



# Zug: doing business



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## Doing business in the Canton of Zug

Are you interested in moving to the Zug Economic Area and setting up a company? Have you only recently begun doing business in the Canton of Zug? We eagerly await your arrival and wish you a warm welcome!

The Canton of Zug is one of the most popular areas in which to live and to do business – this is borne out by numerous independent ratings and studies. The unique “Spirit of Zug” is immediately noticeable. Formalities and bureaucracy are kept to a minimum: the Zug authorities have an excellent reputation when it comes to dealing with matters quickly and efficiently. The economic success of Zug is based on a long-term development strategy.

The Canton of Zug offers the best overall package. The outstanding locational conditions are applicable to everyone. Their core elements are made up of a unique mix of small and large, local and international firms; a closely knit network of service providers, suppliers and private institutions; investment in training, sport and culture; attractive taxes for legal entities and individuals; the availability of an efficient infrastructure and a fascinating living space.

This brochure “Zug: doing business” provides easily comprehensible information with references to further sources for topics relating to the various types of corporation, their foundation and management, corporate taxation, employment legislation and other framework conditions for business.

### **The Economic Promotion Office is your point of contact**

Our services are provided with you, as an entrepreneur, in mind. We are your partner, and we promote Zug as a business location. We are closely networked with local companies, trade associations, other associations and authorities and are committed to helping those wishing to settle or locate here. We will gladly deal with your concerns, please contact us:

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## A Types of business activity in Switzerland

### 1 Aktiengesellschaft and GmbH

There are primarily two types of corporation when embarking upon business activities: The “Aktiengesellschaft (AG)” and the “Gesellschaft mit beschränkter Haftung (GmbH)”. These two kinds of legal entities offer the following advantages:

- Liability and risk limited to capital
- Simplified transferability of participation rights/shares
- Regulated representation rights
- Comparable with foreign legal entities such as the German “GmbH”, the US “Joint-Stock Company”, the English “Limited Liability Company” and the French “Société Anonyme”.

Besides forming an “AG” or a “GmbH”, it is also possible to have a branch of a foreign corporation entered in the commercial register or to set up a private company which is not a legal entity in its own right.

### 2 Branch operation

Swiss law offers domestic and foreign companies that wish to maintain their status as a single legal entity but would like to expand the territorial basis of their operations the possibility of setting up branches.

Branches are commercial undertakings that have a certain degree of financial and commercial independence with respect to the principal company but which, however, are legally dependent on the principal company. Their corporate objective is to carry out operations on their own premises on an ongoing basis that are similar to those conducted by the principal company at its own headquarters. Branches do not have a separate legal personality.

Branches may be set up for the following types of corporation:

- AG, GmbH and cooperatives
- General partnerships and limited partnerships

It should be pointed out that for principal companies based abroad, an authorized representative domiciled in Switzerland must be entered in the commercial register.

### 3 Partnership

Partnerships are formed when at least two persons pursuing a common objective join forces governed by the terms of an agreement. Here, the members or the partners play a central role. The existence of the partnership depends on them and they are liable both with the partnership’s assets and with their own private assets (there are exceptions in the case of limited partnerships). Partnerships, as opposed to AG and GmbH, do not have a separate legal entity. Therefore, a partnership per se cannot be subject to rights and obligations – it is always the partners themselves who exercise these rights and bear these obligations.

Partnerships offer the following advantages:

- No minimum prescribed capital
- Relative freedom in terms of organizing the relationship of the partners inter se

Swiss law recognizes three types of partnership:

- Simple partnership (not suitable for permanent and commercial undertakings)
- General partnership
- Limited partnership

#### 4 Sole proprietorship

Sole proprietorship is established by a private individual commencing a commercial activity. The foundation procedure is straightforward. There are no minimum capital requirements. The name of the company must include the owner's surname – with or without his/her first name – (art. 944 et seq. CO). The owner of the sole proprietorship is liable with his/her entire private and business assets. Entry in the commercial register is mandatory if turnover exceeds CHF 100,000 per year. If the sole proprietorship attains sales revenues amounting to at least CHF 500,000 in a fiscal year, it is required to keep accounts and prepare financial statements. If it has a turnover of less than CHF 500,000, then it is only required to keep accounts of income and expenses and in respect of its financial situation.

#### 5 Contractual relationships

Business relationships can, of course, also be entered into on a purely contractual basis, e.g. based on an agency or sole distributorship agreement. There are numerous ways of structuring these kinds of agreements under Swiss contractual law, which only imposes a small number of restrictions governed by compulsory provisions.

#### 6 Antitrust law

Free competition in business is protected by the Swiss Cartel Act.

The Swiss Competition Commission is responsible for applying and enforcing these provisions ([www.weko.admin.ch](http://www.weko.admin.ch)).

## B Aktiengesellschaft (AG)

The AG is a legal entity in its own right with its own name. The corporation's capital is divided up into shares. The owners of the shares (the shareholders) exercise their rights at the General Meeting of Shareholders. Actual management of the AG is the exclusive responsibility of the Board of Directors and the managers (directors) appointed by the Board. The text of the provisions governing companies limited by shares is available at [www.admin.ch/ch/d/sr/c220.html](http://www.admin.ch/ch/d/sr/c220.html) (art. 620 et seq. CO).



## 1 Capital stock

### 1.1 Capital stock, bearer and registered shares

An AG must have a capital stock of at least CHF 100,000. The capital stock may be divided up into bearer and/or registered shares. Bearer shares are only permitted if the company has listed equity securities on a stock exchange or if the bearer shares are designed as book effects within the meaning of the Federal Act on Intermediated Securities of October 3, 2008 and are deposited with a custodian designated by the company in Switzerland or are entered in the main register. The nominal value of these shares must be at least CHF 0.01. When establishing the corporation, each share must be paid up to at least 20% of its nominal value, but the total paid-up share capital must amount to at least CHF 50,000.

### 1.2 Participation certificates

One portion of the share capital can also be issued in the form of what are known as participation certificates. Essentially, these are shares without voting rights.

One or more individuals or legal entities are required to form an AG. If the shareholders are individuals, it is irrelevant by Swiss corporate law whether they are Swiss nationals or foreigners. On the other hand, setting up an AG can become somewhat more complicated if one or more of the founding shareholders are foreign companies.

## 2 The governing bodies of the corporation

The AG is made up of three governing bodies: the General Meeting of Shareholders, the Board of Directors and the auditors.

### 2.1 General Meeting of Shareholders

The General Meeting of Shareholders is the supreme governing body of the company. It is assigned the following non-transferable powers:

- to draw up and amend the Articles of Incorporation;
- to elect the members of the Board of Directors and the auditors;
- to approve the management report and the consolidated financial statements;
- to approve the annual financial statements and to resolve on the distribution of net earnings (in particular, to set the dividends and the management bonuses);
- to grant discharge to the members of the Board of Directors;
- to resolve on matters reserved under the law or under the Articles of Incorporation for the General Meeting of Shareholders.

The General Meeting of Shareholders must be convened at least once a year (within six months of the end of the fiscal year). Extraordinary meetings may be convened at any time by the Board of Directors, by shareholders representing at least 10% of the capital stock or by the auditors.

### 2.2 Board of Directors

The Board of Directors is the management board of the AG. It is assigned with non-transferable and inalienable duties under the law (e.g. overall management of the company, definition of the management structure, overall supervision of employees entrusted with managerial tasks, preparation of the annual report etc.) The Board of Directors, based on corresponding provisions in the Articles of Incorporation or in the Organizational Regulations, is free to assign the delegable portion of managerial tasks to individual members (delegates) or to third parties (managers or authorized officers).

