: <ul style="list-style-type: none"> • Purpose • Name • Headquarters • Total share capital and the amount of paid up capital. • Number, nominal value and types of shares. • Procedure for convening general meetings. • Voting rights of shareholders. • Governing bodies for management and auditing. • Form of the company's external communications.
Responsibilities of the General Meeting (GM)	The general meeting has the following inalienable powers: <ul style="list-style-type: none"> • Elect and discharge members of the board of directors. • Determine and amend the articles of association. • Appoint external auditors. • Approve annual accounts. • Set dividends. • Make any other decision concerning matters reserved to it by law or the articles of association.
Decision-making	General meeting: by absolute majority of voting rights represented (unless otherwise provided for by the law or by the articles of association). Shareholders exercise their voting rights in proportion to the nominal value of shares belonging to them and have at least one vote. Preferential shares: voting rights are proportional to the number of shares held (one vote per share), as stipulated by the articles of association, subject to certain conditions (see CO, art. 693 para. 3).
Management	Delegated either to a Board of Directors or to several members of the board (managing directors) or third parties (executive officers). The board is the company's highest governing body; it issues all necessary instructions regarding the organisation and management of the company, appointment and dismissal of persons entrusted with executing its decisions, preparation of annual reports, and implementation of decisions.
Representation	Any member of the board, unless otherwise specified in the articles of association or company rules. Representation may be delegated to one or several members of the board (managing directors) or third parties (executive officers). At least one member of the board must be authorised to represent the company.

	CORPORATION (CONT.)
Representation (cont.)	<p>The type of signature is entered in the commercial register (individual, joint signature of two or more, etc.).</p> <p>➤ The company must be able to be represented by one person who is resident in Switzerland. This requirement may be fulfilled by a member of the board or an executive officer. When the company is represented jointly, a sufficient number of signatures with the power to represent the company must belong to persons resident in Switzerland.</p>
Liability	<p>Towards third parties (CO, art. 752 and ff.): the company is liable on its assets only for obligations and torts committed by its governing bodies.</p> <p>Personal liability: of founders for fault or negligence at time of the company's foundation, for instance, if they provided incorrect information in the issue prospectus; of members of the board for fault or negligence in managing or liquidating the company; of auditors for failing to fulfil their duties.</p> <p>Towards the company (CO, art. 756): the damaged shareholder may sue the company for damages.</p>
Rights and obligations of shareholders	<p>Right in proportion to profits and proceeds of liquidation.</p> <p>Voting right.</p> <p>Right of control over management and auditing.</p> <p>Right to request a special audit.</p> <p>Preferential subscription right.</p>
Accounting	Compulsory. Accounting records must be kept with the care and detail required by the nature and scope of the business. They should clearly reflect the company's financial situation, the state of its liabilities and receivables, and annual profit and loss.
Auditor	<p>The company is in principle required to appoint an auditor to perform an ordinary or limited audit, according to the law on corporations (CO, art. 727 and ff.).</p> <p>Corporations may also "opt out" of appointing an auditor if they meet all three of the following conditions (CO, art. 727a para. 2):</p> <ul style="list-style-type: none"> • All members give their consent. • The company is required to perform only a limited audit. • The company does not have more than ten full-time employees on annual average.
Taxation (see relevant chapter)	<p>Federal tax on net profit.</p> <p>Cantonal tax on net profit and capital.</p> <p>Municipal business tax (depending on the city where the company is domiciled).</p>
Dissolution	<p>According to the articles of association.</p> <p>By decision of the board.</p> <p>By the commencement of insolvency proceedings.</p> <p>By judgment for cause rendered at the request of shareholders representing at least 10% of nominal capital.</p>
Notes	<p>Relatively burdensome accounting and governance.</p> <p>Limited liability of shareholders.</p> <p>Shares can be easily transferred.</p> <p>When the company does not have a required corporate body, or if the composition of one of these corporate bodies does not comply with the law, any shareholder, creditor or the commercial registrar may request the court to take the required corrective measures (CO, art. 731b).</p>
OASI/DI/IC*	Shareholders are not required to contribute to social insurance, unless also employed by the company (in which case they contribute as employees). Shares of profits, fixed fees and attendance fees paid to members of the board and governing bodies are subject to social insurance contribution.

* Old-Age and Survivors' Insurance/Disability Insurance/Income Compensation (AVS/AI/APG)

Branch office

Legal status

In Swiss law, a branch office is a commercial enterprise existing in a relation of dependence towards a parent company that legally owns it. It engages in business activities similar to those of the parent company (which can be based in Switzerland or abroad), in a continuous manner, in a separate location, and somewhat independently from its parent.

The branch office must fulfil the following criteria:

- It has its own facilities.
- It has a representative who is resident in Switzerland (C or B permit – see Chapter XX).
- Its business purpose is similar to the parent company's.
- It transacts real business (it has revenues and expenditures).
- It keeps accounting records.

Entry in the commercial register

The entry of the branch office in the register has declarative value. The branch office must provide the following information to the register:

- The legal structure, name and headquarters of the parent company.
- Details of the commercial registration and identification number of the parent company, if applicable.
- The name and address of the branch office.
- The purpose of the company and objective of the branch (if narrower than the parent company's).
- The persons representing the branch and the extent of their representation.
- The domicile (facilities) and, if applicable, a declaration of the domiciliary.

The request must be signed by a person who is able to represent the parent company or branch office.

The following documents must be provided at time of registration:

- An extract from the commercial register of the place where the parent company has its headquarters.
- For corporations and LLCs: articles of association legalised by the commercial registrar of the place where the parent company has its headquarters.
- A legalised extract of the minutes of the relevant corporate body, documenting the decision to create the branch office, the names of the representatives and the type of representation.

Entry in the commercial register establishes legal jurisdiction in the place where the branch office is located, in addition to that of the parent company.

Taxation

The branch office is taxed similarly to a Corporation or LLC in Switzerland (see relevant chapter).

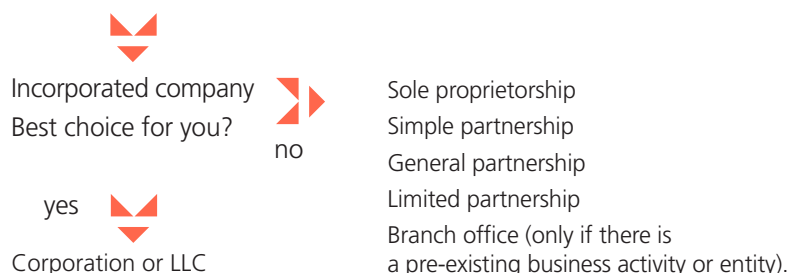
Removal from the register

The branch may be delisted from the register at the request of representatives of the parent company with the authority to take such steps with regard to the branch office. It is removed automatically if the parent company ceases to exist or is shown to be inactive.

3. Setting up a Corporation or LLC in the Canton of Geneva: check list

1

Obtain information and advice regarding the various legal structures.



2

Check the availability of your business name with the

[Federal Commercial Registry Office](#)

Bundesrain 20 – 003 Berne – Tel. 031 322 41 97 – Fax 031 322 44 83 – www.zefix.ch

3

Deposit capital contribution on a capital payment account with a bank:

CHF 100,000 for a corporation (of which 20%, but a minimum of 50,000, must be paid up); possible only for registered shares

CHF 20,000 for a LLC

The bank confirms that the capital has been deposited (affidavit)

4

The founder or founders (min. one person for a corporation or LLC) sign the public deed before a notary.

They declare that they are founding a corporation or LLC and draw up the articles of association.

For a corporation: appoint members of the board of directors and auditor (unless opting out).

For a LLC: appoint a managing member or managing director and an auditor (unless opting out).

5

Enter company in the commercial register. The administrator(s) add their legalised signature(s) to the registration application, and send it to:

[Registre du Commerce](#)

Rue du Puits-Saint-Pierre 4 – PO Box 359 – 1211 Geneva 3 – Tel. 022 546 88 60 – www.ge.ch/rc

Entry into the register confers **legal personality on the company**.

6

The board of directors may access the paid-up capital by presenting a certification of registration from the commercial register.

The board of directors implements the company's business plan.

It sets up financial auditing and accounting systems, enters into a lease, etc.

The company registers with a compensation office (for compulsory social insurance contributions):

[Cantonal Social Insurances Office – OCAS \(Office Cantonal des Assurances Sociales\)](#)

Rue des Gares 12 – PO Box 2595 – 1211 Geneva 2 – Tel. 022 327 27 27 – www.caisseavvsge.ch

[Fédération des Entreprises Romandes \(FER\) Geneva](#)

Rue de St-Jean 98 – PO Box 5278 – 1211 Geneva 11 – Tel. 058 715 31 11 – www.fer-ge.ch

4. Pros and Cons

Sole proprietorship vs. corporation¹ or LLC

Pros of sole proprietorship

- **Simple and cheap** to set up, which can be an advantage in the early stages of a business
- **No minimum capital required**
- Can be **converted into an incorporated company**
- As the sole proprietor, you are **free to take all decisions** relating to your business
- **No double taxation**, unlike incorporated companies. Corporations and LLCs are legal entities that pay taxes. For the business owner, this implies double taxation, in that the company is taxed at the corporate level on profits, and at the level of the owner on his or her earned income from the business

Cons of sole proprietorship

- **The owner is liable on all his or her assets** (both corporate and private) **for the liabilities of the business**
- Converting a sole proprietorship into a Corporation or LLC has tax consequences. You should seek advice from an expert to determine whether sole proprietorship is the right option for you
- A sole proprietor who wants to enter into partnership will have to establish a new legal structure
- It can be difficult to transfer a sole proprietorship

¹source: PMEInfo, copyright SECO/Task force PME – www.pmeinfo.ch

Corporation vs. limited liability company

	CORPORATION	LIMITED LIABILITY COMPANY
Share capital or nominal capital	Min. CHF 100,000 of which at least 20% or CHF 50,000 paid up.	Min. CHF 20,000, of which 100% paid up.
Nominal value of shares or capital contribution	Min. CHF 0.01	Min. CHF 100
Public record	The name of shareholders and the number and value of their shares do not appear in the public record. Specific regulations (for instance Law on Stock Exchanges) may impose obligations regarding information that must be made public.	The identity of company members and/or value of their contribution appear in the public record.
Participation certificates	Possible	Not possible
Obligation to provide further contributions (in addition to paid up contributions)	Shareholders cannot be required to provide other services.	The articles of association may specify an obligation to provide further contributions.
Obligation to provide other services	Shareholders cannot be required to provide other services.	The articles of association may specify an obligation to provide other services.
Other obligations of members/shareholders	None	The articles of association may include a non-compete clause. Members and managing directors have a duty of loyalty.
Decisions of the General Meeting	No right of veto.	The articles of association may specify a right of veto.
Sale of shares / Capital contribution	As a general rule, shares may be sold by simple transfer or endorsement. Some restrictions on transfers may apply under certain conditions.	Unlimited possibility to restrict or prohibit the transfer of shares, or conversely not to restrict their transfer.
Resignation/exclusion of a shareholder/member	Impossible in principle. Possible if the amount subscribed is not paid up at time of purchase of shares, or at time of public offering in the case of a publicly listed company.	Resignation and exclusion possible. Legal right to resign for just cause; other reasons may be specified by the articles of association; right to follow-up resignation (indemnification of the resigning member). Exclusion for just cause, or for other reasons defined by the articles of association.
Implementation	Unlimited number of shareholders. Shareholders can be silent (financial partners). Shares can be transferred easily.	The operation of the company has a strong personal dimension. In principle, partners participate in management. Best for a small number of partners. Possible to limit options to sell/transfer shares.
Converting a corporation into a LLC or vice-versa	Conversion is possible under the provisions of the Swiss Law on Merger, Demerger, Conversion and Transfer of Assets and Liabilities. Subject to certain material and formal conditions. Not possible in cases of insolvency or capital loss. Simplified procedure for SMEs.	

