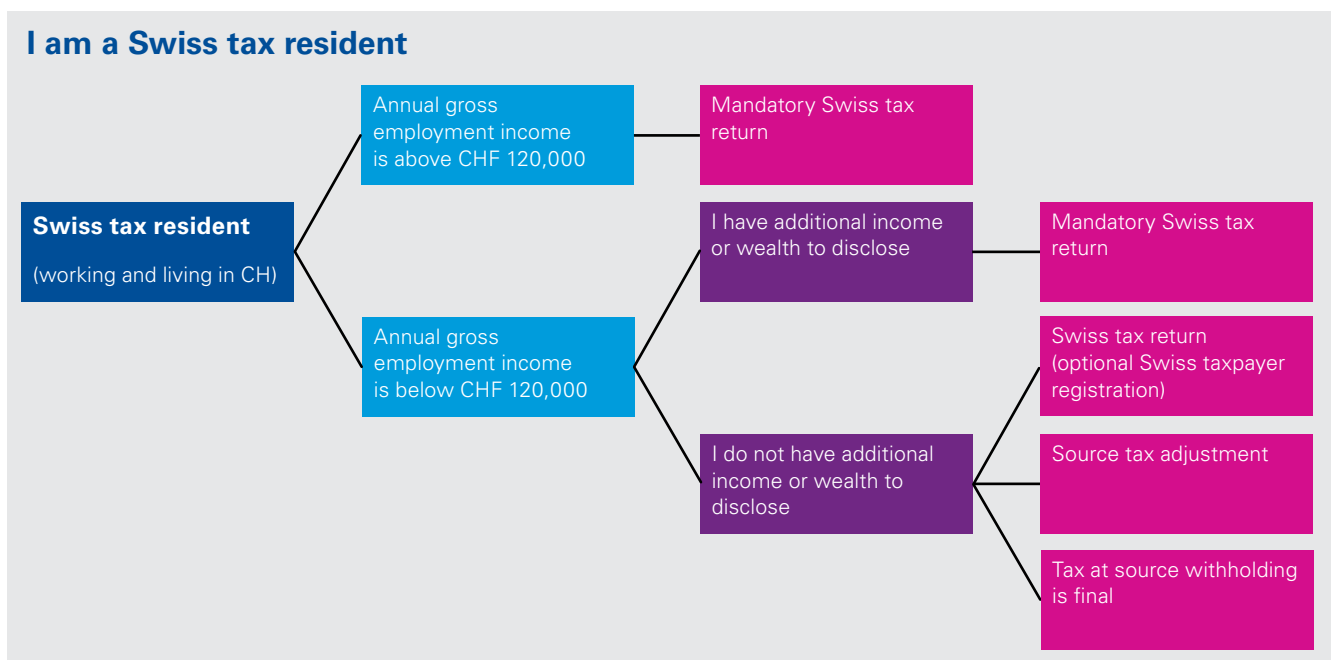


New Tax at Source legislation from 2021

Individuals taxed at source in Switzerland



Are you working in Switzerland and taxed at source? We've put together some helpful information to help you understand the rules, advantages and disadvantages of filing a tax return if you are working in Switzerland or considering doing so.



Mandatory Swiss tax return

If you fall under this category, you are required to file a Swiss tax return disclosing your worldwide income and assets in full.

Swiss tax return (optional Swiss taxpayer registration)