The Board of Directors is made up of one or several members. There is no requirement for a board member to be a shareholder. The corporation must have the capacity to act in Switzerland. This means that it must be represented by at least one person domiciled in Switzerland and with

sole signatory power. This requirement may be satisfied by a member of the Board of Directors or by a manager.

### 2.3 Auditors

The responsibility of the auditors is to ascertain whether the accounts, the financial statements and, wherever applicable, the consolidated financial statements as well as the recommendation to the General Meeting of Shareholders with regard to the distribution of the balance sheet profit are in line with the law and the Articles of Incorporation. Publicly owned companies and companies required to prepare consolidated financial statements must undergo an ordinary audit. An ordinary audit must also be conducted for any companies in respect of which two of the following variables are exceeded during two consecutive fiscal years:

- balance sheet total of CHF 20 million;
- turnover of CHF 40 million;
- an annual average of 250 full-time employees.

Companies falling short of the criteria for an ordinary audit must undergo a limited audit. This type of audit is known as an “audit review” or “review”. It is based on summary examinations, analyses and interviews with the Board of Directors and management. Companies subject to limited audits and with an annual average of a maximum of 10 full-time employees may dispense with engaging an audit firm provided all the shareholders grant their approval.

The audit firm must be registered at the Federal Audit Oversight Authority in Berne ([www.rab-asr.ch](http://www.rab-asr.ch)).

## 3 Company name

### 3.1 Choice of company name

In principle, the company name can be freely chosen. However, the name must clearly differ from any other company names already registered, must not deceive and must not run contrary to public interests. The name chosen may be fanciful or it may be an objective description. The suffix “AG” must be added to all company names chosen for joint-stock companies, including fanciful names. The use of merely objective terms is not suitable for individualizing a legal entity due to their lack of distinctiveness. Combinations of objective descriptions, i.e. objective descriptions incorporating fanciful elements or to which individualized features are added are admissible as company names.

Company names essentially made up of objective terms or sector descriptions, given the similarity of such names, are only accorded a limited measure of protection because objective terms as such cannot be monopolized.

It is advisable to have the company name checked at the cantonal commercial registry ([www.zg.ch/hra](http://www.zg.ch/hra)) before incorporation. All those company names already registered can be retrieved on the website of the Federal Registry of Commerce ([www.zefix.ch](http://www.zefix.ch)). There you can also check whether a company name is still available and there is a list of companies with similar names ([regix.ch](http://regix.ch)). Further information on companies already entered in the commercial register is available online at [www.teledata.ch](http://www.teledata.ch) (a fee is levied) or at the cantonal commercial registries (free of charge).

In most cases, it is advisable to protect not only the registration of the company name but also any relevant brands/trademarks and the domain name. The Swiss Federal Institute of Intellectual Property ([www.ige.ch](http://www.ige.ch)) is responsible for the protection of brands and trademarks.

### 3.2 Corporate domicile

The company's domicile can be chosen anywhere within Switzerland. If the statutory domicile does not coincide with the place where the company is actually managed, this could be of relevance with regard to taxation. As a rule, liability for tax exists at the place where the company is actually managed (place of business) and not at the domicile shown in the registration documents.

## C Gesellschaft mit beschränkter Haftung (GmbH)

Like the AG, the GmbH is a legal entity in its own right. Since the GmbH is very similar to the AG, please refer to the comments regarding the company name, domicile and articles of incorporation. The incorporation of a GmbH, in the same way as for an AG, only requires one person (individual or legal entity). The GmbH must be represented by a person residing in Switzerland. This person can be a shareholder or a manager. The nominal capital, amounting to at least CHF 20,000, must be fully paid in. There is no statutory cap on the nominal capital. The minimum nominal value per share must be at least CHF 100. In the event of recapitalization this figure may be reduced to one Swiss franc. Shareholders may hold more than one share.

In the same way as for AGs, the law provides for three governing bodies at a GmbH: the General Meeting of Shareholders, the management and the auditors.

With regard to the arrangements for auditors reference can be made to the comments above on AGs.

## D Conclusion

A glance at statistics shows that the AG is by far the most popular type of corporation. There are various reasons for this. It is often said that the AG's higher capital base makes it more credit-worthy and that the GmbH is unsuitable for larger corporations because of the limitations to the transferability of its shares. The advantages of GmbHs and partnerships include the lower capital requirements, the possibility of establishing further duties in the Articles of Incorporation and the principle of Selbstorganschaft [managerial and representational functions exercised by the members themselves].

Given its corporate organizational structure (separate legal personality) the GmbH is also suitable for transformation later on into an AG.

## E Further information (see brochure: "Zug: key contacts"):

- Zug Attorney's Association
- Fiduciary Association of Zug ZTV

## II. Incorporation

### A Preconditions

#### 1 Notarization, certificate of incorporation, supporting documents, payment of capital

An AG or a GmbH can be set up quickly and easily. In order to set up an AG or a GmbH a foundation document must be notarized by an authorized notary (a lawyer with a license to act as a notary public). When the foundation takes place the following documents must be submitted to the notary: (1) Articles of Incorporation, (2) declaration of acceptance of mandate by auditing firm (if applicable), (3) confirmation by a recognized depository (bank) that the share capital or foundation capital has been paid in and is freely available to the corporation, (4) domicile acceptance statement in those cases in which the corporation will not have its own offices following the foundation.

### B Registration procedure

#### 1 Commercial register

Following foundation the corporation must apply to be entered in the commercial register ([www.hrazg.ch](http://www.hrazg.ch)). This application must be accompanied by the certification of incorporation together with original copies of the other documents mentioned above.

It should be noted that during the registration procedure, the share capital lodged with the depository (a bank) remains blocked. The registration procedure concludes when the corporation is formally entered in the commercial register. The company, however, is only able to freely dispose of the paid-in capital after an excerpt from the commercial register detailing the company's registration has been submitted to the depository. Capital deposit account facilities are provided by all banks.

### C Time required

By way of clarification of the time required, reference may be made to the following diagram showing the steps and time involved during the foundation of a company:

Drafting foundation documents with supporting documents	1 to 5 days
Certificate of Incorporation, Articles of Incorporation, application etc.	1 to 5 days
Clarification of domicile and auditors	
Paying in of capital	
First meeting of shareholders	less than ½ day
Registration commercial register	3 to 7 days

### D Electronic registration

[www.easygov.swiss](http://www.easygov.swiss): EasyGov is a service provided by SECO (State Secretariat for Economic Affairs) aimed at supporting and simplifying the process of setting up companies in Switzerland.

## A Corporate structure

### 1 Shareholders' Meeting

The shareholders' meeting is the supreme governing body of the AG and the GmbH. In the case of AGs the shareholders' meeting exercises conclusive powers. The other powers are vested in the Board of Directors. In the case of GmbHs the shareholders' meeting is also the supreme governing body. However, as opposed to the AG, the shareholders' meeting has further, non-transferable powers. It may exercise a greater influence over the company's business. In addition, all the shareholders in a GmbH are, generally speaking, entitled to jointly perform managerial tasks.

The organization of partnerships is primarily regulated according to the provisions of the partnership agreement.

### 2 Board of Directors and Management

Companies (corporations and partnerships) have an organizational structure. Generally speaking, Swiss company law is drafted in a way that enables companies to establish a tailor-made organizational structure within the existing legal constraints.

A corporation is usually managed by the Board of Directors itself and by the managers appointed by the latter. The responsibilities and powers of the managers should preferably be set down in detail in organizational regulations in order to reduce personal liability.

When appointing managers care should be taken to ensure that foreign managers, inter alia, have a work permit.

In an AG the shareholders' meeting must elect the board of directors to act independently of the shareholders' meeting (Drittorganschaft). In a GmbH and in a partnership managerial duties are exercised by the shareholders/partners themselves, unless otherwise provided for in the articles of incorporation or partnership agreement (Selbstorganschaft).