5. Cost of Setting up a Business in Geneva

Setting up a business in Geneva entails some legal fees, depending on the legal structure chosen. The amounts below are for informational purposes only, as actual fees can vary.

	REGISTRATION OF BUSINESS NAME IN CR, LEGAL PUBLICATIONS AND EXPENSES	FEDERAL STAMP DUTY	NOTARY'S FEE FOR CERTIFICATE OF INCORPORATION	NOTARY'S FEES AS A PERCENTAGE OF CAPITAL
Sole proprietorship	Min. CHF 190* (CHF 130 if registered online**)			
Simple Partnership	registration/ publication not possible			
General Partnership Limited Partnership	Min. CHF 360* (CHF 280 if registered online**)			
Limited Liability Company (capital CHF 20,000)	From CHF 650	No stamp duty on capital up to CHF 1,000,000	CHF 500-2,000	Up to CHF 50,000: 7‰ CHF 50,001-100,000: 6‰ CHF 100,001-200,000: 5‰ CHF 200,001-300,000: 4‰
Corporation (capital CHF 100,000)	From CHF 650	No stamp duty up to CHF 1,000,000	CHF 500-2,000	Up to CHF 50,000: 7‰ CHF 50,001-100,000: 6‰ CHF 100,001-200,000: 5‰ CHF 200,001-300,000: 4‰

*Minimum configuration (one partner with signature); includes fees for setting up the requisition and legalising the signature.

** If registered online, the requisition setup fee is waived.

Other costs for corporations and LLC

Costs include the legal fees detailed above, as well as notary's fees and expenses related to setting up a capital payment account with a bank. These costs are generally in the vicinity of:

- CHF 2,500-4,000 for a LLC
- CHF 4,000-6,000 for a corporation

Actual costs depend on the amount of capital and the number of directors registered. Replacing paid up capital by contributions in kind entails extra costs (since the value of the contributions in kind must be evaluated by an expert, usually a CPA).

useful addresses

- ▶▶ Geneva Economic Development Office
Rue de l'Hôtel-de-Ville 11 – PO Box 3216 – 1211 Geneva 3
Tel. 022 388 34 34
www.ge.ch/entreprises (in French) www.whygeneva.ch

- ▶▶ Fédération des Entreprises Romandes Genève (FER Genève), Promotion Department
Rue de St-Jean 98 – PO Box 5278 – 1211 Geneva 11
Tél. 058 715 31 11
www.fer-ge.ch

- ▶▶ Cantonal Social Insurances Office – OCAS (Office Cantonal des Assurances Sociales)
Rue des Gares 12 – PO Box 2595 – 1211 Geneva 2
Tel. 022 327 27 00
www.caisseavsgc.ch

- ▶▶ Notaries: Chambre des notaires de Genève
Secretariat – Rue Farel 10 – 1204 Genève
Tel. 022 310 72 70
www.notaires-geneve.ch

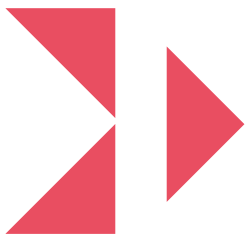
- ▶▶ Commercial Register (Registre du Commerce)
Rue du Puits-Saint-Pierre 4 – Case postale 3597 – 1211 Genève 3
Tel. 022 546 88 60
www.ge.ch/rc

- ▶▶ APRES-GE – Chambre de l'économie sociale et solidaire
Information on legal structures for non-profits
Rue des Savoises 15 – 1205 Geneva
Tel. 022 807 27 97
www.apres-ge.ch

II. foreign staff

Are you planning to hire
a foreign national in Geneva

Are you a foreign national setting up
a business in Geneva



This chapter discusses the rules and procedures for hiring non-Swiss staff and obtaining a work permit in the Canton of Geneva.

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hiring foreign staff and arranging work permits

In order to be gainfully employed in Switzerland, foreign nationals must hold a valid work permit. **Note that foreign nationals who set up a business in Switzerland must also apply for a work permit.** In this regard, there are two possible cases. If the foreign national intends to set up an incorporated company for which he or she will work, he or she must apply for an employee work permit. Alternatively, if the foreign national intends to establish an unincorporated business, he or she must apply for a self-employed work permit.

The bilateral agreements between Switzerland and the European Union (EU), especially the Agreement on the Free Movement of Persons (AFMP), have simplified procedures for EU nationals considerably. The same rules on the free movement of persons also apply to nationals of the European Free Trade Agreement (EFTA).

This chapter is divided into two parts: the first explains work permit procedures for **EU/EFTA nationals**, and the second explains work permit procedures for **nationals of countries outside the EU/EFTA**.

Countries that form part of the European Union (EU-25), the European Free Trade Association (EFTA), new member states (EU-2) and third states:

EU-25 and EFTA countries: Austria, Belgium, Cyprus, Denmark, Estonia, Finland, France, Great Britain, Greece, Hungary, Ireland, Italy, Iceland, Latvia, Liechtenstein, Lithuania, Luxembourg, Poland, Malta, Norway, Netherlands, Portugal, Slovakia, Czech Republic, Slovenia, Sweden.

Nationals of the above countries enjoy complete freedom of movement, and no transitory provisions apply to them.

EU-2 countries: Bulgaria, Romania.

For nationals of EU-2 countries, a number of transitory provisions are in force, with the aim of limiting initial access to the Swiss labour market (local applicants are given priority). The same measure applies to service providers in certain sectors.

Third states: all countries not included in the above lists.

1. Work and Residence Permits for EU/EFTA Nationals

B Permit -- for long-term work and residence

STATUS	PROCEDURE	VALIDITY
B Permit Long-term work permit	Send the required form and documents to the Service Etrangers et Confédérés – SEC – (Cantonal Population Office) immediately upon hiring.	Renewable until the B permit holder obtains permanent residence (C permit) after 10 years (5 years for US and Canadian nationals).

L Permit – for short term work and residence – Short Validity

STATUS	PROCEDURE	VALIDITY
L Permit Short-term work permit	Send the required form and documents to the Service Etrangers et Confédérés – SEC – (Cantonal Population Office) immediately upon hiring.	EU/EFTA nationals posted to Switzerland: 364 days, renewable.

Other work and residence permits

STATUS	PROCEDURE	VALIDITY
G Permit Cross-border “commuter” permit	Send the required form and documents to the Service Etrangers et Confédérés – SEC – (Cantonal Population Office) immediately upon hiring. The company may hire a cross-border worker only upon presentation of a valid work contract.	The permit is valid for 5 years for permanent contracts, as well as fixed-term contracts of more than 12 months duration. Renewable.
Ci Permit	Work permit for spouses of international civil servants living in the same household, as well as their children under 21 years of age joining them for reasons of family reunification. Applications for Ci permits are examined by the Cantonal Population Office .	Depends on the length of the posting of the holder of a legitimation card issued by the Swiss Department of Foreign Affairs (DFA).
C Permit Permanent residence	Applications for C permits are examined by the Cantonal Population Office .	Indefinite.

2. Work and Residence Permits for Third-State Nationals

B Permit for long-term work and residence

STATUS	PROCEDURE AND ELIGIBILITY	VALIDITY
B Permit Quota-based long-term work permit May be subject to special conditions (for instance, limited time period or only for duration of employment contract).	Economic interest. Qualifications of the applicant. Priority given to Swiss residents and candidates from the EU. Working conditions are respected. Quota availability.	Renewable until the B permit holder obtains permanent residence (C permit) after 10 years (5 years for US and Canadian nationals).

L Permit for short-term work and residence

STATUS	PROCEDURE AND ELIGIBILITY	VALIDITY
L Permit Conditional short-term work permit (quota-based)	Trainees in general; other foreign nationals on temporary assignment (for instance, installation of IT systems, company audit, evaluation, etc.). Au pairs aged 18 to 25 years (further conditions also apply).	Renewable up to a maximum of 24 months.
Entry authorisation (Includes residence authorisation. Sent to the employer)	Internship, assignment, installation of IT systems, company audit, extra manpower during peak periods, assembly work. Management and development of a company for which the manager does not need to be present in Switzerland yearlong.	Up to 4 consecutive months. 120 days over 12 months.

Other work and residence permits

STATUS	PROCEDURE AND ELIGIBILITY	VALIDITY
G Permit Cross-border “commuter” work permit	For third-state nationals, conditional on review. Priority to local applicants. Economic interest for Switzerland. Working conditions are respected.	1 year renewable.
N Permit Asylum-seeker	Permission to work on a temporary basis while the application for asylum is being examined.	Until asylum is granted or refused.
F Permit Temporary entry	Work permit for certain categories of foreign nationals who do not meet the necessary conditions to apply for asylum.	Renewable
Ci Permit	Work permit for spouses of international civil servants living in the same household, as well as their children under 21 years of age joining them for reasons of family reunification. Applications for Ci permits are examined by the Cantonal Population Office .	Depends on the length of the posting of the holder of a legitimation card issued by the Swiss Department of Foreign Affairs (DFA).
C Permit Résidence permit	Applications for C permits are examined by the Cantonal Population Office .	

3. Workers and Companies from EU/EFTA Countries

3.1. Agreement on the Free Movement of Persons

The Agreement on the Free Movement of Persons (AFMP) of 21 June 1999 between Switzerland and the EU facilitates conditions for nationals of EU member states to live and work in Switzerland. Provisions regarding the mutual recognition of diplomas, the right to purchase real estate, and measures to coordinate social security systems, complement the AFMP. The same rules apply to nationals of the European Free Trade Agreement (EFTA).

The Agreement on the Free Movement of Persons entered into force on 1 June 2002 for nationals from original EU member states (the EU-15) and EFTA. On 1 April 2006, it was extended to the 10 new member states that joined the EU on 1 May 2004 (EU-8); Cyprus and Malta were immediately granted the same conditions as the original EU member states (which thus became the EU-17). On 8 February 2009, the Swiss electorate voted to renew the agreement and its second protocol, thereby extending it to nationals of the two newest EU member states, Bulgaria and Romania (EU-2), effective from 1 June 2009.

For the past several years, nationals of original EU member states, Cyprus, and Malta (EU-17), as well as nationals of EFTA states, have thus enjoyed complete freedom of movement into Switzerland. From 1 May 2011, freedom of movement was further extended to EU-8 nationals. The arrangement now applies to all EU-25/EFTA states (EU-17 + EU-8 + EFTA). Bulgarian and Romanian nationals will continue to be subject to certain restrictions until 2016 at the latest. Employers must namely make every possible effort to fill a position from the local labour market before applying for a work permit for a person from these two states.

