



Mail-order companies: Swiss VAT



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VAT regulations for mail-order companies

According to Swiss VAT regulations, mail-order companies are required to register for and pay VAT if they generate more than CHF 100'000 in Swiss sales per calendar year with so-called low value consignments. Below is an overview of the most important information mail-order companies with Swiss customers should know.

Sales to Switzerland – General rules

The Swiss Federal Customs Administration (FCA) levies import VAT (standard rate 7.7%, reduced rate 2.5%) and customs duties (if applicable) on goods imported to Switzerland. Generally, the customer acts as importer of record and is therefore likely to be invoiced for such costs by the carrier. Alternatively, the costs may be borne by the mail-order company.

Low-value consignments – Special rules

Shipments to Switzerland are deemed to be a low-value consignment if the import VAT levied on these goods is less than CHF 5.

This is the case if the value of the goods is:

- ≤ CHF 65 for goods subject to the standard rate of 7.7%
- ≤ CHF 200 for goods subject to the reduced tax rate of 2.5%

For such low-value consignments, no import VAT is levied by the FCA for administrative reasons.

Mandatory VAT registration for shipments of low value consignments

If a mail-order company domiciled outside of Switzerland generates revenues in excess of CHF 100'000 from such low value consignments, the place of supply of its sales is shifted to Switzerland and the company will have to register for VAT, and collect and pay VAT on its sales.

It is important to note that once registered for VAT, not only the low value consignments will be considered as domestic supplies but also all other consignments where the import VAT is more than CHF 5. As a result, all shipments to Switzerland are subject to VAT.

Please note that after the registration, still no import VAT for low value consignments is due. However, the company has

to consider the VAT due on the sales price while pricing its products.

Any other import VAT (e.g. for consignments of greater value) paid by the mail-order company can be reclaimed in its VAT return.

Advantages of a (voluntary) VAT registration

Under the CHF 100'000 threshold, mail-order companies may choose to waive the exemption from tax liability and register voluntarily. A registration has the following advantages:

- Return shipments of greater value become VAT free as the mail-order company is entitled to reclaim any already paid import VAT.
- Better customer experience:
 - The customer knows the final price for the goods at check out (sales price + applicable VAT rate).
 - The customer no longer has to deal with import VAT procedures and make additional payments to the carrier.

Compliance requirements

Within the scope of a VAT registration in Switzerland, a foreign established company has to:

- appoint a **fiscal representative** domiciled in Switzerland
- submit a **security deposit** of 3% of the expected taxable domestic turnover over the next 12 months (excl. exports; minimum amount: CHF 2,000, maximum amount: CHF 250,000).

Moreover, the registered company also has to submit a quarterly VAT statement, as well as prepare an annual reconciliation.

Mail-order companies with VAT registration – process improvements

If they are registered for VAT in Switzerland, mail-order companies can customize their import process to Switzerland depending on their requirements. Here is a run-down of the most important aspects mail-order companies should know:

Customs duties and import tax

Customs duties are based on the type, material, characteristics, use, and weight of the goods. They are calculated in accordance with the assessment basis (generally the **gross weight**).

As a rule, import duties are payable in cash or by card right at the point of entry. Freight forwarders handling the customs formalities generally pay the duties and then bill the client, together with a processing fee. Please find thereafter further payment modalities for importers who make regular payments.

CSP account (customs deferral account)

A mail-order company can apply for a CSP account which allows for a **cashless settlement** of customs duty and import VAT. Please note that a security deposit is necessary. Upon opening such an account, the FCA grants the following payment deadlines:

- Payment deadline of 60 days for import VAT
- Payment deadline of 5 days for customs duties

Without a CSP account, the tax and customs duties are due in full at the time of importation.

Direct Debit / PDF invoices

Payment deadlines, especially for the customs duties, are quite tight. Luckily, there are two ways for the holders of such CSP accounts to streamline the payment process:

- Direct debit: with this procedure the fees owed **are debited directly from the bank account** from the company. One can apply for such a procedure but please note that the payments must be processed by a Swiss bank or a foreign bank with a branch office in Switzerland.
- PDF invoices: CSP account holders have the option of receiving their customs and VAT invoices in PDF format by email. Companies may apply for this modality on the FCA's website while providing an email address the invoice can be sent to.

Import declarations – EVV

Every time goods are imported into Switzerland, the Swiss customs clearance system e-dec automatically reproduces the electronic assessment decision according to the customs declaration in the form of a signed and encrypted XML-file.

These files serve as proof of the right to deduct the import tax and must therefore be archived electronically in order to maintain the electronic audit trail. It is important to keep these electronic files in a place that is easily available in case of an audit by the Federal Tax Authority.

WebGUI

The WebGUI is a system provided by the FCA to gather the electronic assessment decisions. It is suitable for companies that do not wish to download every single assessment via link and for companies without access to a programmed interface with the FCA.

For the setup, an active CSP account is required. The date range for list queries is limited to a maximum of 10 days or 50 files each time. The FCA does not provide archiving services but it saves the electronic assessment decisions for download for the statutory period of 11 years (10 years + current year).

Switzerland is currently discussing a partial revision of its VAT law. Some of the proposed changes might impact mail-order companies directly (e.g. liabilities of the e-platforms, measures such as blockage or even destruction of the goods targeting distant sellers and platforms failing to follow the rules).

It is therefore crucial to monitor any further developments in order to be ready once these measures are implemented.

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