### 3 Auditors

The auditors, which check whether proper accounts are kept, are elected by the shareholders' meeting in AGs and GmbHs. Together with the board of directors and/or management and the shareholders' meeting it constitutes the third corporate body of an AG or GmbH.

Partnerships are also required to keep accounts and prepare financial statements under certain conditions. Under the law, no auditors or audits are envisaged in the organizational structure of partnerships.

## B Accounting and financial statements

### 1 Principles

Legal entities, sole proprietorships and partnerships are all required to keep accounts and prepare financial statements if they have achieved a turnover of at least CHF 500,000 in the preceding fiscal year. Sole proprietorships and partnerships, inter alia, are released from the obligation to prepare financial statements if their turnover is less than CHF 500,000.

The accounts provide the basis for the financial statements. They record any transactions and facts required to portray the company's financial position, cash flows and results of operations.

A minimum structure is required under the law for the balance sheet and income statement. When drawing up the balance sheet and income statement, it is important to comply with the principles of proper accounting (completeness, clarity, materiality, prudence, continuity etc.) It should be possible to assess the financial position and results of operations as reliably as possible. But this does not mean that even a transparent set of accounts complies with the "true and fair view" principle because the valuation rules anchored in law, even under the new accounting laws, allow the creation of so-called hidden reserves.

### 2 Consolidated financial statements

Holding companies which, by means of majority voting rights or in some other way, exercise control over one or more other companies and which, in addition, meet two of the following criteria:

- total assets of more than CHF 20 million
- turnover of more than CHF 40 million or
- an annual average of more than 250 full-time employees,

are obliged to prepare consolidated financial statements each year.

Holding companies are also obliged to prepare consolidated financial statements if: consolidated financial statements are required for the reliable assessment of the economic situation or shareholders holding at least 20 percent of the nominal capital request consolidated financial statements. Apart from the general principles of the proper presentation of accounts, the consolidated financial statements, under certain circumstances, must be drawn up in accordance with recognized (international or national) accounting standards (e.g. the "International Accounting Standard (IAS)", the "U.S. Generally Accepted Accounting Principles (U.S. GAAP)" or corresponding EU guidelines).

## C Checklists (see annexes)

### A General requirements for work permits

General requirements	EU/EFTA	Non-EU/EFTA
Priority to domestic employees	no	yes (CH / EU / EFTA)
Working conditions (salary, housing) in line with local standards	yes	yes
Quota	no	yes
Legal claim	yes	no
Office responsible	Office for Migration	Office for Economy and Labor
Posted employees, cross-border services	see flowchart	see flowchart

### B Free movement of persons between EU/EFTA member states

#### 1 Work and residence permit EU/EFTA

Since the entry into force of the Bilateral Treaties between the European Union (EU) and Switzerland, also applicable to the European Free Trade Association (EFTA), citizens of these countries residing in Switzerland for profit-making purposes generally have a legal claim to be granted access to the labor market provided the provisions envisaged in the agreements are fulfilled. The Office for Migration approves residence and work permit applications based on the submission of an employment contract.

Since June 1, 2016 Bulgaria and Romania have been granted the same status as the other EU/EFTA member states. Croatian nationals have also benefited from the AFMP since January 1, 2017. However, special transitional provisions apply to them as employed workers until December 31, 2021: restrictions under labor market law (priority for Swiss nationals and control of wage and working conditions) continue to apply, and their admission is subject to a quota based on maximum numbers.

Since January 1, 2019, Croatian nationals who settle in Switzerland to take up self-employment will receive a residence permit (B EU/EFTA permit) under the same conditions that apply to EU-25/EFTA nationals. They must provide proof of self-employment when submitting the application and are no longer subject to the establishment period and maximum numbers.

Further information on the free movement of persons can be found at [www.zg.ch/afm](http://www.zg.ch/afm) or [www.sem.admin.ch](http://www.sem.admin.ch). The forms mentioned below for the various types of permit can be found at [www.zg.ch/afm](http://www.zg.ch/afm).

## C Obligation to register and permit application process

### 1 Citizens of EU/EFTA member states (except Croatia)

#### 1.1 Obligation to register for up to 90 working days per calendar year

These citizens do not require any work permits for staying and taking up employment for periods of up to 90 working days per calendar year. Similarly, independent service providers and posted workers are allowed to provide cross-border services during a total of 90 working days per calendar year in Switzerland. However, these groups of persons are obliged to register if the duration of their activities exceeds eight days in any calendar year. Generally speaking, this obligation to register must be fulfilled (see flow chart).

Exception: for work activities in the main and ancillary building trades, gardening and landscaping, catering (incl. hotel trade), cleaning services in companies and households, surveillance and security services, travel industry (exception: trade fairs and circuses) and in the erotic industry, the obligation to register begins from the first day of employment, regardless of the duration of the assignment.

The application must be submitted using the free online registration service at [www.sem.admin.ch](http://www.sem.admin.ch). Application by fax/email is not possible.

#### 1.2 Process application procedure for work lasting more than 90 working days per calendar year

If a service provider or a posted worker requires more than 90 working days in any given calendar year for work activities, a quota-based application may be submitted for a limited short-term permit per person for the duration of the work (form D1).

The following residence permits may be granted to employees taking up employment in Switzerland:

- short-term residence permit EU/EFTA for max. four months uninterruptedly or max. 120 sporadic days in any given year (form K1)
- short-term residence permit EU/EFTA from four months to a maximum of 364 days if the employment contract has been concluded for less than one year (form A1)
- residence permit EU/EFTA for five years for indefinite employment contracts (form A1)

In order to obtain an EU/EFTA residence permit for self-employment (valid for one year), the SE 1 application form (for sole proprietorships/ limited liability companies) must be submitted together with proof of sufficient financial resources for a secure existence as well as a meaningful business plan.

If an individual is already self-employed, they must also enclose copies of the annual reports for the last 2 to 3 years. Self-employment can be proven e.g. by means of the VAT number, an entry in a professional register, a social security registration as a self-employed person, accounting or by founding a company and entering it in the commercial register.

#### 1.3 Permanent residence permit

On the basis of settlement agreements and declarations by the Federal Council, nationals of the following countries are granted a settlement permit after a proper and uninterrupted stay of five years in Switzerland:

Austria, Belgium, Denmark, Federal Republic of Germany, France, Greece, Italy, Principality of Liechtenstein, Netherlands, Portugal and Spain.

Foreign spouses of Swiss nationals or foreign spouses of persons with a settlement permit are entitled to receive a settlement permit if they have resided in Switzerland for five years in an orderly and uninterrupted manner following authorized family reunification or marriage and if the integration criteria pursuant to Art. 58a of the Federal Act on Foreign Nationals and Integration (FNIA) are met.



Foreigners who have no legal entitlement to the granting of a settlement permit can only be granted a settlement permit if they fulfil the time requirements and the integration criteria set out in Art. 58a FNIA: the applicants must have been resident in Switzerland for five or ten years depending on their nationality without interruption, respect public safety and order and the values of the Federal Constitution, possess appropriate language skills (at least reference level A1 (written) and A2 (oral)) and demonstrate their willingness to participate in economic life and to acquire education by means of an ongoing employment relationship.

#### 1.4 Information / applications

Office for Migration (see brochure: "Zug: key contacts")

## 2 Citizens of non-EU/EFTA member states

Following the entry into force of the Bilateral Treaties between the EU and Switzerland and their application to the EFTA member states, EU/EFTA citizens are accorded priority treatment. The number of permits for citizens of non-EU/EFTA states is strictly limited. The permit requirements under the Swiss Federal Act on Foreign Nationals and Integration (FNIA) and the Decree on Admittance, Residence and Employment (VZAE) are applicable to such persons. The work permits are limited under a quota system.