As provided by the agreement, the Swiss Federal Council decided on 18 April 2012 to reintroduce quotas for EU-8 nationals (Estonia, Hungary, Lithuania, Poland, Slovakia, Slovenia and Czech Republic). This one-year temporary measure, which came into effect on 1 May 2012, applied to EU-8 nationals taking up long-term employment in Switzerland (12 months or more) or planning to be self-employed in Switzerland.

On 24 April 2013, The Federal Council decided to enforce the safeguard clause included in the AFMP. This decision in effect extended the existing quota system for B permits (valid 5 years) delivered to EU-8 nationals for another year from 1 May 2013; the measure was also extended for another year from 1 June 2013 for B permits for EU-17 nationals.

The AFMP opens up the European labour market to Swiss nationals, and vice-versa, in stages. The agreement is based on the principle of equality of treatment for nationals of signatory states. Equality of treatment means that both Swiss and European national are treated like citizens of the host country, with:

- The same working conditions, social benefits and tax advantages.
- The opportunity to engage in self-employment.
- The right to family reunification.
- The right to remain in the country after being made redundant.
- The right to purchase property

Since 1 May 2011, EU-25 nationals have thus enjoyed the same rights as Swiss citizens on the Swiss labour market. A European national who signs a work contract in Switzerland is automatically granted a residence permit. In other words, Europeans have the same right to employment as Swiss citizens.

Conversely, since 1 June 2004, Swiss nationals have had free access to the European labour market in all 25 EU member states.

From 1 June 2004, Switzerland introduced a series of accompanying measures to guard against the risk of wage dumping. These measures aim to ensure fair working conditions for all workers and avoid wage and social dumping by monitoring working conditions of employees posted to Switzerland by European companies. If wage dumping is discovered, these measures make it easier to extend collective labour agreements, or, if the industry in question is not covered by a collective agreement, allows government authorities to set basic working conditions. To apply these accompanying measures, the Canton of Geneva has a comprehensive system supervised by social partners and the Canton (Office Cantonal de l'Inspection et des Relations du Travail – OCIRT – www.geneve.ch/ocirt heading “Bilatérales”).

3.2. Cross-border workers – Applying for a G Permit

EU-25/EFTA nationals employed in Switzerland for less than three months per year can register online (this online procedure is not available to EU-2 nationals). However, a work permit must be obtained as soon as the gainful employment in Switzerland exceeds 3 months.

Necessary documents:

To hire a cross-border worker, the employer must provide the Cantonal Population Office's Service Etrangers et Confédérés (SEC) with the following documents as soon as the employee is hired: form F (see appendix) completed and signed by the future employee and the employer, which serves as proof of hire, along with the required documents listed on page 2 of the form.

Proof of hire:

Employers may hire a cross-border simply by presenting a proof of hire. Cross-border workers are longer required to have resided for six months in the border zone in order to qualify for a cross-border permit. Since June 2007, the concept of border zone no longer applies to EU-25 nationals. Cross-border workers who are nationals of one of these states may maintain their principal residence in their country of origin while working in Switzerland.

Validity:

The validity of cross-border permits has been extended from 1 to 5 years for permanent and fixed-term contracts lasting over 12 months (for contracts of less than 12 months, the permit is valid only for the contracted period). We therefore recommend that employers submit a copy of the work contract along with the permit application.

Social Insurance:

Any employee working in Switzerland must in principle contribute to the compulsory social insurance system, including OASI (Old-Age and Survivors' Insurance), DI (Disability Insurance), IC (Income Compensation), maternity insurance, and occupational retirement pension. Cross-border workers must also be insured in Switzerland for work-related accident and injury.

Taxation:

Taxation of cross-border workers is regulated by the Tax Treaty of 9 September 1966 between France and Switzerland. Cross-border workers employed in the Canton of Geneva are subject to a direct payroll tax.

Conditions for hiring nationals from EU-2 states (Bulgaria, Romania):

- The company must demonstrate that it has made a serious attempt to find a candidate with the required qualifications locally (by advertising the position, listing it with the Cantonal Employment Office, retaining an employment agency, etc.).
- Wage and working conditions are reviewed by the responsible authority. For this purpose, the employer must provide a work contract, signed by at least the employer, along with the prospective employee's CV.
- The concept of border zone remains in force for EU-2 nationals. The employee must provide proof of residence in the border zone. However, cross-border workers are required to return to their principal residence only once a week rather than everyday, as was previously the case.

3.3. Workers residing in Switzerland – applying for B or L Permits

EU-25/EFTA nationals taking up employment in Switzerland for less than three months per year can use an on-line registration procedure (not available to EU-2 nationals). However, a work permit must be obtained as soon as the gainful employment in Switzerland exceeds 3 months.

Necessary documents:

To hire an EU national, the employer must provide the Cantonal Population Office's Service Etrangers et Confédérés (SEC) with the following documents as soon as employment commences:

- The first and second pages of form EU (see appendix) completed and signed by the future employee and the employer, in lieu of proof of hire, along with all the required documents listed on page 2 of the form.

Validity:

The validity of the permit depends on the work contract. For permanent or fixed-term contracts over 12 months the permit is valid for 5 years (for contracts of less than 12 months, the permit is valid only for the contracted period). We therefore recommend that employers submit a copy of the work contract along with the permit application.

Employers may hire a EU national simply by presenting a proof of hire. Since quotas for B and L permits for nationals of the EU-15, Malta and Cyprus were abolished on 1 June 2007, prior review of wages and working conditions has been replaced by measures that aim to protect all workers and guard against social and wage dumping. On 24 April 2013, however, the Swiss government opted to enforce the safeguard clause included in the Agreement on the Free Movement of Persons. This decision in effect extended the existing quota system for B permits (valid 5 years) delivered to EU-8 nationals for a further year as of 1 May 2013; the measure was also extended for another year from 1 June 2013 for B permits for EU-17 nationals.

Special conditions for hiring EU-2 nationals (Bulgaria, Romania):

- The company must demonstrate that it has made a serious attempt to find a candidate with the required qualifications locally (by advertising the position, listing it with the Cantonal Employment Office, retaining an employment agency, etc.).
- Wage and working conditions are reviewed by the responsible government body. To this end, the employer provides a work contract, signed at least by the employer, along with the prospective employee's CV.

3.4. Employees of foreign companies posted to Switzerland

Subcontracting or direct contracting to a foreign company entails that company posts employees to Switzerland. Two possible situations are distinguished:

- The posting lasts less than 90 days
- The posting last more than 90 days

3.4.1. Posting of 90 days or less (registration procedure)

The provision of services in Switzerland does not exceed a total of 90 working days or three months per calendar year. Registration is mandatory if the period of gainful employment in Switzerland exceeds eight days per calendar year, whether the days are consecutive or not.

Service providers who are nationals of EU-25/EFTA states, as well as companies posting workers employed in the following industries must register from the first day of employment in Switzerland:

- Construction, public works and building trades
- Hotels and restaurants
- Industrial or domestic cleaning
- Safety and security services
- Itinerant traders
- Sex workers

EU/EFTA-based companies posting third-state nationals to Switzerland are required to register their employees. The posted employees must have been permanently integrated into the regular labour market of a EU or EFTA member state beforehand. The latter condition is generally considered to be met if the worker has been resident in that country and employed in the company for at least 12 months. In all other cases, the company must apply for a residence permit to the Service Etrangers et Confédérés (SEC), according to the provisions of the Foreign Nationals Act and the Ordinance on Admission, Residence and Gainful Employment.

Online registration:

Employers posting workers to Switzerland, and service providers operating in Switzerland must register online (for more information the procedure, see www.bfm.admin.ch/content/bfm/en/home/themen/fza_schweiz-eu-efta/meldeverfahren.html).

Exceptions:

Please note that the registration procedure is not available for employment agencies and rental services, as well as financial services that require authorisation to operate in Switzerland and fall under government supervision (banking services, for example). Temporary access for certain regulated professions, such as health care workers, also requires prior authorisation. For these professions, authorisation must always be requested before gainful employment commences.

3.4.2. Posting of more than 90 days

Services provided by companies or self-employed persons from EU/EFTA states who are domiciled in the EU/EFTA and gainfully employed in Switzerland for more than 90 working days or three consecutive months per calendar year fall under the provisions of the Foreign Nationals Act and the Ordinance on Admission, Residence and Gainful Employment.

Applying for a work permit:

Apply to the Service Etrangers et Confédérés (SEC) using the official form and accompanied by a cover letter.

Review by the foreign workers section:

The application is examined by the Foreign Workers Section of the Office Cantonal de l'Inspection et des Relations du Travail (OCIRT), to determine whether it meets the conditions defined by the Foreign Nationals Act and Ordi-

nance on Admission, Residence and Gainful Employment (economic interest of Switzerland, professional qualifications, availability of quota).

Necessary documents:

- Individual application form EU2, which can be downloaded from the website of the Service Etrangers et Confédérés (SEC)
- A cover letter detailing the length of the posting and place where the service will be provided
- A service contract
- Detailed information on the business and its employees, using the 2 forms provided by the OCIRT's foreign workers section

Issuance of a work permit:

If the OCIRT reviews the application favourably, the SEC issues a work permit and the employee can start working in Switzerland.

4. Third-State Nationals

Applications for work permits for third state nationals fall under of the Foreign Nationals Act and the Ordinance on Admission, Residence and Gainful Employment.

Any employer based in Switzerland who wishes to hire a national from a country outside the EU/EFTA to work in Geneva must follow the following procedure, whether the prospective employee is already resident in Switzerland or not:

Try to fill the position locally:

The employer must first attempt to find a suitable candidate in Switzerland or the EU, by advertising the position (newspapers, employment agencies, etc.).

The employer must also list the position with the Cantonal Employment Office (OCE) at least 21 days before submitting an application to hire a foreign worker to the Service Etrangers et Confédérés (SEC). The job description form can be completed online: www.ge.ch/emploi-entreprises/engager-candidat.asp

The employer may apply for a work permit for a third-state national only if it demonstrates that no suitable candidate for the position can be found in Switzerland or the EU. The application must include:

- Application form M2, available from the Service Etrangers et Confédérés (SEC) (same form as used for B and L permit application), which can be downloaded from www.ge.ch/ocp
- A cover letter describing the employer's situation, objectives, and reasons for hiring a third-state national, as well as the steps already taken to fill the position from the Swiss and EU job market
- A work contract signed at least by the employer
- The candidate's CV and copies of diplomas
- A copy of a valid identity document and two passport-sized photos
- A description of the company's staff at the time of the application, including total number of staff, nationalities, types of permits held (e.g. 2 Swiss, 1 C permit, 2 B permits, 1 G permit, 1 L permit, 2 N permits, 1 F permit, and number of apprentices, if applicable)

Submit the application:

Applications should be submitted to the Service Etrangers et Confédérés (SEC) by the employer, preferably by mail or in person. The SEC opens a personal file for each foreign national and carries out a preliminary review.

Review of the application by the foreign workers section of the OCIRT:

The SEC then transfers the file to the OCIRT to review the application in terms of the labour market situation (does

it meet the necessary criteria regarding priority, working conditions and wages, qualifications of the foreign national, economic interest of Switzerland).

Decision:

In some cases, the application may also be forwarded to the Canton of Geneva's Tripartite Labour Market Commission. For routine cases, review by the commission takes 2 to 3 weeks. Decisions relating to employment periods of less than 4 months are taken directly by the OCIRT in 1 to 6 days. The OCIRT notifies the employer in writing of the positive or negative outcome of its preliminary review. If the preliminary review is positive, the application is forwarded to the Federal Office for Migration (FOM) for approval. The procedure takes 8 weeks in total to complete.

