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Choose Your Legal Entity

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Switzerland offers a stable, business-friendly environment with strong legal protections and high economic freedom embedded in its Constitution. As a foreign national or company, you are free to:

- Incorporate a new Swiss legal entity
- Establish a branch office
- Acquire equity stakes in existing Swiss businesses

Corporate Structures: Legal Forms at a Glance

Swiss law distinguishes between incorporated entities and unincorporated forms. Your optimal legal structure for your company depends on factors such as capital requirements, liability exposure, tax treatment, and management autonomy.

Time to Incorporate

Setting up a business in Switzerland is straightforward. An estimate timeframe to incorporate a business in Switzerland is between 3-6 weeks. Most companies become fully operational within 2 to 4 weeks after registering with the Commercial Register. To streamline the process, the federal government offers user-friendly platforms such as:

- EasyGov.swiss
- StartBiz

These tools simplify administrative steps such as name checks, tax registrations, and permits.

Commercial Register and Cost of Incorporation

Establishing a company in Switzerland involves both administrative and professional service expenses. While costs vary depending on the complexity of your setup and the level of legal support required, typical incorporation expenses range between:

- CHF 3,000 to CHF 9,500 (approx. USD 3,300 to USD 10,400)

This includes notarial fees, legal and fiduciary advisory services, translation (if applicable), and government registration charges.

Commercial Register Requirements

Registration with the Swiss Commercial Register is mandatory for incorporated entities (e.g., AG/SA, GmbH/SARL) and provides:

- Legal personality—the company becomes a distinct legal entity with capacity to contract, own assets, and incur liabilities
- Exclusive name protection—your registered business name is protected within Switzerland
- Public legal certainty—key information (e.g., legal form, ownership, directors) is accessible to stakeholders and partners

The official registration fee is approximately:

- CHF 420 (approx. USD 460) for an AG/SA or GmbH/SARL
- CHF 80 (approx. USD 88) for a sole proprietorship

Capital Contribution Tax Relief

Switzerland offers a capital contribution tax exemption on the first CHF 1 million (approx. USD 1.1 million) of paid-in capital during company formation or capital increases. This makes Switzerland a tax-efficient jurisdiction for initial equity financing and corporate restructuring.

2.1 Legal Entities at a Glance

Legal Form	Sole Proprietorship	General Partnership	Stock Corporation (AG / SA)
Typical Use Case	Solo entrepreneurs, freelancers, or microbusinesses	Jointly operated small businesses by two or more individuals	Holding companies, large subsidiaries, investor-backed businesses
Legal Personality	No separate legal entity	No separate legal entity	Separate legal entity
Liability	Unlimited personal liability of the owner	Joint and unlimited liability of partners	Limited to paid-in capital
Minimum Capital	None	None	CHF 100,000 (min. CHF 50,000 paid-in)
Commercial Register Entry	Required if revenue > CHF 100,000/ year	Mandatory	Mandatory
Formation Requirements	Initiated through the commencement of independent commercial activity with a demonstrable intent to generate sustained profit.	Formed by at least two individuals through a partnership agreement (no specific form required). Becomes legally effective upon entry into the Commercial Register if not yet operational.	Requires public notarization of the deed of incorporation, approval of the company statutes, election of a board of directors, and, unless exempt under Art. 727a II of the Swiss Code of Obligations (CO), appointment of statutory auditors. Legal existence begins with entry in the Commercial Register.
Governance Requirements	Owner-managed	Managed by partners	General Meeting, Board of Directors, Auditor (if required)
Tax Considerations	Taxed as personal income (no separation)	Partners taxed individually on their share	Corporate tax; possible double taxation
Setup Timeline	1–2 weeks	2–3 weeks	3–5 weeks
Estimated Setup Costs	CHF 700 – 1,200	CHF 2,400 – 4,400	From CHF 3,320 (electronic); From CHF 7,420 (traditional)
Advantages	Efficient and cost-effective to establish with minimal regulatory formalities. Grants the owner complete managerial control and avoids corporate-level taxation, simplifying the overall tax structure.	Offers flexibility through contractual autonomy among partners, with minimal formation costs and simplified internal governance—suitable for closely held ventures and professional practices.	Provides a distinct legal personality with clear separation between ownership and management. Enables anonymity of shareholders, facilitates equity financing, and supports scalable growth through structured corporate governance—preferred for international operations and public market access.
Disadvantages	The owner bears unlimited personal liability for business obligations. Absence of legal separation may limit access to external capital and reduce credibility in institutional or large-scale procurement processes.	Partners are jointly and severally liable with their personal assets, exposing them to significant financial risk. Lack of legal personality and public disclosure of partner identities may hinder scalability and external investment.	Incorporation and compliance costs are comparatively high. Potential exposure to economic double taxation (corporate and shareholder levels) and mandatory audits (unless exempt) increase administrative and financial overhead.