Professional qualifications (university-level education, long-term specialist and managerial experience), priority to domestic employees and the working and salary conditions are all examined.

#### 2.1 Obligation to obtain permit for periods of up to four months/ 120 working days per calendar year

Employers must also submit an application for a residence and work permit (form K2) for non-EU/EFTA specialists engaged by Swiss companies for project work lasting up to four months or 120 working days in any calendar year.

Service providers and employees posted by companies from non-EU/EFTA states require a residence and work permit (form K2) from the very first day.

#### 2.2 Permit application process for work exceeding four months/ 120 working days per calendar year

Persons taking up employment in Switzerland and service providers or employees posted by companies from non-EU/EFTA states require a residence and work permit from the very first day. The following residence and work permits may be granted:

- short-term permit for max. four months uninterrupted stay or max. 120 sporadic days per year (form K2);
- short-term residence permit for max. 364 days if the employment contract has been concluded for less than one year or if new company is a greenfield project/start-up (form B2) with a one-time option for extension by a further 364 days;
- residence permit for max. five years for indefinite employment contracts (form B2).

A residence permit for work on a self-employed basis (regardless of the corporate form) is only granted in exceptional cases. The form B2 must be submitted together with proof of adequate financial means (with an employment contract if need be) and a detailed business plan. If you are already self-employed, you must also enclose copies of the annual reports for the last 2 to 3 years. Self-employment can be proven e.g. by means of the VAT number, an entry in a professional register, a social security registration as a self-employed person, accounting or by founding a company and entering it in the commercial register. It is advisable to contact the Office for Economy and Labor beforehand.

### 2.3 Permanent residence permit

Foreigners who have no legal entitlement to the granting of a settlement permit can only be granted a settlement permit if they meet the time requirements and the integration criteria set out in Art. 58a FNIA: the applicants must have been resident in Switzerland for five or ten years depending on their nationality without interruption, respect public safety and order and the values of the Federal Constitution, possess appropriate language skills (at least reference level A1 (written) and A2 (oral)) and demonstrate their willingness to participate in economic life and to acquire education by means of an ongoing employment relationship.

### 2.4 Information / applications

Office for Economy and Labor (see brochure: "Zug: key contacts")

## 3 Recognition of foreign qualifications

Certain professions – in particular in the healthcare sector, teaching and technical professions and professions relating to the administration of justice – are regulated. They may only be exercised if a diploma, certificate or certificate of competency can be furnished. Foreign qualifications must be recognized by the competent authorities. A different authority is responsible for this task depending on the profession in question but usually, the authority regulating the profession is responsible for recognizing foreign qualifications.

Switzerland works closely with the EU within the framework of the Agreement on the Free Movement of Persons and participates in the European system of diploma recognition. Persons from non-EU countries can also have their qualifications recognized in Switzerland.

[www.sbf.admin.ch](http://www.sbf.admin.ch) > Education or [www.swissuniversities.ch](http://www.swissuniversities.ch)  
Recognition of Foreign Qualifications/Regulated Occupations and Professions  
Languages: German, English, French, Italian.

## 4 Purchase of property by non-Swiss citizens

Generally speaking, the purchase of real estate in the Canton of Zug is possible without restrictions and permits. There are no restrictions for the purchase of real estate by Swiss-controlled companies.

### 4.1 Purchase for residential purposes

EU/EFTA citizens with their main place of residence in Switzerland can purchase real estate of any kind in the same way as Swiss citizens. They do not need an additional permit. For foreigners with their place of residence abroad and for foreigners living in Switzerland who are neither EU nor EFTA citizens and who do not hold a valid permanent residence permit, the following rules apply: Real estate of up to 3,000 m<sup>2</sup> can be purchased without a permit if it serves as self-used residential property (main place of residence) provided the purchaser is entitled to reside in Switzerland indefinitely. For real estate with plot areas exceeding 3,000 m<sup>2</sup> the purchase may only be completed if the Department of Economic Affairs provides its consent for purchase without a permit.

**4.2 Purchase of commercial property**

No permit is required if commercial property is purchased (including reserve areas) even if the real estate is not used by the purchaser but is rented out or leased to a third party. This also applies if property is purchased by foreign-controlled companies. However, it is advisable to consult with the Cantonal Economic Department.

There is a large range of industrial, small business and office premises in the Canton of Zug which meet the most modern requirements in terms of building technology, communications etc.

**4.3 Information****Department of Economic Affairs**

Aabachstrasse 5

6301 Zug

Telephone: +41 41 728 55 06

info.vds@zg.ch

[www.zg.ch/volkswirtschaft](http://www.zg.ch/volkswirtschaft)

**Economic Promotion** (see brochure: "Zug: key contacts")

Information on available business premises and industrial land

## V. Corporate taxation

### A Principles of taxation

The Swiss tax system is characterized by different levels of direct taxation: direct federal, cantonal and municipal taxes.

In addition, the tax laws applicable in the individual cantons sometimes differ greatly. Decisive areas, such as determining tax rates and tariffs, remain within the competence of the cantons.

The canton of Zug meets international requirements and maintains national and international competitiveness by means of its business-friendly structure.

However, a decisive advantage of Zug as a location is not only its attractive taxation, but also the uncomplicated, business-oriented, unbureaucratic manner in which the cantonal tax authorities deal with taxpayers.

### B Cantonal taxes and federal taxes

In principle, those natural persons and legal entities are liable to pay tax in the canton of Zug who have their domicile or registered office or a permanent establishment here. Under certain circumstances, a tax liability for assets and income in Zug can exist even if the natural or legal person is domiciled abroad. For example, foreign persons may be taxed at source on their income from employment, royalties, attendance fees, etc. earned in Zug. In order to avoid any double taxation, the applicable double taxation agreement must be consulted in each individual case. Switzerland has concluded such conventions with most industrialized countries.

### C Profit and capital tax

Direct federal, cantonal and municipal taxes are levied on the taxable net profit. In the case of cantonal and municipal taxes, a capital tax is also levied on the paid-up share or nominal capital as well as on the open and hidden reserves.

#### 1 Participation deduction

If a corporation or cooperative society holds at least 10 percent of the share capital or nominal capital or of the profits and reserves of another company, or if its participation rights are valued at a market value of at least 1 million Swiss francs, the profit tax is reduced in the case of direct federal tax and cantonal and municipal taxes at the ratio of the net return from participation rights to the total net profit. Capital gains also benefit from the reduction, provided the participation quota is at least 10 percent.

## 2 Patent box

According to § 59a of the Zug Tax Act (StG), cantonal and municipal taxes on income from patents and comparable rights based on qualifying R&D expenditure can be included in the profit tax assessment base with a reduction of 90 percent. To benefit from the patent box, the following conditions must be cumulatively met:

1. There must be a patent or comparable right
2. The patent/comparable right must generate profits
3. Sufficient substance (nexus quotient) must be available, i.e. the R&D expenditure must have been carried out by the taxable individual himself, group companies in Switzerland or third parties in Switzerland and abroad.

Reductions from the patent box are subject to a relief limitation pursuant to which at least 30 percent of the company's profit shall be taxed in any case.

It should be noted that during admission to the patent box, the research and development expenses already taken into account must have been settled. Instead of immediate settlement, the canton of Zug also offers the possibility of offsetting past R&D expenditure against future patent box earnings.

For further information, please refer to the legal texts, as well as the patent box ordinance and the explanations on the patent box ordinance.