Right to appeal:

Employers may appeal against a decision not to grant a permit within 30 days of receiving written notification of the decision. The appeals procedure is explained in the letter of notification sent to the employer.

Issuance of the permit:

The OCIRT sends the foreign worker's file back to the SEC to issue the requested permit. The time needed to complete this final step depends whether the SEC requests further information or documents from the employer.

Special cases – cross-border permits:

In a few exceptional cases, a third-state national may apply for a cross-border permit (G permit). In that case, the preliminary review is carried out by the Service Etrangers et Confédérés (SEC).

5. Self-Employed Persons

5.1. EU/EFTA nationals

EU/EFTA nationals are allowed to work in a self-employed capacity in Switzerland. To do so, they must apply for a self-employment permit. The 5-year permit is issued only if they can supply evidence (in the form of a business plan) that they are able to support themselves through self-employment.

As with paid employment, there are two options: cross-border permit (form F) or residence permit (form M), but the procedure is identical. Applicants wishing to obtain a cross-border permit must show proof of business premises in Switzerland (physical premises, not a mailing address).

They must also provide a business plan of 1-2 pages describing the purpose of their business, as well as the following information:

- Names and addresses of the business, legal structure, project leader(s)
- A description of the purposes of the business
- Number of current or potential clients
- Working hours per week
- Projected revenues, and number of employees, if applicable
- Projected capital investment

5.2. Third-State nationals

Self-employment permits are rarely granted to third-state nationals. The procedure and criteria for eligibility are described in detail on: www.ge.ch/moe/fr/procedures/etat_tiers/2_independant_et.asp (in French).

In brief, applicants must complete form M and supply a business plan that clearly demonstrating the economic benefits of their business activity for the Canton of Geneva in terms of job creation, investment and potential revenue.

6. Sample Forms

Individual application form for EU/EFTA nationals

UE

**Formulaire individuel de
demande pour ressortissant
UE / AELE**

Tous nos formulaires sur : www.ge.ch/etrangers-confederes



RÉPUBLIQUE ET CANTON DE GENÈVE
Département de la sécurité
Office cantonal de la population

Route de Chancy 88 - 1213 Onex
Case postale 2652 - 1211 Genève 2
Tél : 022 546 46 46
E-mail : etrangers.ocp@etat.ge.ch

Le formulaire est à compléter en français, en CARACTÈRES D'IMPRIMERIE à dater et signer par l'employeur et le bénéficiaire, puis à renvoyer en 2 exemplaires au Service Étrangers et Confédérés (SEC) à l'arrivée du bénéficiaire.

Genre de demande

<input type="checkbox"/> Prise d'emploi	<input type="checkbox"/> Renouvellement	<input type="checkbox"/> Chgt d'employeur
<input type="checkbox"/> Regroupement familial	<input type="checkbox"/> Changement de canton	<input type="checkbox"/> Indépendant
<input type="checkbox"/> Etudiant	<input type="checkbox"/> Prolongation de séjour	<input type="checkbox"/> Assentiment
<input type="checkbox"/> Séjour sans activité	<input type="checkbox"/> Demande de retour	<input type="checkbox"/> Activité accessoire

Type de livret

<input type="checkbox"/> Longue durée (> 12 mois)	<input type="checkbox"/> Stabilisation (30 mois / L en B)
<input type="checkbox"/> Courte durée (< 12 mois)	
<input type="checkbox"/> Courte durée (> 3 mois, max 4 mois)	
<input type="checkbox"/> 120 jours par période de 12 mois	

Bénéficiaire

1. Nom(s)	2. Prénom(s)
3. Nom(s) de célibataire	4. Date de naissance
5. Nationalité	6. Lieu de naissance
7. Etat civil <input type="checkbox"/> célibataire <input type="checkbox"/> marié <input type="checkbox"/> séparé <input type="checkbox"/> divorcé <input type="checkbox"/> veuf	date et lieu de l'événement
8. Sexe <input type="checkbox"/> Féminin <input type="checkbox"/> Masculin	9. Passeport ou carte d'identité valable au
10. Autorisations précédentes en Suisse (date(s), lieux)	
11. Adresse actuelle	
12. Adresse à Genève	N° App.
13. Adresse à l'étranger	
14. Adresse e-mail	15. Téléphone

Conjoint Vient-il/elle habiter à Genève ? ☐ OUI ☐ NON (Si oui, un formulaire personnel doit être complété)

16. Nom(s)	17. Prénom(s)
18. Nom(s) de célibataire	19. Nationalité
20. Date de naissance	21. Sexe <input type="checkbox"/> Féminin <input type="checkbox"/> Masculin

Enfants (Un formulaire personnel doit être complété pour chaque enfant venant habiter Genève)

22. Nom(s)	23. Prénom(s)	24. Date de naissance	25. Sexe	26. Vient-il/elle habiter à Genève ?
I.	<input type="checkbox"/> F <input type="checkbox"/> M	<input type="checkbox"/> OUI <input type="checkbox"/> NON
II.	<input type="checkbox"/> F <input type="checkbox"/> M	<input type="checkbox"/> OUI <input type="checkbox"/> NON
III.	<input type="checkbox"/> F <input type="checkbox"/> M	<input type="checkbox"/> OUI <input type="checkbox"/> NON

Revenus ☐ Salarié ☐ Indépendant (cocher ce qui convient)

27. Entreprise / raison sociale	28. Branche économique
29. Adresse	30. Téléphone
31. Adresse professionnelle	
32. Engagé en qualité de	33. Salaire AVS brut
34. Lieu de travail	35. Durée hebdomadaire de travail
36. Durée exacte du contrat de travail : du au <input type="checkbox"/> Durée indéterminée	
37. Sans activité lucrative, moyens financiers (joindre justificatifs) et durée du séjour	
38. Mandataire	39. Téléphone

Genève, le Timbre et signature de l'employeur Signature du bénéficiaire (ou du représentant légal)

Espace strictement réservé au SEC

Quittance #	Code SYMIC	Collaborateur	Timbre date et signature
-------------------	------------------	---------------------	--------------------------------

Formulaire individuel de demande pour frontalier (F)

F

Formulaire individuel de demande pour frontalier

Tous nos formulaires sur : www.ge.ch/etrangers-confederes



RÉPUBLIQUE ET CANTON DE GENÈVE
Département de la sécurité
Office cantonal de la population

Route de Chancy 88 - 1213 Onex
Case postale 2652 - 1211 Genève 2

Tél : 022 546 46 46
E-mail : prisedemploi-g.ocp@etat.ge.ch

Formulaire à compléter intégralement (en CARACTÈRES D'IMPRIMERIE) et à **ENVOYER** daté et signé en 2 exemplaires.

Genre de demande

☐ Prise d'emploi

☐ Assentiment

☐ Changement de canton

☐ Renouvellement

☐ Activité accessoire

☐ Changement d'employeur

☐ Indépendant

Type de livret

☐ Longue durée (+ 12 mois)

☐ Courte durée (- de 12 mois)

☐ Courte durée (+ 3 mois ; max. 4 mois)

Bénéficiaire

1. Nom(s) _____
2. Prénom(s) _____
3. Nom(s) de célibataire _____
4. Date de naissance _____
5. Nationalité _____
6. Sexe ☐ Féminin ☐ Masculin
7. Etat civil ☐ célibataire ☐ marié ☐ séparé ☐ divorcé ☐ veuf
date et lieu de l'événement (si marié fournir copie acte état civil) _____
8. Nom et prénom du père _____
9. Nom de jeune fille et prénom de la mère _____
10. Autorisations précédentes en Suisse (date(s), lieux) _____
11. Adresse à l'étranger _____
12. Commune _____
13. Numéro postal _____
14. Passeport valable au (ou copie recto/verso d'une pièce d'identité pour ressortissants UE/AELE) _____
15. Adresse à Genève (en cas de résidence durant la semaine) C/O _____ App. n° _____
Rue et n° _____ Localité _____ NPA _____

Conjoint

16. Nom de célibataire _____

17. Prénom(s) _____

18. Date de naissance _____

19. Nationalité _____

20. Travaille-t-il (elle) à Genève ? Si oui, raison sociale et adresse de l'employeur _____

Revenus

☐ Salaré

☐ Indépendant (cocher ce qui convient)

21. Entreprise / raison sociale _____
22. Branche économique _____
23. Adresse / Téléphone _____ / _____
24. Engagé en qualité de _____
25. Durée hebdomadaire de travail _____
26. Adresse professionnelle à Genève _____
27. Lieu de travail _____
28. Salaire brut _____
29. Durée exacte du contrat de travail : du _____ au _____ ☐ Durée indéterminée
30. Adresse e-mail _____
31. Mandataire _____

Genève, le _____ Timbre et signature de l'employeur _____ Signature du bénéficiaire (ou du représentant légal) _____

Espace réservé au SEC

Quittance # _____

Code SYMIC : _____

Collaborateur : _____

Timbre et signature _____

Formulaire individuel de demande pour ressortissant hors UE/AELE (M)

M

**Formulaire individuel
de demande pour ressortissant
hors UE / AELE**

Tous nos formulaires sur : www.ge.ch/etrangers-confederes

RÉPUBLIQUE ET CANTON DE GENÈVE
 Département de la Sécurité
 Office cantonal de la population

Route de Chancy 88 - 1213 Onex
 Case postale 2652 - 1211 Genève 2
 Tél : 022 546 46 46
 E-mail : etrangers.ocp@etat.ge.ch

La page 1 du présent formulaire est à compléter en français, en CARACTÈRES D'IMPRIMERIE, à dater et signer par l'employeur et le bénéficiaire, puis à renvoyer en 2 exemplaires au Service Étrangers et Confédérés (SEC) lors du dépôt de la demande.