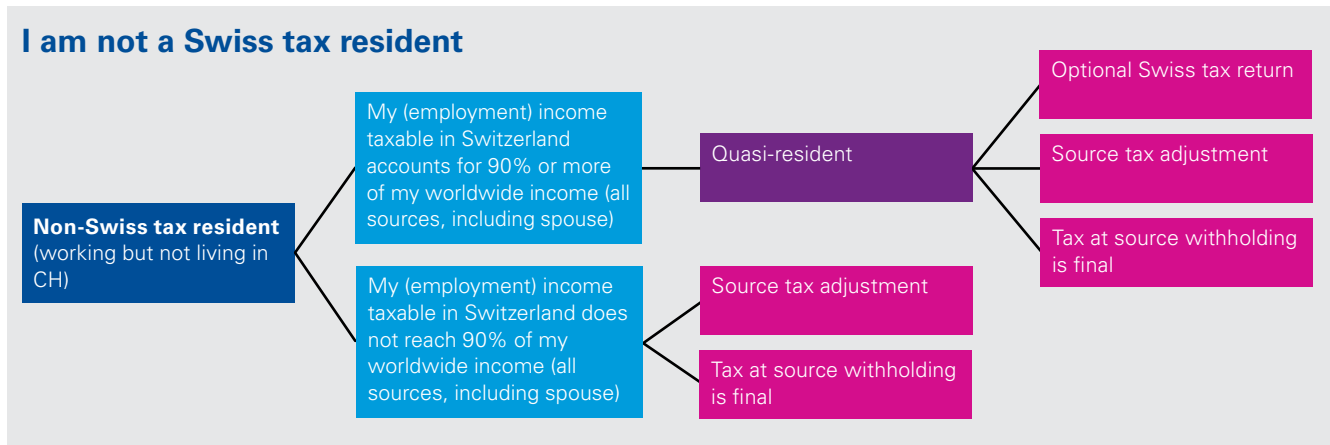
Upon request by 31 March of the subsequent tax year, you can register as a standard Swiss taxpayer. Registration requires you to file a tax return from this date onwards. Registration is useful if you wish to reduce your tax liability by claiming additional deductions (e.g. pillar 2 voluntary contributions, pillar 3A contributions, professional expenses, etc.).

Source tax adjustment

New tax at source adjustment is possible when:

- The taxable income was incorrectly considered in the Swiss payroll
- The income for the tax rate was incorrectly considered in the Swiss payroll (i.e. payroll split, worldwide payroll)
- The incorrect tax at source tariff was applied in the Swiss payroll (i.e. family situation)

Deadline is 31 March of the subsequent tax year. **No additional deductions (i.e. pillar 2 voluntary contributions, pillar 3A contributions or professional expenses, etc.) can be claimed.**



Optional Swiss tax return

The quasi-resident status application shall be submitted each year by 31 March of the subsequent tax year. Upon acceptance of the status by the cantonal tax authority, a Swiss taxpayer ID number is generated and a tax return is issued for completion/filing. You need to elect a Swiss domiciled representative who becomes the point of contact for all communications coming from the tax authorities.

This possibility is mainly used to claim deductions such as pillar 2 voluntary contributions, pillar 3A contributions, professional expenses, etc. (all deductions which impact the taxable employment income).

Filing a Swiss tax return means full disclosure of worldwide income and assets. The quasi-resident status application should be filed each year.

There are no plans at present to amend the double tax treaties between Switzerland and neighboring countries as the new circular entering into force does not challenge

taxation rights at an international level. However, there may be slight changes affecting Swiss quasi-residents' personal tax reporting in the respective country of residency (mainly around employment compensation taxation and relative tax deductions).

Source tax adjustment

New tax at source adjustment is possible to avoid possible double taxation with your country of residency when:

- The taxable income was incorrectly considered in the Swiss payroll (i.e. exclusion of non-Swiss working days)
- The income for the tax rate was incorrectly considered in the Swiss payroll (i.e. payroll split, worldwide payroll)
- The incorrect tax at source tariff was applied in the Swiss payroll (i.e. family situation)

The deadline is 31 March of the subsequent tax year.

No additional deductions (i.e. pillar 2 voluntary contributions, pillar 3A contributions or professional expenses, etc.) can be claimed.

How KPMG can help

- Optimize your Swiss tax filing position and tax liability
- Help you understand your tax situation and the options available to you
- Represent you to the Swiss cantonal tax authorities
- Assist you in completing the necessary tax filings

Contacts

Basel

Jana Jermann
Director
+41 58 249 71 81
jjermann@kpmg.com

Geneva

Sandrine Uster
Director
+41 58 249 37 79
suster@kpmg.com

Lausanne/Neuchâtel/Lugano

Tatiana Pedretti
Director
+41 58 249 46 43
tpedretti@kpmg.com

Zurich

Simon Koch
Director
+41 58 249 63 79
skoch@kpmg.com

kpmg.ch

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