[www.newsadmin.ch/newsd/message/attachments/49584.pdf](http://www.newsadmin.ch/newsd/message/attachments/49584.pdf)

[www.newsadmin.ch/newsd/message/attachments/59101.pdf](http://www.newsadmin.ch/newsd/message/attachments/59101.pdf)

## 3 Research & Development additional deduction

Pursuant to § 60a of the Zug Tax Act (StG), an additional deduction of up to 50% on research and development expenses incurred in Switzerland may be deducted from cantonal and municipal taxes at the company's request. The R&D activity must have the following cumulative characteristics:

- Generation of new knowledge (innovative)
- Based on original, non-obvious concepts and hypotheses (creative)
- Uncertainty in relation to the final result (uncertain)
- Follow a plan and budgeting (systematic)
- Lead to results that are reproducible (transferable and/or reproducible)

If the place of action is in Switzerland (mandatory requirement), an increased deduction is permitted:

- a. the directly attributable personnel expenses for research and development, plus a surcharge of 35 percent of these personnel expenses, but not exceeding the total expenses of the taxable person;
- b. 80 percent of the expenses for research and development invoiced by third parties. If the client of the research and development is entitled to deduct, the contractor is not entitled to any deduction.

Reductions from the additional research and development deduction are subject to a limitation of relief according to which at least 30 percent of the company's profit shall be taxed in any case.

#### 4 **Hidden reserves in the event of immigration from abroad**

Hidden reserves can be disclosed without affecting profit tax when moving to Switzerland and are therefore treated in the same way as when moving abroad. As a result, only the net profit earned while residing in Switzerland is taxed.

The disclosure of hidden reserves including goodwill («step-up») without affecting profit tax is generally provided for if the registered office or the actual management of a company is transferred to Switzerland. However, the same rules also apply if assets or functions are transferred from abroad to a Swiss company or a Swiss permanent establishment.

The disclosure of hidden reserves without affecting profit tax is granted on certain untaxed hidden reserves, including internally generated added value. However, hidden reserves on participations of at least 10% in corporations or cooperatives cannot be disclosed if they are to be subject to participation deduction in the future. The applicable annual depreciation rate for the disclosed hidden reserves is based on the published depreciation rates acknowledged for tax purposes. A disclosed internally generated added value must be depreciated within 10 years.

## D **Tax burden**

### 1 **Profit tax**

In the Canton of Zug, the total regular profit tax for cantonal and municipal tax as well as the direct federal tax together amounts to approximately 12 percent. Special measures like patent box, R&D deductions allow to reduce the tax burden below ten percent.

### 2 **Capital tax**

In the case of cantonal and municipal taxes, a capital tax is levied on the paid-up share or nominal capital as well as on the open and hidden reserves. The equity capital attributable to participations, patents and intra-group loans is only included in the assessment of the capital tax at a reduced rate of two percent. The capital tax amounts to 0.5 per mil of the taxable equity, but at least CHF 250, multiplied by the applicable tax rate.

## E **Withholding tax**

### 1 **Withholding tax on distribution of profits**

Distributions of the profit of a company, such as dividend payments and other types of profit distribution, are subject to federal withholding tax. This tax is levied at source and currently amounts to 35%. A refund of this tax depends on whether the double taxation agreement concluded between Switzerland and the recipient's country of residence provides for such a refund.

## 2 Dividend distributions within the group

In the case of dividend distributions within a Swiss group, the reporting procedure can be chosen instead of payment of withholding tax. In international group relationships, the reporting procedure is permitted upon request if the parent company is domiciled in an EU member state or another state with which Switzerland has concluded a double taxation agreement.

## F Value added tax

In the context of business activities, it should be noted that value-added tax (VAT) is payable on the turnover generated in Switzerland with goods on sales deliveries or services. Exports and services rendered abroad are exempt from tax, because they are subject to foreign VAT abroad. Any person, institution, group of persons without legal capacity (e.g. joint ventures operating in the construction industry), institution, etc., which operates a business is liable to pay tax. If the taxable services in Switzerland amount to less than CHF 100,000 within one year, no entry in the VAT register is required. For current tax rates, see addendum.

(Information at [www.estv.admin.ch](http://www.estv.admin.ch))

## G Double Taxation Agreements (DTA)

Switzerland has concluded agreements with most industrialized countries (Germany, USA, etc.) to avoid double taxation.

Such DTAs deal in particular with the following tax issues:

- Exemption of profits from permanent establishments in the partner state
- Reclaiming withholding taxes
- Taxation of royalties.

(Information at [www.estv.admin.ch](http://www.estv.admin.ch) or [www.sif.admin.ch](http://www.sif.admin.ch))

## H Tax relief for companies

The granting of tax relief to companies (legal entities and partnerships) has been provided for in the federal Tax Harmonization Act and has therefore been incorporated into the tax law of the canton of Zug. However, the wording of the legal article as well as its intended implementation suggests that the law is very restrictive. In addition to the establishment of new companies, a substantial change in existing business activities may also qualify for tax relief. Any tax relief will be decided by the State Council of the canton of Zug after hearing the municipality and upon application by the Economic and Finance Directorate. The tax relief applies to both cantonal and municipal taxes.

## VI. Other framework conditions for business

### A Employment legislation/employment relationships

#### 1 General overview

In comparison to most of its European neighbors Switzerland's employment law is considerably liberal. As opposed to other countries, there are comparatively few compelling regulations with regard to the content and the termination of employment relationships.

Furthermore, Swiss employment law is considerably more sympathetic to employers with regard to employee inventions and the development of commercial designs and models.

Nowhere else in the world are fewer working days lost because of industrial disputes than in Switzerland. Most Swiss employees are not members of a trade union.

#### 2 Salary levels in Switzerland

Salary levels in Switzerland are relatively high. They reflect the high levels of performance and prosperity. High salaries are evidence of success and render Switzerland attractive for skilled workers. Given that there are fewer deductions as compared to other countries (taxes, social insurance) Switzerland also occupies one of the first places in terms of net income.

The official surveys conducted regularly on salary levels and structures reveal considerable differences both between and within individual sectors.

**[www.lohnrechner.bfs.admin.ch](http://www.lohnrechner.bfs.admin.ch)**

Individual salary calculator

**[www.bfs.admin.ch](http://www.bfs.admin.ch) > Topics > 03 Work and income**

Salaries and earnings



## B Social insurance law

### 1 Types of social insurance

#### 1.1. Three-pillar system

The Swiss social security system is based on the “three-pillar” principle. The 1st pillar – state insurance – is designed to adequately insure the livelihood requirements of elderly persons, survivors and the disabled through old age and survivors’ insurance (AHV), disability insurance (IV) and supplementary benefits (EL). Together with the benefits paid under the system’s 2nd pillar – occupational pension – they are designed to ensure the maintenance of the accustomed standard of living. The 3rd pillar – private insurance – is meant to provide for an individual supplement.

Three-pillar system					
1 <sup>st</sup> pillar State insurance		2 <sup>nd</sup> pillar Occupational pension		3 <sup>rd</sup> pillar Private insurance	
Livelihood security		Maintenance of accustomed standard of living		Individual supplement	
AHV/IV	Supplementary benefit	Mandatory occupational pension (BVG)	Extra-mandatory occupational pension	Tied pension provision (pillar 3a)	Flexible pension provision (pillar 3b)
PAYGO system		Funded system		Funded system	

Source: Information office AHV/IV

The three pillars of the social security system are supplemented by the compensation for loss of earnings during military service or civil protection or defense services (EO), the continuing payment of salary during maternity (MSE), family allowances (FAK/FLG), accident insurance (UV) and unemployment insurance (ALV).

#### 1.2 Overview mandatory contributions social insurance

(see annexes)

#### 1.3 Old age and survivors’ insurance (AHV)

Old age and survivors’ insurance (AHV) is the most important pillar in Switzerland’s social security system. It pays benefits for old age (retirement pay) or to survivors (pensions for widows, widowers and orphans). It is mandatory for anybody living or working in Switzerland to have old age and survivors’ insurance. The AHV is based on a PAYGO system: the contributions collected are paid out within the same period for benefits to those eligible for a pension.