Genre de demande

☐ Prise d'emploi

☐ Renouvellement

☐ Chgt d'employeur

☐ Regroupement familial

☐ Changement de canton

☐ Indépendant

☐ Etudiant

☐ Prolongation de séjour

☐ Assentiment

☐ Séjour sans activité

☐ Demande de retour

☐ Activité accessoire

Type de livret

☐ Longue durée (> 12 mois)

☐ Etudiant employé

☐ Courte durée (< 12 mois)

☐ 120 jours par période de 12 mois

☐ Courte durée (> 3 mois, max 4 mois)

Bénéficiaire

1. Nom(s) _____

3. Nom(s) de célibataire _____

5. Nationalité _____

7. Etat civil ☐ célibataire ☐ marié ☐ séparé ☐ divorcé ☐ veuf

8. Sexe ☐ Féminin ☐ Masculin

10. Autorisations précédentes en Suisse (date(s), lieux) _____

11. Adresse actuelle _____

12. Adresse à Genève _____

13. Adresse à l'étranger _____

14. Adresse e-mail _____

2. Prénom(s) _____

4. Date de naissance _____

6. Lieu de naissance _____

date et lieu de l'événement _____

9. Passeport valable au _____

15. Téléphone _____

16. **Rubrique à compléter lors de la 1^{ère} demande (demande d'autorisation d'entrée) :**
 Ambassade / consulat le plus proche de votre lieu de résidence actuel _____

CH3328456
V 4.1.3

Conjoint

Vient-il/elle habiter à Genève ? ☐ OUI ☐ NON (si oui, un formulaire personnel doit être complété)

17. Nom(s) _____

19. Nom(s) de célibataire _____

21. Date de naissance _____

18. Prénom(s) _____

20. Nationalité _____

22. Sexe ☐ Féminin ☐ Masculin

Enfants

(Un formulaire personnel doit être complété pour chaque enfant venant habiter Genève)

23. Nom(s)	24. Prénom(s)	25. Date de naissance	26. Sexe	27. Vient-il/elle habiter à Genève ?
I. _____	_____	_____	<input type="checkbox"/> F <input type="checkbox"/> M	<input type="checkbox"/> OUI <input type="checkbox"/> NON
II. _____	_____	_____	<input type="checkbox"/> F <input type="checkbox"/> M	<input type="checkbox"/> OUI <input type="checkbox"/> NON
III. _____	_____	_____	<input type="checkbox"/> F <input type="checkbox"/> M	<input type="checkbox"/> OUI <input type="checkbox"/> NON

Revenus

☐ Salarié

☐ Indépendant

(cocher ce qui convient)

28. Entreprise / raison sociale _____

30. Adresse _____

32. Adresse professionnelle _____

33. Engagé en qualité de _____

35. Lieu de travail _____

37. Durée exacte du contrat de travail : du _____ au _____

38. Sans activité lucrative, moyens financiers (joindre justificatifs) et durée du séjour _____

39. Mandataire _____

29. Branche économique _____

31. Téléphone _____

34. Salaire AVS brut _____

36. Durée hebdomadaire de travail _____

☐ Durée indéterminée

40. Téléphone _____

Genève, le _____

Timbre et signature de l'employeur _____

Signature du bénéficiaire (ou du représentant légal) _____

Espace strictement réservé au SEC

Quittance # _____

Code SYMIC _____

Collaborateur _____

Timbre date et signature _____

useful addresses

- ▶▶ Geneva Economic Development Office - Guichet pour Entreprises
Rue de l'Hôtel-de-Ville 11 – P.O. Box 3216 – 1211 Geneva 3
Tél. 022 388 34 34
www.ge.ch/entreprises www.whygeneva.ch

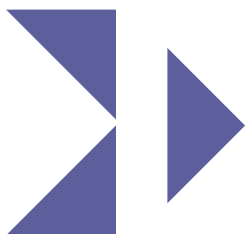
- ▶▶ Cantonal Population Office (OCP), Service Etrangers et Confédérés (SEC)
Route de Chancy 88 – P.O. Box 2652 – 1211 Geneva 2
Tél. 022 546 46 46
www.geneve.ch/ocp

- ▶▶ Office Cantonal de l'Inspection et des Relations du Travail (OCIRT)
Rue David-Dufour 5 – P.O. Box 64 – 1211 Geneva 8
Tél. 022 388 29 29
www.geneve.ch/ocirt

- ▶▶ OCIRT - Service de la Main-d'Oeuvre Etrangère (Foreign Workers Section)
Rue David-Dufour 1 – P.O. Box 64 – 1211 Geneva 8
Tél. 022 388 74 00
www.geneve.ch/permis

III. taxes

How are companies and individuals
taxed in the Canton of Geneva



This chapter explains the various taxes and tax rates applicable to companies and individuals in Geneva, and discusses tax breaks available to new companies.

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1. Tax period

In terms of taxation, there are three distinct periods:

1. The calculation period: the period that serves as the basis for determining how much tax is due.
2. The taxation period: the period for which tax is due.
3. The assessment period: the period during which the tax administration carries out the necessary steps to assess your taxable revenue (profit/income) and wealth (capital/personal wealth).

For natural persons, the taxation period coincides with the calculation period with regard to cantonal and municipal taxes. In other words, 2015 tax (paid by instalments throughout 2015) is assessed on the basis of income earned during the calendar year 2015.

For legal entities, the taxation period coincides with both the calculation period and the financial period. 2015 taxes (also paid in instalments in 2015) are assessed on the basis of the financial year 2015 (even if the financial year-end doesn't coincide with the end of the calendar year).

2. Companies

2.1. Main taxes

Companies based in Geneva and active in the industrial, commercial, financial or service sectors, are required to pay tax on the following:

TAXABLE ELEMENTS AND TYPE OF TAX	RESPONSIBLE TAX AUTHORITY
Formation of a incorporated company (S.A., S.à.r.l.): stamp duty	Federal Government
Net profit: Direct Federal Tax, cantonal and municipal taxes	Federal Government/Canton
Capital and reserves (legal entities): cantonal and municipal taxes (since 1 January 1998, capital is no longer taxed at the federal level)	Canton
Real estate: cantonal tax	Canton
Distributed profits: withholding tax (security tax)	Federal Government
Share transactions: securities transfer tax	Federal Government
Sale of goods and services: value-added tax (VAT)	Federal Government
Sales and other production inputs: municipal business tax	Municipality
Legal acts: registration fees	Canton

2.1.1. Taxes on company formation

Capital contributions to a newly established company (corporation, partnership, limited liability company, cooperative) and any subsequent capital increase are subject to a 1% stamp duty on issuance.

Stamp duty is calculated on the basis of the total capital received by the company in exchange for issuing securities, but at least on the nominal value of the newly issued securities. Contributions in kind are assessed on the basis of their market value.

The following transfers are exempt from stamp duty: shares issued during mergers (or concentrations financially equivalent to a merger) transformations and demergers. The same principle applies to foreign companies transferring their head office to Switzerland.

Furthermore, the first CHF 1 million of capital securities issued at the time of set-up or capital increase of a corporation (S.A.), a partnership limited by shares, or a limited liability company are not subject to stamp duty.

2.1.2. Federal profit tax

Companies liable for profit tax

Legal entities that are considered to have legal personality according to Swiss private and public law must pay tax on net profit. These include:

- All incorporated entities, including corporations, limited liability companies, cooperatives, associations, and foundations based in Geneva.
- Foreign companies operating in the industrial, commercial, financial or service sectors in Geneva (permanent establishments), or owning property in Geneva.

The first category pays tax on net profits from all sources (worldwide), including capital gains, whereas the second category pays tax only on net profit attributable to the permanent establishment or property in Geneva.

Please note that entities that are not considered to have legal personality according to Swiss law (i.e. simple, limited, and general partnerships) are not treated as tax persons. Partners are therefore taxed as individuals on their profit share and participations in the partnership.

Taxable net profit

Taxable net profit is assessed on the basis of the company's financial accounts, established following recognised financial accounting standards. The company should join a copy of its audited financial statements to its tax return (including balance sheet, profit and loss statement, and appendices), signed, if applicable, by the relevant corporate bodies.

The company's net book profit can be adjusted in various ways to take into account legal limits on tax deductions. These limits concern namely:

- Asset depreciation: deductible from taxable revenue within the limits of general financial usage or by following official rates.
- General expenses: deductible within the limits of general financial usage.
- Interest: deductible, provided the interest rate is reasonable and the company is well capitalised.

Foreign income of companies domiciled in Switzerland for tax purposes

Income from abroad is considered taxable profit in Switzerland, unless it falls under the provision of foreign national law or tax treaty.

Switzerland has signed nearly a hundred tax treaties with other nations with the purpose of avoiding double taxation. These treaties directly affect how foreign income is treated for tax purposes.

Swiss-domiciled companies that are effective beneficiaries of income from abroad may take advantages of the provisions of tax treaties.

Elements not taxed in Switzerland (but taxed abroad following relevant national law) include foreign property, and income or profit booked by permanent establishments abroad (branch offices, long-term construction sites, etc.).

Conversely, income derived from foreign movable capital assets (dividends, interest) are fully taxable in Switzerland. Often, such income is subject to withholding tax in the country of origin. One of the advantages of tax treaties is that they allow companies to significantly reduce their foreign tax burden and lower the rate of withholding tax.

For dividends, the rate of withholding tax usually falls to 15% or 5%, or even 0% for participation dividends, while for interests and fees it is generally capped at 10% or 5%, or waived altogether.

When withholding tax on foreign income is only partially reduced, the remaining tax may, within certain limits, be claimed as a deduction against Swiss taxes on the foreign income (as a lump-sum tax credit).

2.1.3. Tax on capital and reserves

Capital and reserves are taxed yearly at the cantonal and municipal level. Since 1 January 1998, they are not taxed at the federal level.

In Geneva, the cantonal tax rate is 0.18% for companies with taxable profit (this is a base rate, implying a combined cantonal and municipal tax rate of 0.401% for the city of Geneva for instance), and 0.2% for companies with no taxable profits (hence a combined cantonal and municipal tax rate of 0.4456% for the city of Geneva).

New businesses setting up in the canton of Geneva can take advantage of a tax break during the first three years, in the form of a waiver of the additional cantonal percentage. The total rate is thus lowered by 0.18% (hence a combined cantonal and municipal tax rate of 0.262% for the city of Geneva), and 0.2% respectively (combined cantonal and municipal tax rate of 0.296% for the city of Geneva).

Moreover, the cantonal base tax on capital is reduced by the amount of the base cantonal profit tax (up to a maximum of CHF 8,500); this reduction applies only to the additional cantonal percentage on capital tax (hence a maximum rebate of CHF 15,087.50 in the city of Geneva).

2.1.4. Additional property tax

An “additional property tax” (impôt immobilier complémentaire, or IIC) is levied on buildings in Geneva. The IIC is calculated on the basis of the property’s fiscal value on 31 December of the relevant tax period, without subtracting debt. If the building is owned and occupied by a legal entity, the IIC rate is 0.1% of the building’s fiscal value. The IIC rate for rental properties is either 0.15% or 0.2%, depending on whether the legal entity that owns it is a non-profit, is active solely in real estate, or is operating for profit. If the legal entity uses only part of the building for its premises, a reduced rate of 0.1% applies to an amount equal to the capitalisation at the rate of 5% of the rental value of the portion used by the owner; rental value is estimated on the basis of the rental value of similar premises. A rate of 0.15% or 0.2% applies to the portion of the building that is rented.

Certain rent-controlled buildings categorised as HBM (lower-income housing), HLM (middle-income housing) or HM (mixed-use housing) may be eligible for a reduction in the rate of IIC. Moreover, since 5 August 2010, buildings that achieve a high or very high energy efficiency rating are IIC-exempt for 20 years.

2.1.5. Profit distribution tax (withholding tax)

From the 2009 tax period onwards, the Federal Law on the Improvement of Tax Terms For Entrepreneurial Activities and Investments (Enterprise Taxation Reform Act II) eased double taxation for holders of “qualified participations”, i.e. persons holding at least 10% of the share capital or nominal capital of an incorporated company or cooperative.

Dividends and profit shares derived from such participations which are part of an individual’s personal wealth are taxed on the basis of 60% of their value at both cantonal and federal level. If the participations are part of commercial wealth, dividends and profit shares, as well as any capital gains derived from the share transactions, are taxed on the basis of 50% of their value.

Distributions to shareholders by Swiss companies are subject to a 35% withholding tax (“anticipatory tax”). This tax is levied on dividends and on other benefits with monetary value, which are treated like profit distributions. Swiss residents who file a truthful tax return can claim full reimbursement of withholding tax against cantonal and municipal tax owed.

