

The new Swiss VAT Law

Important changes for taxable enterprises

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The aim of the new VAT Law is a high one: the administrative costs for the VAT registered enterprises are to be reduced as from 1 January 2010. KPMG tells you what to expect of the new law.

VAT registration

In future all business enterprises must basically register for VAT. However, if the turnover is less than CHF 100,000, there is no need to register.

Input tax claim

- The right to input tax deduction no longer depends on the compliance of the invoice with certain formal requirements.
- 100% of the input tax on the costs of food and drink can basically be claimed (instead of only 50%, as of today).
- Every enterprise can in principle claim the full input tax on costs incurred in connection with its business activity; a reduction or correction of the input tax must be made in respect of exempt turnovers and certain "non-turnovers" (e.g. subsidies). No input tax reduction has to be made as a result of charitable contributions, dividends, financial restructurings, interest-free loans and loan waivers.
- For holding companies which are business enterprises, there is a significant improvement in the possibilities for claiming input tax.

Self-supply

Self-supply will basically only have to be declared where a change in circumstances means that the requirements for claiming input tax are no longer (fully) met. Self-supply in connection with the construction of buildings has been abolished. The new maximum amount for tax-free gifts is CHF 500 p.a. per recipient.

Place of supply

There are new rules in respect of the place of supply for VAT purposes in respect of various supplies (e.g. transport, electricity, gas) – as a result the question of declaring reverse charge VAT for services provided from abroad, and zero-rating of services provided to persons abroad, has to be reconsidered.

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Procedural matters

- The statutory limitation periods have been shortened, in order to tighten up the VAT procedure and increase the legal certainty.
- Where defects are discovered in VAT declarations, these have to be corrected within six months after the end of the relevant tax period.
- In case of a VAT audit, the amount of VAT due to the tax authority (= output tax less input tax) for the audited periods will be definitively assessed by the tax authority. The VAT-registered enterprise will have the right to demand a tax audit.

Further alterations

- There are new liability provisions for a VAT group. Where a company leaves the VAT group, it will only be liable for tax claims relating to its own activities.
- In case of reorganizations and transfers of assets, the notification procedure is to be used where the tax would amount to more than CHF 10,000.
- The VAT period is one year; as a rule quarterly VAT declarations still have to be filed. The VAT period may now be the same as the period of the annual accounts.
- The penal provisions for breaches of regulations have been tightened significantly. The responsibility of management is thus increased.

Further information

When the new VAT Law comes into force, VAT-registered companies will have various possibilities to make elections and options. During the next few months KPMG will follow the development of the legal regulations and their impact on Swiss enterprises and will review and comment on these.

If you want to keep up with these further developments relating to the new VAT Law, you should keep looking at the section on "Indirect Tax" in the website of KPMG Switzerland: www.kpmg.ch/en/index.html

Should you be interested in specific information or our client events, please contact your local VAT specialist (see the contacts listed on this page).