#### 1.4 Disability insurance (IV)

The disability insurance is a mandatory insurance that applies throughout Switzerland. The primary aim of IV is that of securing employment and ensuring the labor market integration of those insured as quickly as possible. The entitlement to a pension is therefore only checked after all the other measures for reincorporation into the labor market have been exhausted and there are no prospects of improving a person’s capacity for work.

#### 1.5 Compensation for loss of earnings (EO)/maternity benefit (MSE)

Compensation for loss of earnings covers part of the earnings lost by persons doing military service or rendering civil defense or civil protection services. Similarly, the EO also compensates for loss of earnings during maternity. This insurance is mandatory.

**1.6 Accident insurance (UVG)** Accident insurance provides cover to all employees working in Switzerland in the event of occupational accidents, occupational diseases and non-occupational accidents. Employers are obliged to insure employees against occupational accidents and diseases. Freelancers can take out voluntary insurance against accidents.

**1.7 Health insurance and daily sickness allowance (KV)** In addition, anyone living in Switzerland must take out insurance with a Swiss health insurance institution covering healthcare in the event of illness (as an in- or out-patient) within three months of entering the country. If the stay is for less than three months, there is no insurance obligation. In relations between the EU/EFTA and Switzerland, working people are obliged to take out health insurance in the country in which they work. It should be noted that in Switzerland, family members who do not work are not automatically included in insurance coverage. For all other employees, the insurance obligation may not apply if the mandatory foreign insurance protection is comparable with Swiss health insurance.

**1.8 Unemployment insurance (ALV)** Unemployment insurance provides for the partial and time-limited continued payment of salary in the event of unemployment and encourages the reintegration of unemployed persons into the labor market. It is mandatory for employees.

**1.9 Occupational insurance (BVG)** All employees insured under AHV (minimum annual earnings see annexes: contributions social insurance) are obligatorily insured under BVG. Each employer employing somebody subject to mandatory insurance must set up a pension fund entered in the register for occupational insurance or join such a fund.

**1.10 Family allowances (FAK/FLG)** Family allowances are designed to partially compensate for the costs incurred by parents for looking after children. For children up to the age of 16 in the Canton of Zug, a monthly child allowance of CHF 300 is paid. Children in education are eligible for an education allowance until their education has been completed amounting to CHF 300 (17 and 18 years of age) or CHF 350 (19 years of age and over), however not beyond 25 years of age (minimum annual earnings see annexes: contributions social insurance).

**1.11 International treaties** In principle, anybody gainfully employed in Switzerland must have social security insurance. Following the conclusion of the Agreement on the Free Movement of Persons between the EU and Switzerland, the social security systems of these countries were coordinated. The mandatory insurance cover is linked to the place where a person works. The same applies to the EFTA. For anybody not covered by the provisions of the Agreement on the Free Movement of Persons, the social security treaties which Switzerland has concluded with various countries continue to apply.

## 2 Office for Social Security

**2.1 Information and advice** The Office for Social Security in Zug is entrusted with tasks for nine of the total of ten branches of the Swiss social security system. As a public organization, it insures that the entire population has access to the standard benefits of the social security system. You can arrange a free counseling interview with the Office for Social Security (see brochure: "Zug: key contacts")

## C Bonded warehouses

Bonded warehouses are warehouses in which goods for which no duties or taxes have been paid are stored temporarily. They are run by private warehouse companies, are of a public nature and are available to any interested party. The most important advantages of a bonded warehouse are the following:

- transit storage: transit goods can be warehoused in the customs territory without paying any import duties.
- credit storage: for goods destined for sale in the customs territory, the import duties only have to be paid after the storage has concluded (final customs declaration).

The goods arrive at the bonded warehouse from the frontier via transit routes. Once temporary storage has concluded, the goods may be either finally imported or taken out of the customs territory using the transit procedure.

Any changes required for the preservation of the goods during storage (e.g. disposal of external packaging, repackaging, taking of samples) may be carried out without the permission of the customs authorities; restrictions are applicable to transit goods (re-export into the EU).

The following goods can be placed temporarily on a duty-free basis in a bonded warehouse:

- highly-taxed goods or
- goods subject to a quota and
- goods warehoused temporarily because their final use is as yet unknown.

The non-customs-related decrees of the Swiss Confederation as they are referred to are applicable, e.g. the CITES permit must be submitted for goods covered by provisions on protection of species.

## D Legal protection

Both on a cantonal and on a federal level, Switzerland provides an extensive system of legal protection. International treaties with various nations guarantee that court verdicts reached in Switzerland are subject to simplified enforcement.

A peculiarity of the Swiss legal protection system is the enforcement procedure used exclusively for money claims (known as the debt collection and bankruptcy procedure), which enables the fast and efficient settlement of claims for money and which is, in principle, creditor-friendly.

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## VIII. Index of abbreviations

<b>AFMP</b>	Agreement on the Free Movement of Persons
<b>AG</b>	Aktiengesellschaft (joint-stock company, limited by shares)
<b>AHVG</b>	Old Age and Survivors' Insurance Act
<b>AVIG</b>	Unemployment insurance law
<b>BVG</b>	Occupational Retirement law
<b>DTT</b>	Double Taxation Treaty
<b>EFTA</b>	European Free-Trade Association
<b>EO</b>	Defense Duty Compensation Ordinance
<b>EU</b>	European Union
<b>GmbH</b>	Gesellschaft mit beschränkter Haftung (limited liability company)
<b>GWG</b>	Swiss Money Laundering Act
<b>IFZ</b>	Institute for Financial Services, Zug
<b>IVG</b>	Disability Insurance law
<b>Kap.</b>	Capital
<b>SECO</b>	State Secretariat for Economic Affairs
<b>SMEs</b>	Small and Medium-Sized Enterprises
<b>SRO</b>	Self-regulatory organization
<b>VAT</b>	Value-added tax
<b>VQF</b>	Financial Services Standards Association
<b>VSB</b>	Agreement on observance of care in accepting funds
<b>WIPO</b>	World Intellectual Property Organization
<b>ZTV</b>	Fiduciary Association of Zug



Switzerland.

## Zug: business connects

### Economic Promotion Office Canton Zug

Our services are provided with you in mind as entrepreneur. We are your partner, and we promote Canton Zug as a business location.

We are in close contact with the local enterprises, advise and support companies looking to establish a business in the Canton of Zug and assist start-ups.

Department of Economic Affairs  
Economic Promotion  
Aabachstrasse 5  
6301 Zug / Switzerland  
T +41 41 728 55 04  
[economy@zg.ch](mailto:economy@zg.ch)  
[www.zg.ch/economy](http://www.zg.ch/economy)



## Checklist incorporation of an Aktiengesellschaft (joint-stock company)

### **Aktiengesellschaft, new registration (see art. 78 HRegV [Commercial Register Ordinance])**

- Registration
- Act of Incorporation
- Articles of Incorporation
- Stampa/Lex-Koller Declaration

### **Further supporting documents if required**

- Declaration of acceptance by members of Board of Directors
- Declaration of acceptance of mandate by auditing firm
- Board of Directors minutes (constituent meeting, signing authority)
- Bank certificate
- Agreement governing contributions in kind/acquisition of assets
- Acquisition balance sheet
- Formation report
- Audit confirmation
- Domicile acceptance declaration
- Lex-Koller clearance
- Signature sheet
- Commercial register excerpt from auditors
- Translations
- Clearance FINMA

### **Do not have to be submitted:**

- Proof of existence for founding companies
- Powers of attorney for founders represented
- Subscription certificates