For foreign residents, withholding tax is generally final, unless their country of residence is party to a tax treaty with Switzerland. In the latter case, they can request partial or total tax credit according to the relevant tax treaty.

Treaty-based tax credits are awarded on request only. Generally speaking, they are not awarded directly: the Swiss debtor company deducts the withholding tax at the usual rate (35%), and the foreign resident subsequently applies for reimbursement.

2.1.6. Stamp duty¹

Stamp duty is levied at the Federal level on certain legal transactions, including the issue or trading of securities – in other words, the creation and circulation of capital – as well as insurance premium payments. Stamp duty is generally levied within 30 days of the relevant legal act.

There are three types of stamp duty:

- Stamp duty on securities issuance.
- Stamp duty on securities transfers.
- Stamp duty on insurance premiums.

Securities issuance stamp duty

Securities stamp duty is levied on the issuance of Swiss shares and bonds (i.e. securities issued in Switzerland by Swiss companies) whether sold in exchange for payment or issued free of charge, at the time when the security is issued, or following an increase in the nominal value of securities, such as shares of corporations, participations of limited liability companies or cooperatives, and dividends rights certificates and participation certificates of Swiss companies or public corporations.

Securities stamp duty also applied to bonds (for instance, loan bonds and medium-term notes) and money market securities issued to Swiss residents.

The rate of securities **stamp duty** is 1%.

However, since 1 January 2006, the first CHF 1 million of shares of newly formed companies, as well as increases in the capital of corporations or limited liability companies effected by issuing or selling securities, are exempt from stamp duty.

Securities stamp duty is paid by the company issuing the shares.

Exemption from stamp duty also applies to the creation or increase in value of securities in connection with mergers, transformations or demergers of companies or cooperatives, as well as the transfer to Switzerland of head offices of corporations domiciled abroad. Recognised venture capital firms are also exempt from securities stamp duty.

Securities transfer stamp duty

A transfer tax is levied on the purchase and sale of Swiss and foreign securities by Swiss securities dealers (principally banks and pension funds), at a rate of:

- 0.15% for securities transactions by a person resident in Switzerland.
- 0.3% for securities transactions by a person domiciled abroad.

The tax is calculated on the conversion value of the security, i.e. the price paid at time of purchase or sale. Transfer tax may be charged to the end client.

In order to preserve Switzerland's appeal as a financial centre at a time of increasing internationalisation in securities trading and intensifying competition with foreign stock exchanges, transfer duty has been revised several times over the past years, and several exemptions have been introduced.

¹ Source: www.estv.admin.ch/stempelabgaben

Stamp duty on insurance premiums

This tax is levied primarily on premiums for third-party liability, fire, automobile and household insurance policies.

It is calculated on the basis of the value of the premium, in principle at a rate of 5%, with the exception of single-premium life insurance with a buy-back option, which are taxed at a rate of 2.5%.

Personal insurance such as life insurance with regular premium payments, health, accident, invalidity, and unemployment insurances are exempt from stamp duty.

2.1.7. Municipal business tax

The following persons and legal entities are required to pay municipal business tax:

- Natural persons gainfully employed or running a commercial enterprise in the canton, even if they are not entered in the commercial register.
- Legal entities with gainful activity in the canton of Geneva through a head office or branch office (permanent establishment).

Most municipalities in the canton of Geneva charge this tax, which is estimated on the basis of these three criteria:

1. Average annual revenue of the two past years.
2. Average rent of the premises or properties occupied by the business.
3. Average number of employees.

The tax is charged at a rate of 0.01% to 0.6% of revenue, depending on the nature of the business. For business premises, the rate is 0.5% of rental value. A lump sum of CHF 10 is levied per employee. Business tax rates are set independently by municipalities.

2.1.8. Property registration fee

A cantonal registration fee is levied on most legal acts, including property transactions (sales), which incur a 3% registration fee.

2.2. Tax Rates

From 1999, federal, cantonal and municipal tax has been levied at a fixed rate on the profit of incorporated companies and cooperatives.

- Federal tax (statutory rate) 8.50%
- Cantonal and municipal² tax (statutory rate) 23.49%
- Total tax (statutory rate) 31.99%

These rates apply to profit after deduction of cantonal, municipal and federal taxes (with the exception of fines), which are considered tax-deductible expenses. This explains the significant difference between the so-called statutory rate and the actual rate, as a percentage of pre-tax profit. In the example below, **the statutory rate is 31.99%, but the actual rate as a proportion of pre-tax profit is 24.24%.**

Example:

Pre-tax profit	100%
Direct Federal Tax (actual rate)	06,44%
Cantonal and municipal taxes (actual rate)	17,80%
Total (actual rate)	24,24%
Net profit after tax	75,76%

² The cantonal base tax on net profit is 10% in the canton of Geneva. Additional percentages are added to this base rate at the cantonal and municipal level (rate varies according to the municipality). The example below is for a company located in Geneva city (the cantonal and municipal additional percentages add approx. 2.35% to the profit tax).

Net profit after taxes may be distributed to shareholders after compulsory allocations to reserves have been deducted, at which point they become subject to withholding tax.

Special regimes

The Geneva Council of State, in agreement with the relevant municipality, may grant tax exemptions to newly created legal entities or companies undergoing restructuring, with the objective of facilitating their establishment and development, if deemed to be in the best interest of the canton. These exemptions are generally awarded for a predefined time period, in response to a formal request addressed in writing to the Cantonal Tax Office (Administration Fiscale Cantonale, Direction des Affaires Fiscales).

Such tax holidays can be extended for longer than 10 years. Since 8 February 2011, exemptions are also available for legal entities that have obtained “JEDI” status, i.e. companies recognised as start-ups developing innovative technologies, according to the Law of 2 July 2010 on New Companies Developing Innovative Technologies (LIPM, art. 10 para. 1 and LHID, art. 23 para. 3). The tax holiday consists of a total or partial exemption from cantonal and municipal tax (see 2.4 below).

2.3. Special tax statuses

2.3.1. Auxiliary companies

Incorporated companies, cooperatives and foundations that transfer administrative functions to Switzerland but have no commercial activity in the country, as well as companies which are commercially active primarily abroad and only secondarily in Switzerland, may qualify for this special tax status.

Generally speaking, an auxiliary company pays tax on foreign net profit at a lower rate. Conversely, profit generated from business in Switzerland is taxed at the normal rate.

Note that auxiliary company status is relevant only with regard to cantonal and municipal taxes. To obtain this status, the company must apply in writing to the Cantonal Tax Office. The status is valid for 5 years and can be renewed if the company still fulfils the necessary criteria.

2.3.2. Holding companies

Companies whose only or main purpose is the management of substantial equity investments (qualified participations) in other corporations may qualify for holding company status. The company must meet the following conditions: it has no commercial activities in Switzerland; at least two-thirds of its assets consist of such equity participations; and income from these participations accounts for at least two-thirds of its revenue.

Holding companies are exempt from profit tax at the cantonal and municipal levels, including realised capital gains. An annual capital tax of 0.03% (global rate) is levied on the equity of holding companies.

At the federal level, the holding company may also be eligible for a lower tax rate on dividends and capital gains from participations.

2.4. Special incentives

2.4.1. Newly-formed companies

Significant tax exemptions may be granted to newly formed companies in order to facilitate set-up and development. The decision to grant an exemption depends on whether the activity that the company plans to engage in has the potential to deliver economic benefits to the canton and the municipality where it is located, through job creation or the introduction of new technologies. However, companies do not qualify for this exemption if they are in direct competition with an already established company.

The exemption applies to cantonal tax, and is progressively reduced over a number of years. The maximum exemption is 100%, and the maximum time period is 10 years. For example, the company is 100% tax exempt during its first year of existence; the exemption is then diminished by a factor of 10% every year until the tenth year, when it reaches 10%. The following year, the exemption ends.

Example:

NEWLY ESTABLISHED COMPANY	2 ND YEAR	9 TH YEAR
Exemption	90%	20%
Profit before taxes	100%	100%
Direct Federal Tax	7.67%	6.68%
Cantonal and municipal tax with exemption	2.12%	14.76%
Profit after taxes	90.21	78.56

2.4.1.1. JEDI status

One of the Geneva government's main objectives is to encourage innovation and new company formation. The law defining "JEDI" status for innovative new companies aims to simplify administrative procedures for these companies in order to support new business start-ups.

JEDI status significantly simplifies the procedure for innovative new companies to apply for tax breaks. Instead of the complex documentation usually required, the company fills out a simple questionnaire with the purpose of ascertaining the company's innovative nature.

The simplified procedure is reserved for newly formed, innovative companies organised as legal entities, which meet the following six conditions:

- The company is developing innovative goods and services.
- It has a head office or permanent establishment in the canton.
- It is active primarily in the canton of Geneva.
- It is not the result of a merger, demerger, transformation, transfer of an asset or of an enterprise with assets and liabilities, or the extension or resumption of a pre-existing business.
- It is not publicly listed, with the possible exception of specialised exchanges for small and medium enterprises.
- Since the company was created it has devoted at least 35% of its annual expenses to research, of which at least half in Switzerland.

Companies that meet the above criteria and obtain JEDI status can apply to the Cantonal Tax Office for a tax exemption. There is no fee associated with obtaining JEDI status.

For more detailed information, contact the Geneva Economic Development Office: www.ge.ch/entreprises.

2.4.2. Corporate restructuring

Tax exemptions are also available for companies already established in Geneva that change their business purpose, or cease production of certain goods in order to develop new products requiring large investments or the adoption of new technical processes. Conversely, a company that reorganises its activities in the context of the natural development of its business cannot qualify for a restructuring exemption. Exemptions of this kind are granted by decision of the Council of State.

2.5. Value-added tax (VAT)

On 1 January 1995, Switzerland introduced a value-added tax³ (VAT) compatible with VAT in the EU, in accordance with the principle of competitive neutrality. The introduction of VAT eliminated the concept of wholesaler.

What is VAT?

VAT is a general tax on consumption of goods and services.

³ Source: www.estv.admin.ch/mwst

Swiss VAT rates

There are three rates of VAT:

1. Standard: 8%
2. Reduced: 2.5%
3. Accommodation sector: 3.8%
4. Flat rates: are granted on request to companies with annual revenue of less than CHF 5,020,000 (including VAT), and a total tax liability not in excess of CHF 109,000. Flat rates are special VAT rates for certain sectors and industries, which simplify VAT reporting to the Swiss Federal Tax Administration (FTA) considerably, in that input VAT doesn't need to be calculated. When using one of these methods, tax is calculated by multiplying gross revenue including VAT by the rate of the company's net tax liability or by the flat rate determined by the FTA. However, the company must still indicate the standard VAT rate on all client invoices.

A reduced rate of 2.5% applies to the following goods:

- Piped water.
- Liquid and solid food items with the exception of alcoholic beverages and items purchased by the restaurant and catering sector.
- Livestock, poultry, fish.
- Cereals.
- Seeds, plants, cut flowers, etc.
- Medicines.
- Newspapers, magazines, books and printed matter, except for advertisement purposes.
- Radio and TV services, except for commercial broadcasters.
- Sporting and cultural events.

VAT-exempt transactions are listed exhaustively in the Ordinance on Article 21 LTVA (health, social insurance, education, culture, insurance, money and capital markets, property sale and rental (except voluntary taxation) etc.)

