



SECURITY AND TRUST

The Swiss economy is one of the most liberal and competitive economies in the world. Low capital costs, a stable currency, strong purchasing power, moderate taxation, a federal state system, and economic and political stability guarantee a high level of security for investments in Switzerland.



Reliable Governance

Image
Bundesplatz, Bern

POLITICAL STABILITY: FERTILE GROUND FOR BUSINESS

Switzerland's federal structures create strong links between government, business, and civil society. The government is lean, consisting of the seven-member Federal Council. Each member is appointed Federal President for one year on a rotating basis. The constituent states of the Swiss Confederation, the 26 cantons, enjoy a large degree of autonomy, particularly in healthcare, education, and culture. Municipalities enjoy autonomy as well: each municipality – around 2,200 in all – decides its tax rate independently. Swiss citizens can participate directly in the political process through referendums, initiatives, and plebiscites. The stable political situation guarantees a high degree of dependability for business and practical decisions that are well supported by the population.

INDEPENDENCE IN THE HEART OF EUROPE

It takes one to two hours by plane to travel from Switzerland to Europe's major economic centers. A multilingual country, Switzerland is situated in the heart of Europe, combines different cultures, and borders three of the four biggest markets in Europe: Germany, France, and Italy. Their languages are also national languages of Switzerland, spoken by many Swiss alongside English.

There are close economic relations between Switzerland and Europe. The European Union is Switzerland's most important trade partner: more than half of all Swiss exports go to EU countries and two thirds of all imports come from the EU. A comprehensive free trade agreement and bilateral agreements enable the free movement of goods and services even without EU membership. Through this agreement, Switzerland is fully integrated in the EU market, with its 500 million consumers, while remaining politically independent. 30 free trade agreements with 40 partners compliment the EFTA Convention and the Free Trade Agreement with the EU. Swiss free trade policy creates ideal conditions for trading goods and services with important partners. Agreements with all important industrial nations ensure that companies are only taxed in one country.



Liberal Labor Market

Image
Application situation, studio shot

EMPLOYERS AND EMPLOYEES: A SOLID PARTNERSHIP

Swiss labor law is very liberal and the labor market is subject to very few regulations. This is one of the factors that has made the Swiss economy one of the most productive in the world. Unemployment has remained below 4% for the past 10 years – extremely low in comparison with other countries. There is an active social partnership between employers and trade unions: conflicts are resolved around the negotiating table. Strikes are very rare in Switzerland; the last general strike occurred more than 100 years ago.

Swiss workers are generally well-educated and multilingual with above-average international experience. They are motivated, reliable, and dedicated employees. Switzerland is an attractive place to work for many foreign workers. A dual system applies to the employment market: Persons pursuing gainful employment from EU/EFTA states get easy access to the Swiss labor market thanks to the agreement on the free movement of persons. For Croatian nationals, special transitional provisions still currently apply. Work permits for citizens of other countries (third-party states) are allocated by quota.

A MODEL SOCIAL INSURANCE SYSTEM

Switzerland has a large network of social insurance providers that offer extensive protection against risks with financial consequences to people who live and work in the country, as well as their families. Provision for retirement is based on three pillars: state, employer, and individual contributions. The individual shoulders a high degree of personal responsibility. This means that contributions for companies and insured parties are correspondingly moderate.



Sound Financial and Capital Market

Image
Paradeplatz, Zurich

EXCELLENT STABILITY AND PURCHASING POWER

Switzerland is among the countries with the highest purchasing power in the world. The stable Swiss franc forms a pillar of national economic policy. Switzerland is a byword for economic and monetary stability. Prices change so moderately that the Swiss franc has become one of the most sought-after currencies for reserve and diversification purposes.

SIX Swiss Exchange gives companies access to an international circle of investors. Those seeking capital will find committed long-term backers offering fair conditions. The state also plays a role in promoting an investment-friendly climate, for example through tax relief for venture capital financing. Healthy competition in the banking sector testifies to the functioning Swiss money market, which also greatly benefits business.