Legal Form	Limited Liability Company (GmbH / Sàrl)	Branch Office	Foundation
Typical Use Case	SMEs, joint ventures, or family-owned businesses	Swiss extension of a foreign parent company	Non-profit, charitable, cultural or educational missions
Legal Personality	Separate legal entity	Part of foreign legal entity	Separate legal entity
Liability	Limited to paid-in capital; possible statutory additional obligations	Parent company bears full liability	Not applicable (non-commercial purpose)
Minimum Capital	CHF 20,000 (fully paid-in)	No capital required	Typically CHF 50,000+ (endowment)
Commercial Register Entry	Mandatory	Mandatory	Mandatory
Formation Requirements	Requires public notarization of the deed of incorporation, approval of the company statutes, designation of managing bodies, and registration with the Commercial Register. Appointment of auditors is required unless exempt under Art. 727a II of the Swiss Code of Obligations (CO).	Requires registration in the Swiss Commercial Register. Must present authenticated documentation confirming the legal existence of the foreign parent entity and the authority of its Swiss-based representative.	Established through a public deed defining a legally binding and irrevocable purpose. Initial asset contribution (typically CHF 50,000 or more) must be transferred at formation. Entry in the Commercial Register is mandatory.
Governance Requirements	General Assembly, Managing Director(s), Auditor (if required)	Managed by local representative; governed by parent company	Foundation board
Tax Considerations	Corporate tax; possible double taxation	Taxed only on Swiss-sourced income	Tax-exempt if qualifying under public-benefit status
Setup Timeline	2–4 weeks	1–2 weeks	Varies (legal review)
Estimated Setup Costs	From CHF 3,220 (electronic); From CHF 7,420 (traditional)	From CHF 2,000	Varies significantly depending on scope and advisors involved
Advantages	Ensures limited liability protection while requiring lower capital commitments than an AG. Offers a pragmatic governance model and permits full foreign ownership—well-suited for SMEs and investment vehicles	Streamlines market entry by leveraging the legal identity of the foreign parent. No requirement for autonomous capital funding and limited formalities make it an attractive option for operational extensions.	Provides a legally stable and enduring structure for charitable and non-profit objectives. Enables tax-efficient asset structuring and professional oversight via a dedicated governing board.
Disadvantages	Mandatory public disclosure of shareholder identities may deter private investors. While offering limited liability, the structure lacks the prestige and market perception of an AG and may require additional capital contributions under statutory provisions.	Not a separate legal entity from the parent, which remains fully liable for branch obligations. May face regulatory and contractual limitations due to its dependent status under Swiss law.	Primarily suited for non-commercial purposes; inflexible for business operations. Governance modifications are legally constrained, and asset reallocations are subject to complex legal oversight.

2.2 Set Up Your Legal Entity

1 Choose the Appropriate Legal Form

Sole Proprietorship (Einzelfirma / Raison Individuelle): Suitable for individual entrepreneurs (unlimited personal liability of the owner)