VAT-exempt transactions include the importation of goods and the provision of certain services to clients outside of Switzerland.

Such transactions are taxed at a rate of 0%, which means that the company can still claim reimbursement of input VAT against them.

VAT-taxable transactions include all transactions that are not exempt or excluded by law from VAT, such as:

- Supply of goods: the transfer of the right to use the goods (trading) or the supply of goods manufactured on behalf of third parties (production), as well as operations that do not modify the goods (such as checking, adjusting, verifying, etc.). Supply does not necessarily imply transfer: for instance, rental or leasing contracts are considered supplied goods, as is energy (electricity, gas, heat, cold, pressure, vacuum, etc.).
- Supply of services: transfer of intangible assets or rights (copyright, brands, samples, models, licences, knowhow, etc.) is also considered to be a service supplied. The same applies to any act involving the renouncing or tolerating of an action or condition (for instance receiving payment in exchange for accepting competition, or conversely a ban on competition).
- Services supplied by a business to itself: for instance, the purchase of own goods or the construction/repair/renovation of buildings with an intention to sell or rent them.

- Importation of goods, except for:
 - Goods in small quantities for which VAT does not exceed CHF 5 per customs clearance.
 - Goods admitted duty-free.
 - Goods admitted under a customs clearance permit for temporary importation or re-export.
 - Goods originating in Switzerland returned from abroad.
- Services originating abroad for use or operation in Switzerland, if they are VAT-taxable in Switzerland and their value exceeds CHF 10,000 annually (at which point the initial CHF 10,000 becomes subject to VAT).

Who has to register for VAT?

In principle, all businesses may register for VAT, regardless of their legal form. However, registration is not mandatory for businesses with an annual revenue of less than CHF 100,000 (rising to CHF 150,000 for non-profit sporting and cultural associations and public utility institutions). Please note that if the business is not registered for VAT, it follows that it cannot deduct input VAT.

Businesses in the following categories are not required to charge VAT for certain transactions:

- Farms, forestry and horticulture businesses for purchases of their own products.
- Livestock traders for revenue from the sale of livestock.
- Milk collection centres for sales of milk to food processors.
- Non-profit sporting associations and public utility institutions managed on a volunteer basis, whose annual revenue does not exceed CHF 150,000.

Businesses may voluntarily register for VAT even when not required to do so, provided that their purpose is to earn a regular income (i.e. they do not operate as a recreation or hobby). Businesses may register voluntarily for VAT at the start of a taxation period.

How to register for VAT?

Annual revenue for VAT is determined on the basis of the consideration in exchange for the delivery of VAT-taxable goods or services rendered on Swiss territory, plus the value of goods or services supplied by the business to itself. Exports of goods and services are also factored into this amount.

Businesses are required to register for VAT by the end of the calendar year during which revenue reaches the threshold amount. Voluntary registration, on the other hand, has no retroactive effect.

The company is responsible for registering for VAT as soon as it meets the conditions for mandatory registration.

2.6 Acquisition tax

The Federal Law on Value Added Tax⁴ (LTVA) also established an acquisition tax levied on certain services supplied by companies with their place of business abroad. This tax applies only to services, subject to the place of recipient principle.

Examples:

- Advertising services.
- Services of consultants, wealth managers, accountants, lawyers, etc.
- Management services.
- Data processing.
- Staffing services.
- Transfer and concession of intangible rights.

No acquisition tax is due if the services supplied do not fall under the remit of the law or are tax-exempt.

If the receiver is registered for VAT, he or she must declare and pay tax on these acquisitions.

⁴Source: www.estv.admin.ch/mwst

A receiver who is not registered for VAT must still pay acquisition tax in these two situations: first, if the services purchased exceed a value of CHF 10,000 per calendar year; second, if the recipient is notified in writing by the relevant authorities that acquisition tax is due for services supplied on Swiss territory.

The rate of acquisition tax is the same as VAT.

3. Individuals

3.1. Income tax

The income of individuals is taxed at the federal, cantonal and municipal level.

3.1.1. Who has to pay income tax?

The following categories of individuals are liable for income tax:

1. Permanent or short-term residents of Switzerland: on net income from all sources (i.e. their worldwide income);
2. Persons not resident in Switzerland: on income earned in Switzerland, including wages and income from movable capital assets in Switzerland (interest and dividends);
3. Persons not resident in Switzerland: on income from real estate and businesses or permanent establishments located in Switzerland.

The first and third category of taxpayers must file an annual tax return. For the second category, tax is generally retained at the source in the form of a payroll tax (deducted directly from wages) or a withholding tax on income from moveable capital assets.

3.1.2. What forms of income are taxed?

Taxable income includes both earned income and income from capital received in the course of the calendar year.

Earned income include:

- Employees: all cash payments (base salary, 13th month salary, bonus, gratuities, shares or employee share-options, etc.) and benefits in kind (for example, housing allowance or company car);
- Self-employed: net profit earned by means of the business activity (in industry, commerce, finance, or other profession); includes any capital gains from transfers effected in the context of the business.

Income from capital includes:

- Income from property in Switzerland, or, if the property is owner-occupied, its rental value (determined by the tax office, but generally much lower than market prices);
- Interest, dividends and royalties from both Swiss and foreign sources;

3.1.3. Income from foreign sources earned by permanent or temporary residents in Geneva

Foreign income is considered part of taxable income in Switzerland, unless otherwise provided for by a provision in national law or tax treaty.

Switzerland has signed close to a hundred tax treaties with the aim of avoiding double taxation. These treaties directly affect how foreign income is treated for tax purposes. They may be used by natural persons who are resident in Switzerland and are the effective beneficiaries of such income.

Income not taxable in Switzerland includes income derived from property or from a business or establishment located outside of Switzerland, if provided for by national law. However, this income, though untaxed, is factored into the person's total income in order to determine the rate at which the individual's Swiss income is taxed.

Conversely, income from foreign movable capital assets (dividends, interest) is fully taxable in Switzerland. As this income is often subject to withholding tax in the source country, one of the advantages of tax treaties is that they allow a significant reduction in foreign taxes and withholding taxes.

For dividends, withholding tax generally drops to 15%, 10% or 5%, while for interest and fees it is generally limited to 10% or waived altogether.

When withholding tax on foreign income is only partly reduced, the remaining tax may be deducted from Swiss taxes on the foreign income (lump-sum tax credit).

3.1.4. What deductions can I claim?

The main allowable deductions against income include:

- Social insurance (social security) payments, including contributions to a recognised occupational pension fund,
- Interest payments,
- Insurance premiums (up to a defined threshold with regard to Direct Federal Tax),
- For employees: professional expenses, on the basis of a lump sum deduction or real expenses, within limits,
- For self-employed: operating expenses according to usual accounting practices (cost of earning the income).

When some of the person's total income is tax-exempt in Switzerland (for example rent from a property abroad), some of these deductions are adjusted accordingly.

3.1.5. What tax rates apply?

Income tax rates are progressive and depend on the level of net income, that is, total income minus legally accepted deductions. Income splitting was recently introduced at the level of the canton; this allows certain categories of taxpayers filing jointly to pay tax on their joint income at the rate of half their joint income. For instance, a couple with a joint net income of CHF 120,000 would both pay income tax at the rate applicable to an income of CHF 60,000.

The following categories of taxpayers may benefit from splitting:

- Married couples living together,
- Registered partners,
- Taxpayers who are widowed, divorced, separated (whether legally or not) and living with minor or adult children or relatives whom meet the legal definition of a dependent (see LIPP, art. 39, para. 2).

3.2. Property capital gains tax

Property capital gains (net profit from the sale of a building or part of a building located in the canton) realised by companies are considered profit and therefore subject to profit tax.

Similarly, property capital gains realised by real estate professionals are considered personal income and therefore subject to income tax.

Property capital gains realised by individuals who are not real-estate professional are subject to a special tax, known as the property capital gains tax. This tax is assessed on the difference between the price of purchase and price of sale, and depends on the number of years the property has been held by the owner; long-term capital gains (property held for over 25 years) are tax-exempt, whereas short-term capital gains (property held for under two years) are taxed at a rate of 50%.

3.3. Wealth tax

Personal wealth is taxed at the cantonal and municipal level, but not at the federal level. The following categories of taxpayers are liable for wealth tax:

- Individuals who are permanent or short-term residents of Switzerland: on their net wealth (except for wealth in the form of property or businesses located outside the canton, which is not taxed but taken into account to determine the applicable rate).
- Individuals who are not permanent or short-term residents of Switzerland: on their personal wealth in the form of property or businesses located in the canton, at a rate determined by their worldwide wealth.

As a general rule, wealth tax is levied on the taxpayer's entire net worth, defined as the taxpayer's gross wealth minus liabilities. Wealth tax is progressive, with rates ranging between 0% and approx. 1%.

The following assets are considered part of personal wealth: moveable assets (shares, bank deposits) and real estate (for example, buildings); life insurance and annuities with a guaranteed surrender value; capital invested in a business or farm. Household goods and everyday personal possessions are not taken into consideration.

useful addresses

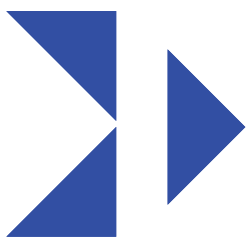
-  [Geneva Economic Development Office](#)
Rue de l'Hôtel-de-Ville – PO Box 3216 – 1211 Geneva 3
Tel. 022 388 34 34
www.ge.ch/entreprises (in French) www.whygeneva.ch

-  [Cantonal Tax Office: Département des Finances \(DF\), Hôtel des Finances, Administration Fiscale Cantonale](#)
Rue du Stand 26 – PO Box 3937 – 1211 Geneva 3
Tel. 022 327 70 00
www.geneve.ch/df

-  [Swiss Federal Tax Administration \(FTA\), VAT division, Taxation Section](#)
Schwarztorstrasse 50 – 3003 Berne
Tel. 031 322 21 11
www.estv.admin.ch

IV. work and social insurance

What rules do employers have to follow when hiring staff



This chapter discusses important aspects of Swiss Labour Law and explains the social insurance contribution system.

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1. Aspects of Swiss Labour Law

1.1. Work contracts

- A work contract is considered to have been entered into from the time when an employer and an employee express their intention to exchange labour for a wage.
- A work contract can be entered into either in writing or verbally. However, the contract must always be in writing in the case of apprenticeships, and whenever the conditions of employment agreed to by both parties differ from those defined in the Swiss Code of Obligations (e.g. redundancy notice period, payment of wages in case of illness or accident, etc.)
- A work contract can be for a fixed term (temporary contract) or for an indefinite time period (permanent contract). In the latter case, the law provides that, unless both parties agree otherwise, the first month is a probationary period, during which either party may terminate the contract by giving notice of 7 calendar days. The probationary period cannot extend beyond three months, unless the employee is absent due to illness, accident or the fulfilment of a civic duty (such as military service) during that time. If this is the case, the probationary period is extended for the duration of the absence.
- For permanent contracts and temporary contracts for a period of more than one month, the employer must provide the employee with the following information in writing, no later than one month after work commences:
 - The name of the parties to the contract.
 - The date when work began.
 - The employee's duties.
 - Salary and any benefits provided.
 - Weekly working hours.
- Any changes to the information in this written document during the course of employment must also be communicated to the employee in writing, no later than a month after they come into effect.