THE SECURITY AND KNOW-HOW OF A LEADING FINANCIAL CENTER

Geneva and Zurich are among the most important financial locations in the world. This success is rooted in the stable basic conditions. Swiss companies like UBS, Credit Suisse, Swiss Re, and Zurich Financial Services enjoy an excellent reputation around the globe in their core competencies of private banking, asset management, and insurance. Private and business customers benefit in equal measure from the wide range of financial and insurance products and services. The Swiss stock exchange draws many domestic and foreign companies and is Europe's leading stock exchange for life science companies. Globally in-demand blue chips in corporations such as ABB, Alcon, Clariant, CS Group, and Givaudan are traded here.



Attractive Taxes

Image
Tax return, stock image

AN INTERNATIONALLY COMPETITIVE TAX SITUATION

Switzerland's federal tax system is a successful model: taxes are determined and levied at the federal, cantonal, and municipal levels. Domestic tax competition plays a significant role in the very low rates of taxation. A debt brake introduced in 2003 obliges the government to maintain a balance between revenue and expenditure. The most attractive cantons in tax terms are international leaders with regard to both corporate taxes and the tax imposed on highly skilled workers.

MODERATE TAXES FOR INDIVIDUALS AND BUSINESSES

On a national level, companies are taxed on profit after taxes with a corporate income tax rate of just 8.5%. Alongside the income taxes levied by the cantons and municipalities, a combined tax burden of between around 12% and around 21% applies, depending on the canton. If a company creates jobs in certain regions in Switzerland with an investment project, it may even be granted a full or partial tax exemption. Double taxation in Switzerland and abroad can in many cases be avoided based on double taxation treaties. Such agreements exist with all important trade partners, such as the United States, the United Kingdom, Germany, France, Italy, China, and many other countries.

The relationship between taxpayers and tax authorities is distinguished by its constructive, pragmatic thinking. Notable companies for tax consultancy and auditing also value this form of trusting cooperation.

In 2019, the Swiss electorate voted in favor of the Federal Act on Tax Reform and Old-Age Insurance Financing ("STAF"). This tax reform ensures an internationally accepted corporate taxation system. The STAF measures include the patent box, which provides for a special deduction for innovative companies amounting to a maximum of 90% of revenues from patents and comparable rights that are based on qualifying expenditure for research and development. In addition, cantons can optionally grant an additional reduction of a maximum of 50% for research and development expenditure. Both innovative major companies as well as small and medium enterprises can benefit from this relief.



Easy Start-Up Process

Image
Business plan, stock image

SET UP YOUR BUSINESS WITHOUT THE RED TAPE

Companies and individuals can set up a new business quickly and easily. In most cases it only takes two to four weeks to legally establish a company and the cost is usually between 2,000 and 8,000 Swiss francs.

International founders are very welcome and enjoy wide-ranging support; in 2019 around 1 in 3 founders of new companies were non-Swiss. Under the principle of economic freedom (formerly freedom of trade), any person in Switzerland can essentially run a business, set up a company, or own a share in a company. The only requirement: an authorized signatory for the company must be domiciled in Switzerland; however, they do not necessarily need to be a Swiss citizen.

EASY TO MOVE IN

Switzerland Global Enterprise offers valuable support, providing potential foreign investors with information about the general framework, what Switzerland has to offer as a business location and the procedures for setting up a company in the country. If a company has clear criteria for its new location, the economic development agencies of the respective canton will help to coordinate the project locally. Banks, consultants, trust companies, and specialized lawyers can all provide assistance on specific issues. Extensive support is also available online, from tips on writing a business plan to registering a company in the commercial register.

Companies that relocate to Switzerland usually choose the legal form of an incorporated company, either an Aktiengesellschaft (stock corporation) or a Gesellschaft mit beschränkter Haftung (limited liability company). It is possible to set up a Swiss subsidiary as a sole proprietorship, general partnership, or limited partnership online.