- Limited Liability Company (LLC) (GmbH / Sàrl): A separate legal entity with liability limited to the company's share capital. Suitable for SMEs or co-owned businesses. Minimum share capital: CHF 20,000/USD 22,000. Shareholders' names are public.
- Joint Stock Corporation or Corporation (Ltd) (AG / SA): Liability is limited to the company's share capital. Preferred by larger enterprises and investor-backed companies. Minium share capital: CHF 100,000/USD 110,000, with at least CHF 50,000/USD 55,000 paid-in. Shareholders can remain anonymous. Share can be traded or listed.
- Branch Office: An extension of a foreign company, not a separate legal entity; the parent company is liable for its obligations.
- Foundation (Stiftung / Fondation): a legally independent entity in which assets are irrevocably dedicated to a specific purpose, managed by a board of trustees, and typically used for charitable, family, or public benefit goals. Minimum initial capital: CHF 50,000. Foundations are subject to supervision by either cantonal or federal authorities, depending on their purpose.
- Association (Vereine / Association): a legal entity formed by at least two individuals or entities who unite for a non-commercial purpose. No minimum capital requirement. Association shall be registered in the commercial register under certain conditions (commercial activity, subject to ordinary audit, or voluntary registration).

2 Check Work + Residency Requirements

- Check work permit requirements for your employees via the State Secretariat for Migration SEM.
- Swiss nationals and most EU/EFTA citizens: Under Switzerland's bilateral agreements with the EU and EFTA, Swiss nationals and most EU/EFTA citizens enjoy simplified access to the Swiss labor market with streamlined work and residency permit procedures.
- Non-EU nationals: must meet economic interest criteria and are subject to federal quotas. Quotas apply collectively to all third-country nationals and are not differentiated by country.
- At least one Swiss-resident director or representative is mandatory for companies (LLC, Ltd), foundations, and associations if they are eligible for entry in the commercial register.
- Secure Name & Domain
- Check name availability via zefix.ch
- Business names must include the legal form (e.g. LLC/GmbH/Sàrl; Ltd/AG/SA, Foundation/Stiftung/Fondation; Association/Vereine/Association)
- Secure your domain name

3 Decide on the Seat

The seat determines the legal domicile of the entity and the competent Commercial Register office, tax authorities, and where applicable, supervisory authority. This determines where the company is legally based and which authorities are responsible.

Key points to consider:

- Choose a Canton: Switzerland is divided into 26 Cantons, each with different tax rates, languages (German, French, or Italian), and procedures;
- Swiss address required: you must provide a physical business address in Switzerland or receive domiciliation services from a Swiss-based company;
- Local representative: if your entity is registered in the Commercial Register, at least one person with signatory authority must live in Switzerland;
- Where business is conducted: ideally, choose a seat near your clients, partners, or team, especially if you plan to hire or operate locally;
- Impact on taxes, permits, legal jurisdiction: the seat affects corporate taxes, permits, competent courts and authorities.

4 Prepare Incorporation Documents

Before registering your company at the competent Commercial Register, you must prepare and formalize the foundational legal documents that define your corporate structure and governance framework:

- Articles of Association (AoA);
- Incorporation documentation;
- Public deed of incorporation (via notary) required for companies and foundations;
- Shareholders' agreements (optional but recommended) for companies;
- Organizational regulations.

5 Open a Business Bank Account

- Open a capital payment account with a Swiss bank to deposit the statutory share capital required for incorporation.
- CHF 20,000/USD 22,000 for a LLC/ GmbH/Sàrl or CHF 50,000/USD 55,000 for a Ltd/AG/SA or the initial capital for a foundation.
- Obtain confirmation of capital payment from the bank to submit with the Commercial Register application.
- For your corporate banking needs, register with the commercial register.
- Prepare documents (ID, legalized signatures, powers of attorney (if applicable), and incorporation documents);
- Incorporation documents shall be submitted in original form, typically with handwritten signatures;
- File the registration application with the competent cantonal Commercial Register office;
- If the incorporation is executed before a Swiss notary, the notary will usually handle the registration process directly. Lawyers may also submit the application on your behalf.
- Official fees: LLC/GmbH/Sàrl/Ltd/AG/ SA: CHF 420; Sole Proprietorships/Raison individuelle: CHF 80; Association/ Vereine: CHF 280; Foundation/ Stiftung/ Fondation: 210 CHF
- Processing time: varies by canton. Allow at least 10 working days for completion.
- Some entities (commercial entities, foundations) only acquire legal personality when registered at the Commercial Register.
- After registration, you will receive the Unique Enterprise Identification Number (UID) for your legal entity, and you should be able to view the extract of the Commercial Register and in the applicable cantonal registry.

