



Independent legal & accounting firms

Doing Business in Switzerland

Edition No. 2 / September 2025



Photo credit: Shutterstock

Doing business in Switzerland



MSI's Guide to Doing Business in Switzerland provides up-to-date information on the financial, regulatory, and legal considerations that may affect business activities in the country. For further assistance, please contact one of our MSI member firms in Switzerland.

Country overview

Population

Switzerland has a total population of approximately 8.95 million (January 2025).

Government

Despite its official name, the Helvetic Confederation is a federal state made up of 26 cantons, each divided into multiple municipalities.

Switzerland has three levels of government: federal, cantonal, and municipal. The federal capital is Bern, while the economic and financial center of the country is Zurich.

Geneva, the second-largest city with 208,991 inhabitants (December 2024), hosts numerous international organizations, NGOs, private banks, and watchmaking companies. Both Geneva and Zurich are considered world-class cities.

Federal law governs most areas of private law. In public and tax law, however, cantons enjoy significant autonomy within the framework of federal law. Municipalities derive their powers from cantonal law. As a result, laws in Switzerland can vary between cantons, and, to a lesser extent, between municipalities.

Languages

The national languages are German, French, Italian, and Romansh, depending on the canton. English is also widely spoken, especially in larger cities such as Zurich, Geneva, Basel, Lausanne, Bern, Lucerne, St. Gallen, and Lugano.

Currency

The national currency is the Swiss Franc (CHF).

Economic summary

GDP: ≈ CHF 850 billion (2024)
Income per capita: ≈ CHF 90,000 (2023)
Inflation: 2.8% (August 2025)
Unemployment rate: 2.8% (August 2025)

Main sectors of the economy

Switzerland has one of the world's most prosperous and advanced economies, despite its lack of natural resources and direct access to the sea. The unemployment rate is structurally low. The country is a leading exporter, specializing in high value-added products and services.

Swiss economic policy is characterized by liberal, non-interventionist principles, with strong support for free trade. Exceptions include agriculture and transportation, which benefit from government subsidies.

The tertiary sector dominates the economy (banking, tourism, commodity trading, retail, media, and engineering), while the secondary sector remains strong in pharmaceuticals, chemicals, precision engineering, office machinery, and watchmaking.

Relationship with the European Union

Switzerland is located in the heart of the European Union but is not a member. Instead, it belongs to the European Free Trade Association (EFTA).

Through numerous bilateral agreements with the EU, Switzerland ensures access to European markets while maintaining flexibility for its businesses. Its attractive tax environment and adaptable legal framework make it a preferred

destination for entrepreneurs and international companies.

Setting up a business

Switzerland offers a highly competitive and innovative business environment. Swiss corporate law provides a flexible framework with a wide range of options for structuring business entities. If multiple individuals establish a company together, they must adopt one of the legal forms recognized under Swiss law. The establishment or transfer of a company in a foreign legal form is not permitted. Within the permitted legal forms, founders enjoy substantial freedom in structuring a company's internal organization.

Legal types of business entities

Partnerships (based on personal involvement of the partners):

1. Simple Partnership
2. General Partnership
3. Limited Partnership

Capital Companies (based on shareholder investment):

1. Company Limited by Shares (AG // Swiss Ltd.)
2. Limited Liability Company (GmbH // Swiss LLC)

Other legal forms:

1. Association
2. Foundation
3. Cooperation

Capital companies are independent legal entities with their own legal personality. Shareholders are only liable up to the amount of their contributions. In

contrast, partnerships do not have separate legal personality, and partners remain personally liable.

For internationally active businesses, the most common structures are the Company Limited by Shares (AG / Ltd.) and the Limited Liability Company (GmbH / LLC). Both can be established by one or more natural persons, legal entities, or commercial enterprises. At least one person residing in Switzerland must be authorized to act on the company's behalf without restrictions.

- Minimum capital: **CHF 100,000** for an AG / Ltd.
- Minimum capital: **CHF 20,000** for a GmbH / LLC

Since 01.01.2023, capital may be denominated in a foreign currency (CHF, EUR, USD, GBP or JPY).

Foreign companies may also establish subsidiaries or branch offices. Subsidiaries, which must take one of the Swiss legal forms listed above, are more common. Branch offices, by contrast, remain legally dependent on the parent company and lack separate legal personality. Setting up a subsidiary or branch is generally more complex and requires more documentation than founding a new Swiss company.