## Checklist incorporation of a GmbH (limited liability company)

### GmbH, new registration

- Registration
- Act of Incorporation
- Articles of Incorporation
- Stampa/Lex-Koller Declaration
- Proof of existence for shareholders based outside the canton  
(only trading companies and legal entities)

### Further supporting documents if required

- Confirmation of payment
- Agreement governing contributions in kind/acquisition of assets
- Acquisition balance sheet or inventory list
- Domicile acceptance declaration
- Lex-Koller clearance
- Signature sheet
- Translations
- Declaration of acceptance by managers
- Declaration of acceptance from statutory auditors
- Waiver regarding audit (pursuant to art. 83 together with art. 62, paragraphs 1 - 3 HregV [Commercial Register Ordinance])
- Minutes re chairmanship of management board
- Minutes re appointment of authorized signatories and type of signatory rights
- Formation report (only for AGs)
- Audit confirmation (only for AGs)
- Clearance FINMA

### Do not have to be submitted:

- Powers of attorney for founders represented
- Subscription certificates

## Incorporation costs

For the ordinary incorporation of an AG with a share capital of CHF 100,000 the following costs should be assumed (net incorporation costs):

Notarization fee	2% of the share capital (minimum CHF 500)
Registration fee commercial register	approx. CHF 800
Consultancy fee (depends on amount of work involved)	approx. CHF 4000 – 7000
Swiss federal stamp duty (1 %)	only for a share capital of CHF 1,000,000 or greater
Miscellaneous costs (expenses, outlay)	depends on amount of work involved

The incorporation costs for a GmbH are comparable to those for an AG.

## Operating costs

The following annual costs should be assumed in relation to the ongoing operating costs of a company (accounting model):

<b>Expenditure</b>	<b>Cost estimate</b>
Personnel costs (incl. social security contributions)	according to personnel
Rental of business premises	per m <sup>2</sup> /p.a. between CHF 150 and 450 (average CHF 250)
Board of Directors fees (if external directors are appointed)	min. CHF 5000 (including approx. 10% social security contributions and professional liability)
Audit (according to time expended)	min. CHF 1000 – CHF 5000
Domiciliation fee	approx. CHF 1000
Insurance (optional third-party liability insurance, mandatory accident and health insurance, mandatory occupational insurance (pension) etc.)	depends on the level of cover required and the workforce
Other costs (postal, telecommunications, water, electricity, disbursements and expenses)	

## Financing

The banks are available as financing partners. Information on further financing options – in particular with regard to risk capital – can be obtained by visiting [www.seca.ch](http://www.seca.ch).

## Overview mandatory contributions social insurance

Insurance	Employee	Employer	Person working on freelance basis	Person not gainfully employed
Old age and survivors' insurance (AHV)	4.35% of earned income	4.35% of earned income	max. 9.95%	Minimum amount for AHV, IV and EO: CHF 496/year
Disability insurance (IV)	0.7% of earned income	0.7% of earned income	max. 1.4%	Maximum amount for AHV, IV and EO: CHF 24,800/year
Compensation for loss of earnings (EO)/maternity benefit (MSE)	0.225% of earned income	0.225% of earned income	max. 0.45%	
Occupational accidents	none	in % of insured earnings (differs according to operation/company)	insured through mandatory health insurance	
Non-occupational accidents	in % of insured earnings (differs according to operation/company)		insured through mandatory health insurance	insured through mandatory health insurance
Health insurance	per capita	none (voluntary at most)	per capita	per capita
Unemployment insurance	1.1% for portions of income up to CHF 148,200; 0.5% for portions of income over CHF 148,200	1.1% for portions of income up to CHF 148,200; 0.5% for portions of income over CHF 148,200	(not insurable)	
Occupational pension	Minimum annual earnings CHF 21,330, max. 50% of the premiums. Amount as set out in insurance provisions	min. 50% of the premiums. Amount as set out in insurance provisions	voluntary	
Family allowances	Minimum annual earnings CHF 7,110, or minimum per month CHF 592.-, approx. 1.6% of total salary (varies according to compensation fund)	approx. 1.6% of total salary (varies according to compensation fund)	approx. 1.6% of total salary (varies according to compensation fund)	

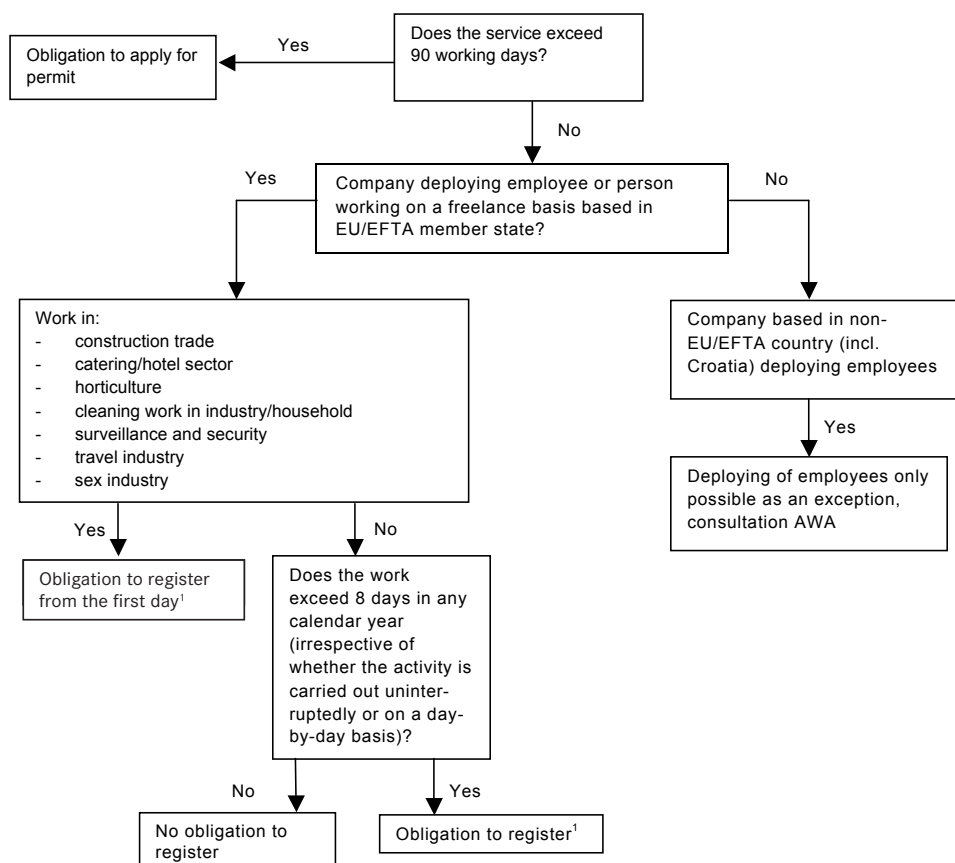
## Overview residence and work permits

<b>Permit B</b>	For resident foreign nationals (foreign nationals who stay in Switzerland on a long-term basis with or without gainful employment).
<b>Permit C</b>	For permanent residents (foreign nationals to whom a permanent residence permit is granted after residing for five or ten years in Switzerland).
<b>Permit G</b>	For cross-border commuters (foreign nationals whose place of residence is in an EU/EFTA member state and who are gainfully employed in Switzerland).
<b>Permit L</b>	For work on a short-term basis.