The work contract is characterised by the relation of subordination it establishes between the employee and the employer. It thus differs fundamentally from service, agency, consultant, or partnership contracts, in which the contractor is self-employed.

This distinction is significant especially with regard to compulsory social insurance contributions (see Social Insurance table).

1.2. Working time

According to Swiss law, the maximum working hours per week are:

- 45 hours for workers in manufacturing, office staff, technical staff and other employees, including retail sales staff,
- 50 hours for all other employees, unless they belong to a regulated profession (professional drivers; hospitals and clinics; hotels, restaurants and cafés; construction and civil engineering; etc.)

Weekly working hours are specified in the work contract. The Swiss average is 41.6 hours per week, and the Geneva average is 40.9 hours (Federal Statistical Office, 2012).

Working hours may also be defined by a collective bargaining agreement (Convention collective de travail).

1.3. Day work

- According to the law, day work takes place between the hours of 6 a.m. and 8 p.m. and evening work between the hours of 8 p.m. and 6 a.m., unless the employer obtains an exemption.
- The employer does not need to obtain prior permission to introduce evening work, but employees must be consulted beforehand.

- The maximum duration from the beginning of day work to the end of evening work is 14 hours, including breaks.
- For employees under 19 years of age, the maximum duration is 12 hours and the total working day cannot exceed 9 hours. Work must end before 8 p.m. on school nights.

1.4. Night work

Night work hours takes place between the hours of 11 p.m. and 6 a.m., unless the employer has obtained an exemption.

Night work is permitted in certain industries (hospitals and clinics, hotels and restaurants, pharmacies, bakeries, etc.). Conversely, it is prohibited in all others. However, cantonal and federal authorities may authorise night work under certain conditions, provided the employees agree (the relevant authorities are, at the cantonal level, the Office Cantonal de l'Inspection et des Relations de Travail – OCIRT in Geneva; and, at the federal level, the State Secretariat for Economic Affairs - SECO).

If night work is temporary – i.e. a total of less than 25 nights per year – employees are entitled to 25% overtime pay. As of the 25th night, employees must receive a 10% time-equalisation allowance, and the employer must take special protective measures.

Employees under 19 years of age are not allowed to work nights.

1.5. Vacations and public holidays

By law, employees are entitled to 5 weeks of paid vacation per year until their 21st birthday, and 4 weeks thereafter.

Employees receive their full salary during vacations. In most cases, foregone vacations cannot be replaced by a payment in cash.

Vacation dates must be mutually decided with the employer and must include at least 2 consecutive weeks at some point in the year.

In the canton of Geneva, work is in principle not allowed on the following public holidays:

- | | |
|------------------------|---|
| • New Year (1 January) | • 1 August (National Day) |
| • Holy Friday | • Jeûne Genevois (second Thursday in September) |
| • Easter Monday | • 25 December |
| • Ascension Thursday | • 31 December |
| • Pentecost Monday | |

1.6. Individual and collective redundancies

Barring a few exceptions (e.g. immediate termination for cause), employers must give employee due prior notice of redundancy.

The legal notice periods are:

- 7 days' notice during the probationary period
- 1 month's notice for the end of a calendar month during the first year of employment
- 2 months' notice for the end of a calendar month from the 2nd to the 9th year of employment
- 3 months' notice for the end of a calendar month thereafter

Note that the law allows the parties to an work contract to agree in writing to other notice periods, under certain conditions. However, the notice period should not be less than a month, unless specified in the contract, and in that case only during the first year of employment.

An employer cannot give notice of redundancy in certain circumstances (inappropriate time):

- While the employee is performing a compulsory civic duty, such as military service (as well as 4 weeks before and afterwards)
- While the employee is completely or partially unable to work (for 30 to 180 days depending on years of work with the same employer)
- During the pregnancy of an employee and the sixteen weeks following birth
- While the employee is participating in an overseas aid project ordered by the federal authorities

If notice was given immediately before any of the circumstances described above, it is suspended for the entire period.

Similarly, in some specific cases, a redundancy may be considered unlawful.

The same contractual notice period and provisions with regard to inappropriate times also apply to mass redundancies (for economic reasons).

Companies must inform the Cantonal Employment Office of any decision to close down their operations or to reduce staff numbers. In Geneva, it becomes mandatory as of 6 redundancies in a 30-day period. In some cases, they are advised to negotiate with their employees.

2. Social Insurance Contributions

Employers must register with a compensation office in order to contribute to the compulsory social insurance schemes presented in the table below.

2.1. Employer social security contributions

Combined employer/employee contribution rates and amounts (as of 1 January 2014)

ANNUAL SALARY (CHF)	OASI/DI/IC OLD AGE AND SURVIVORS INSURANCE, DISABILITY INSURANCE, INCOME COMPENSATION	UI* UNEMPLOYMENT INSURANCE	UI** SOLIDARITY UNEMPLOYMENT INSURANCE CONTRIBUTION	LAA (AC- CIDENT INSURANCE WORK)	FAMILY ALLOWANCE	MATERNITY INSURANCE	OCCUPATIONAL RETIREMENT SCHEME (LPP) ***	EMPLOYER'S SHARE (CHF)	EMPLOYER'S SHARE AS A% OF ANNUAL SALARY
	5.15%	1.10%	0.50%	0.80%	2.3%	0.041%	6.25%		
20,000.00	1,030.00	220.00	0.00	160.00	460.00	8.20	0.00	1,878.20	9.391
30,000.00	1,545.00	330.00	0.00	240.00	690.00	12.30	339.38	3,156.68	10.523
45,000.00	2,317.50	495.00	0.00	360.00	1,035.00	18.45	1,276.88	5,502.83	12.229
60,000.00	3,090.00	660.00	0.00	480.00	1,380.00	24.60	2,214.38	7,848.98	13.080
80,000.00	4,120.00	880.00	0.00	640.00	1,840.00	32.80	3,464.38	10,977.18	13.721
100,000.00	5,150.00	1,100.00	0.00	800.00	2,300.00	41.00	3,729.38	13,120.38	13.120
120,000.00	6,180.00	1,602.00	0.00	960.00	2,760.00	49.20	3,729.38	15,280.58	12.734
150,000.00	7,725.00	1,602.00	120.00	1,200.00	3,450.00	61.50	3,729.38	17,887.88	11.925

* Unemployment Insurance contributions are capped at CHF 126,000.

** A solidarity contribution of 1% (0.5% + 0.5%) is levied on the portion of salary above CHF 126,000 (no upper limit).

*** The salary subject to this contribution is equal to the salary for OASI purpose up to a threshold of CHF 84,240 minus an annual "coordination deduction" of CHF 24,570.

Note that the occupational benefit plan (LPP) also known as the "second pillar" varies between 7% and 18% of gross salary, depending on the age of the person. The LPP pension scheme is financed primarily by a premium deducted directly from the employee's wage. The employer contributes at least half and the employee half. Registering for the family allowance scheme in the canton of Geneva automatically enrolls the employer in the cantonal maternity insurance scheme.

2.2. Self-employed persons

Self-employed persons are also required to contribute to the Swiss social insurance system. The amount of your compulsory contribution to OASI/DI/IC, FA and Maternity insurance is determined on the basis of your taxable net income.

The contribution rate for OASI/DI/IC is currently 9.7%. The rate for self-employed persons is progressive up to an annual income of CHF 56,200. The minimum threshold is CHF 9,400.

Individual OASI/DI/IC rates (from 1 January 2014)

ANNUAL NET INCOME IN CHF		CONTRIBUTION OASI/DI/IC	
FROM	TO	AS A % OF INCOME	
CHF 9,400	CHF 17,200	5.223 %	
CHF 17,200	CHF 21,700	5.348 %	
CHF 21,700	CHF 24,000	5.472 %	
CHF 24,000	CHF 26,300	5.596 %	
CHF 26,300	CHF 28,600	5.721 %	
CHF 28,600	CHF 30,900	5.845 %	
CHF 30,900	CHF 33,200	6.093 %	
CHF 33,200	CHF 35,500	6.342 %	
CHF 35,500	CHF 37,800	6.591 %	
CHF 37,800	CHF 40,100	6.840 %	
CHF 40,100	CHF 42,400	7.088 %	
CHF 42,400	CHF 44,700	7.337 %	
CHF 44,700	CHF 47,000	7.710 %	
CHF 47,000	CHF 49,300	8.084 %	
CHF 49,300	CHF 51,600	8.457 %	
CHF 51,600	CHF 53,900	8.829 %	
CHF 53,900	CHF 56,200	9.202 %	
CHF 56,200		9.700 %	

CANTONAL	INSURANCE	ANNUAL INCOME	RATE
Geneva	Family Allowance	Up to CHF 126,000	2.3%
Geneva	Maternity Insurance	No upper limit	0.041%

Your accountant or lawyer can advise you on which compensation office best meets the needs of your business.

General information is available from the registration section of the Cantonal Social Insurances Office (Office Cantonal des Assurances Sociales, OCAS) and the Fédération des Entreprises Romandes in Geneva.

The Federal Social Insurances Office provides detailed information on the Swiss social insurance system on its web site: www.bsv.admin.ch.

An online contribution simulator is available on the web site of the Fédération des Entreprises Romandes: www.fer-ge.ch.

3. Regulated Activities

Generally speaking, Switzerland applies the principle of free trade and free enterprise. Consequently, most professions can be practiced without obtaining a permit or permission.

However, a relatively small number of professions are regulated. We strongly advise you to check whether this might apply to your profession.

In practical terms, there are two broad categories subject to regulation:

- Regulated activities (which are based on reputation or for which a system of controls or quotas is applied)
- Regulated professions (which require a specific diploma, course of study, or work experience)

A list of regulated professions and the relevant requirements, as well as the governmental bodies responsible for reviewing them, is available from:

- The website of the Geneva Economic Development Office – www.ge.ch/entreprise.
- The State Secretariat for Education, Research and Innovation (SERI, Effingerstrasse 27, 3003 Berne) web site www.sbf.admin.ch/.

It is impossible to ensure that these lists are always up to date, but they at least give you a general sense of the scope of regulated activities. We highly recommend you check all information directly with the relevant government authorities.

useful addresses

- ▶▶ [Cantonal Social Insurances Office - Office Cantonal des Assurances Sociales \(OCAS\)](#)
Rue des Gares 12 – PO Box 2595 – 1211 Geneva 2
Tel. 022 327 27 00 – Fax 022 718 68 62
www.caisseavsge.ch

- ▶▶ [Fédération des Entreprises Romandes Genève \(FER Genève\) – Promotion Section](#)
Rue de St-Jean 98 – PO Box 5278 – 1211 Geneva 11
Tel. 058 715 31 11 – Fax 058 715 32 13
www.fer-ge.ch

- ▶▶ [Office Cantonal de l'Inspection et des Relations de Travail \(OCIRT\)](#)
Rue David-Dufour 1-5 – PO Box 64 – 1211 Geneva 8
Tel. 022 388 29 29 – Fax 022 388 29 30
www.ge.ch/ocirt

- ▶▶ [Federal Social Insurance Office \(FSIO\)](#)
Effingerstrasse 20 – 3003 Berne
Tel. 031 322 90 11 – Fax 031 322 78 80
www.bsv.admin.ch