Financial Year, Taxes and Accounts

The financial year usually coincides with the calendar year, although companies may adopt a different fiscal year for tax purposes. Swiss corporate entities, as well as Swiss branches of foreign entities, are subject to corporate income tax and capital tax.

Accounting and Auditing

All businesses must keep accounting records and prepare annual financial statements (balance sheet and income statement), except in their year of formation.

Requirements vary depending on company size:

- Micro-entities (turnover < CHF 100,000): may prepare income statements on a cash basis.
- Small entities (turnover < CHF 500,000): must prepare an income

and expense statement but no balance sheet.

- Medium and large entities: must prepare full financial statements (balance sheet, income statement, notes) in accordance with the Swiss Code of Obligations. International standards (Swiss GAAP FER, IFRS, or US-GAAP) may also be used.

For tax purposes, accounts must always be prepared under Swiss GAAP, in CHF. Financial statements of non-listed companies are submitted only to tax authorities and are not publicly disclosed.

Audit requirements:

An ordinary audit is mandatory if, in two consecutive years, a company exceeds two of the following thresholds:

1. Annual turnover > **CHF 40 million**;
2. Total assets > **CHF 20 million**;
3. More than **250 full-time equivalents**

If these thresholds are not met, the company is subject to a limited audit. Companies with fewer than 10 full-time employees may opt out of audits entirely (opting-out). From 1 January 2025 the declaration of waiver or opt-out must be registered with the commercial register before the start of the financial year for which it is to apply. Retroactive opt-out is no longer permitted.

Economic and Fiscal Incentives

Under the Federal Act on Regional Policy, Switzerland provides tax relief and other incentives to industrial companies and service providers with strong production links in structurally weak regions. These measures aim to boost competitiveness, encourage job creation, and support economic restructuring.

Taxation

Switzerland's tax system operates at three levels: federal, cantonal, and municipal. Cantonal tax legislation varies significantly, as cantons retain the power to set tax rates and scales.

Switzerland has signed double taxation treaties (DTTs) with more than 100 countries to avoid tax duplication. These treaties cover:

- Exemption of profits from foreign branches
- Reduction or elimination of withholding taxes
- Rules for royalties and license fees

Foreign business and property income is generally exempt from Swiss tax under the progression proviso.

VAT

- Standard rate: 8.1%
- Reduced rate: 2.6% (applies to basic goods such as food, non-alcoholic beverages, books, newspapers, magazines, medicines)
- Special rate: 3.8% (applies to hotel stays, including breakfast)

Income tax

Individuals are liable for direct federal tax levied on their income and for cantonal and municipal taxes levied both on their income and their net wealth. As a matter of principle, partners in companies such as limited partnerships and general partnerships are subject to taxation as individuals with respect to the share held in such partnerships.

Income tax for individuals is assessed on the gross income after deduction of business expenses (professional expenses, outlay for business purposes, etc.), further deductions such as interest payments, etc. as well as social deductions (for children or for maintenance payments). The tax on net wealth is assessed on net assets after deduction of liabilities. Tax rate depends on the level of income and wealth as well as on the canton and municipality the individual is resident.

Corporate income tax

Corporations are liable for federal, cantonal, and municipal taxes on their profits. In addition, cantonal and municipal taxes are levied on corporate capital. Tax rates differ depending on the canton and municipality in which the company is based.

Registration procedure

Individuals and companies must register with the tax authorities and are assigned a fiscal registration number. While communication has traditionally been conducted using printed forms, tax filing

and assessments are increasingly shifting toward digital solutions.

Participation exemption

To avoid double taxation, Switzerland offers a participation exemption, one of the cornerstones of its corporate tax system. Dividends qualify for exemption if they come from participations representing at least 10% of another company's share capital or a holding with a market value of at least CHF 1 million. Net participation income is calculated as gross dividend income minus related administrative expenses, financing costs, and depreciation. In practice, this usually results in a full or near-full exemption.

Tax Ruling System

Taxpayers may request an advance tax ruling from the competent authority to clarify the tax consequences of planned transactions or corporate structures.

Wage Tax (Tax at Source)

Tax is deducted directly from your salary. Your employer will automatically withhold tax if:

- you are a foreign worker,
- you are resident in Switzerland for tax purposes but do not yet hold a permanent residence permit (permit C), or
- you are not resident in Switzerland for tax purposes (e.g., cross-border commuter, weekly resident, conference speaker, sportsperson, artist) but earn income in Switzerland.