Regime versus EU/EFTA citizens	Regime versus non-EU/EFTA citizens
<p><b>Short-term residence permit</b> (Permit L-EU/EFTA)</p> <ul style="list-style-type: none"> <li>- entitlement, provided proof is furnished of an employment relationship of three months to one year (for employment relationships less than three months per calendar year: online registration procedure).</li> <li>- family reunification possible</li> <li>- residence permit: 12 months, extendable by a maximum of 12 months</li> </ul>	<p><b>Short-term residence permit</b> (Permit L)</p> <ul style="list-style-type: none"> <li>- work permit for key positions (e.g. initial training of new personnel, specialists from international companies)</li> <li>- priority to domestic employees, of economic benefit, specialist's salary</li> <li>- work and residence permit: 12 months, extendable by a maximum of 12 months</li> <li>- family reunification possible</li> <li>- trainees: 12 – 18 months validity, no family reunification envisaged</li> </ul>
<p><b>Cross-border commuter permit</b> (Permit G-EU/EFTA)</p> <ul style="list-style-type: none"> <li>- geographical mobility without limitations</li> <li>- weekly obligation to return home</li> <li>- freelancing possible</li> <li>- residence permit: validity according to employment contract, in any case no longer than five years, extendable thereafter</li> </ul>	<p><b>Cross-border permit</b></p> <p>In the Canton of Zug cross-border commuting from non-EU/EFTA countries is not possible because the Canton of Zug is not one of Switzerland's border regions.</p>
<p><b>Residence permit</b> (Permit B-EU/EFTA)</p> <ul style="list-style-type: none"> <li>- entitlement, provided employment contract concluded for more than one year or indefinitely can be furnished</li> <li>- residence all year round for a specific purpose with center of life and place of residence in Switzerland</li> <li>- family reunification possible</li> <li>- right to work on a freelance basis, provided secured existence</li> <li>- residence permit: 5 years validity, extendable thereafter</li> <li>- possibility of maintaining the permit for 4 years max.</li> </ul>	<p><b>Residence permit</b> (Permit B)</p> <p>Residence all year round with gainful employment in Switzerland with center of life and place of residence in Switzerland.</p> <ul style="list-style-type: none"> <li>- work permit only for key positions: priority to domestic employees, of economic benefit, specialist salary</li> <li>- work permit: possibility of time-limited and indefinite permits</li> <li>- residence permit: 12 months. Once granted, permits are normally renewed annually, unless there are reasons such as criminal offences, welfare dependency or labor market that speak against renewal.</li> <li>- family reunification possible</li> </ul>

<p><b>Permanent residence permit</b> (Permit C-EU/EFTA)</p> <ul style="list-style-type: none"> <li>- based on settlement agreements with various EU countries</li> <li>- following authorized family reunification or marriage of foreign spouses to Swiss persons or persons with a permanent residence permit who meet the integration criteria pursuant to Art. 58a FNIA</li> <li>- If there is no legal entitlement, they must have been resident in Switzerland for an uninterrupted period of five to ten years and the integration criteria pursuant to Art. 58a FNIA must be met: <ul style="list-style-type: none"> <li>• the observance of public safety and order;</li> <li>• respect for the values of the Federal Constitution;</li> <li>• proof of sufficient German language skills (reference level A1 written, A2 oral) and</li> <li>• participation in economic life or acquisition of education.</li> </ul> </li> </ul>	<p><b>Permanent residence permit</b> (Permit C)</p> <ul style="list-style-type: none"> <li>- can usually be applied for after 10 years (5 years for US and Canadian citizens) residency in Switzerland</li> <li>- command of German reference level A1 written and A2 oral is a requirement</li> <li>- the application may be submitted early after just 5 years of uninterrupted residence if the applicant is well integrated</li> <li>- Generally speaking, the holder has the same rights in the labor market as Swiss citizens.</li> </ul>
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### Deployed employees, cross border services



Services in the primary and auxiliary construction sector are deemed to be any activities involving the construction, rehabilitation, maintenance, demolition of or modifications to buildings. This includes: excavation work, actual construction work, the installation and dismantlement of pre-fabricated elements, erection or equipping, alteration work, renovation, repair, dismantling operations, preventive maintenance, maintenance (painting and cleaning work), renovation.

<sup>1</sup> Obligation to register only online: [www.bfm.admin.ch/bfm/de/home/themen/fza\\_schweiz-eu-efta/meldeverfahren.html](http://www.bfm.admin.ch/bfm/de/home/themen/fza_schweiz-eu-efta/meldeverfahren.html).

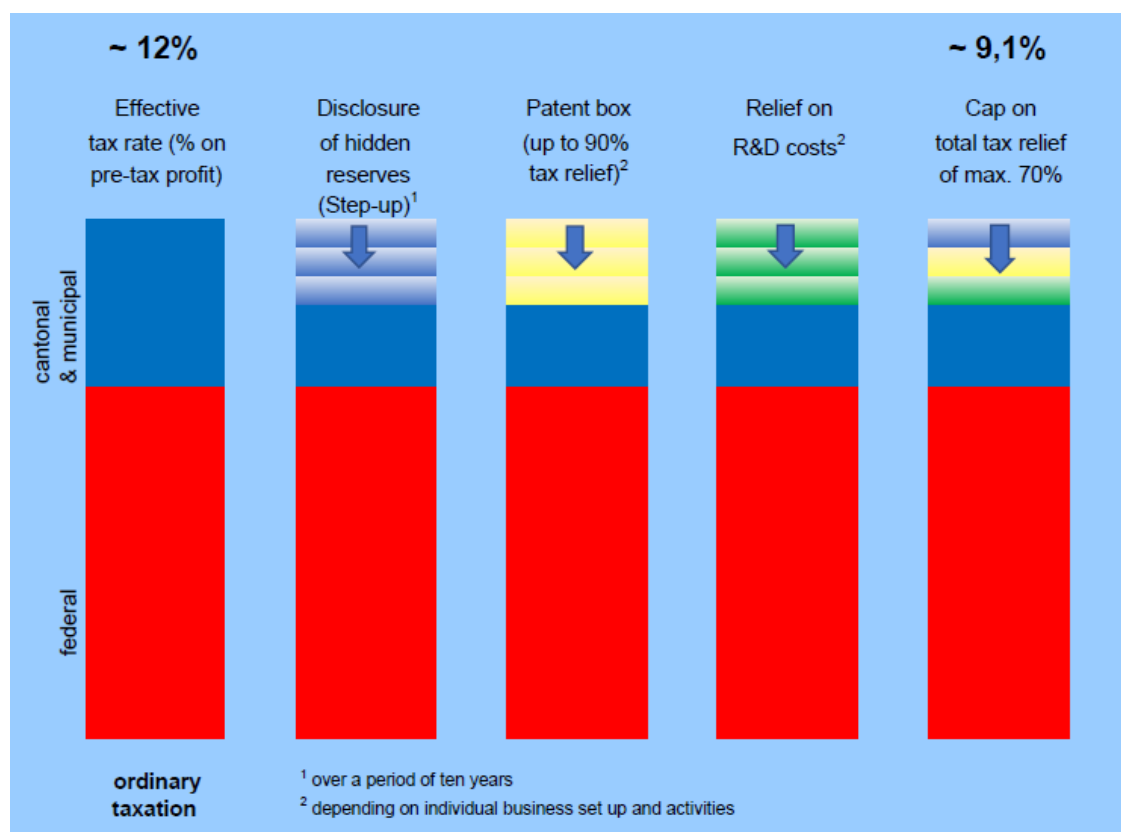
## Overview corporate taxation

### 1. Standard tax rates

	Capital and reserves	Profit
Direct federal taxes	0	8.5 %
Cantonal/municipal ordinary tax	0.05 % (min. CHF 250)	3.5 %

The canton, the municipalities and the parishes apply their own rates to the ordinary tax (combined, between 143% and 158%)

### Tax burden on corporate profit



### Value added tax

Normal rate	7.7% (Normal rate in the EU: 15% to 25%)
Every day goods (food, plants, books)	2.5%
Accommodation services	3.7%