6 Register for VAT (if applicable)

- Mandatory if your business generates annual turnover of at least CHF 100,000/ USD 110,000 from taxable supplies within Switzerland.
- Apply through estv.admin.ch
- Choose reporting method: net tax rate vs effective accounting

7 Register with Social Security and Insurance Institutions

- To ensure compliance with Swiss social security legislation, newly incorporated entities must register with the relevant compensation and insurance funds:
- Company Insurances
- Civil liability insurance
- Property insurance.
- Sole Proprietorships
- Must enroll with a cantonal compensation office for contributions to the Swiss old-age and survivors' insurance (AHV/ AVS), disability insurance (IV/AI), and income compensation (EO/APG).
- Limited Liability Company (GmbH) and Stock Corporation (AG)
- As employers, GmbHs and AGs are legally obligated to register for and contribute to the following:
  - AHV/AVS – Old-age and survivors' insurance
  - IV/AI – Disability insurance
  - EO/APG – Loss of earnings compensation (e.g., for maternity or military service)
  - ALV/AC – Unemployment insurance
  - BVG/LPP – Occupational pension scheme (mandatory for employees earning over CHF 22,680/year)
  - SUVA or private insurer – Occupational and non-occupational (voluntary) accident insurance

8 Commence Operations and Ensure Ongoing Compliance

- Maintain financial accounting in accordance with the Swiss Code of Obligations (SCO); appointing a professional accountant is recommended;
- Ensure proper retention of original receipts, contracts and financial documents for audit and legal purposes;
- Comply with audit requirement for annual accounts:
- An ordinary audit is mandatory if, for two consecutive years, the company exceeds two of the following thresholds:
  - CHF 20 million balance sheet total;
  - CHF 40 million revenue; or
  - 250 full-time employees;
  - or if the company is publicly traded, required to prepare consolidated accounts, or if shareholders holding at least 10% of shares request it.
- If the company does not meet the thresholds or requirements for an ordinary audit, a limited audit must be performed by an external auditor, unless all shareholders agree in writing to waive it, and the company has 10 or fewer full-time employees.
- Maintain and regularly update the shareholder register, and where applicable, the audit and compliance declarations.
- Ensure ongoing compliance with governance obligations, including the holding of general meetings and executive or board meetings, at least as required by the Articles of Association or other governing documents.

9 Secure Intellectual Property (IP)

- Register your trademark (e.g. company name, logo) with the Swiss Federal Institute of Intellectual Property (IPI) to secure brand protection in Switzerland.
- Consider international trademark protection (EUIPO/WIPO) if your business will operate abroad.
- Ensure that any IP created before or during incorporation (e.g. software, branding, product design) is clearly assigned in writing to the company.
- Use confidentiality agreements (NDAs) when discussing sensitive business information with partners, contractors, or potential investors.
- Protect addition IP (e.g. designs, patents, copyrights (in the US)) depending on your sector.

10 Draft Key Contracts

- Prepare essential legal agreements to govern relationships with founders, employees, contractors, clients, and investors.
- Key contracts include:
- Founders' or shareholders' agreement: defines governance, shareholding, decision- making, and exit terms;
- Employment and contractor agreements: with clear IP, confidentiality, and termination clauses;
- Terms of use and privacy policy: if operating an online platform;
- Commercial agreements: e.g. licensing, service, distribution contracts;
- Investor documentation: e.g. investment term sheets, subscription agreements, convertible loan agreements, and cap tables;
  - Ensure contracts address IP ownership, confidentiality, vesting, exit rights, and dispute resolution mechanisms;
  - Legal advice is strongly recommended when preparing investor-related documents or negotiating funding terms.

The process from incorporation to operational readiness typically takes 4 to 6 weeks, provided that all documents are complete and approvals are granted without delay. For companies operating in regulated sectors (such as finance or healthcare), or where immigration formalities are required, a timeline of up to 3 months is more realistic.