If you are a foreign worker resident in Switzerland for tax purposes and your annual income exceeds CHF 120,000, a statutory assessment of your total worldwide income and assets will be carried out. This threshold applies at the federal level and in almost all cantons. The applicable tax-at-source rates vary from canton to canton.

Withholding taxes

Distributions of corporate profits, such as dividends, are subject to a federal withholding tax of 35%, deducted at source. Depending on double taxation treaties, recipients may reclaim part or all of this tax, or in certain cases, apply a simplified notification procedure.

HR/ Labour Law

Employment law

Employment contracts may be concluded for either a fixed term or an indefinite period. However, repeatedly extending fixed-term contracts without objective justification may lead courts to reclassify them as indefinite contracts, granting employees protection against dismissal.

Social security

Switzerland's social security system is extensive and rests on a three-pillar principle. The first pillar consists of compulsory state pension contributions, including old-age and survivors' insurance (AHV), disability insurance (IV), and unemployment insurance (ALV). These contributions are mandatory and intended to cover basic living needs.

The second pillar is the occupational pension scheme (BVG), funded by both employers and employees. It supplements the first pillar and provides benefits either in the form of pensions or lump-sum payments. The third pillar consists of private, voluntary savings schemes, which individuals use to further secure their retirement.

Health insurance is also compulsory. Residents must purchase coverage from authorized providers, and households with low incomes may apply for subsidies from the cantonal social insurance authorities.

Occupational Pension (BVG)

Employees earning at least CHF 22'680 (2025) per year and aged 18 or older must contribute to an occupational pension plan. From the age of 25, additional savings contributions apply for retirement. Employer and employee contributions are generally split equally and usually range between 7% and 18% of gross salary, as shown below.

- 25 - 34 years old: 7%
- 35 - 44 years old: 10%
- 45 - 54 years old: 15%
- 55 - 65 years old: 18%

The statutory retirement age is 65 for men and, starting in 2028, also for women.

Payroll

Employers must register their business and employees with the relevant authorities, including tax authorities, AHV (old-age and survivors' insurance), accident insurance (UV), and the BVG pension scheme. Social security contributions are paid quarterly on annual wages up to CHF 200,000 and monthly on amounts above that.

Although the registration process may take several weeks, employees may begin working before it is fully completed.

Visa and work permits

Citizens of EU and EFTA member states enjoy the same access to the Swiss labour market as Swiss nationals, provided they obtain a residence and work permit, which is usually a formality when an employment contract exists. For nationals of third countries, the process is more complex. Work visas are limited, subject to quotas, and must be obtained prior to entering Switzerland.

Contact us

The information provided in this guide cannot be exhaustive and we recommend anyone considering doing business in Switzerland should seek professional advice from our member firms before making any business or investment decision.

Contact our member firms in Switzerland to discuss your requirements:

Badertscher Rechtsanwälte | Attorneys at Law
www.b-legal.ch

Markus Doerig
doerig@b-legal.ch
+41 44 266 2066

Mühlebachstrasse 32
8024 Zurich

Simplica
<https://www.simplica.ch/>

Roger Nietlispach
roger.nietlispach@simplica.ch
+41 3191 76081

Rougemontweg 11
3027 Bern

CAMINADA ZURICH
www.caminada.ch

Michel Vonlanthen
michel.vonlanthen@caminada.ch
+41 44 386 9900

Riesbachstrasse 61
8034 Zürich

Gestoval Société Fiduciaire SA
www.gestoval.ch

Hanspeter Buri
hanspeter.buri@gestoval.ch
+41 22 308 4400

Rue Jacques-Grosselin 8
1227 Geneva

NBA Fiduciaire SA
www.nbafid.com

Georges Julmy
georges.julmy@nbafid.com
+41 26 408 7474

Route de la Glâne 107
1752 Villars-sur-Glâne/ Fribourg

schochauer ag, Attorneys-at-Law
www.schochauer.ch

Nicolas Keller
nicolas.keller@schochauer.ch
+41 71 227 8484

Marktplatz 4
9004 St. Gallen

MSI Global Alliance
10 Queen Street Place
London EC4R 1AG
United Kingdom

www.msiglobal.org