Taxes

Tax on three levels
The federal system in Switzerland means that taxes are levied at three levels: municipal, cantonal and federal. A distinction is made between direct and indirect taxes. The most important direct taxes are income and wealth tax, which must be paid directly by the taxpayers. Indirect taxes levied by the federal government include value added tax, tobacco tax and petroleum tax. These taxes are included in the price of the goods. Direct taxes are relatively low by international standards, although social insurance contributions are not collected through the tax system, but through other channels.

Your primary residence is used as the place of reference for direct taxes. Since the majority of tax is levied at cantonal and municipal levels, the amount of direct tax charged can vary significantly depending on the place of residence. The tax system is progressive: this means that in addition to the place of residence and the amount of income or assets, other factors such as your family situation are included in the tax calculation; married couples, for example, are taxed jointly. In most cantons, municipal and cantonal taxes are levied by the same tax authority (either the canton or the municipality).

Brochure: The Swiss Tax System

Taxation at source
Tax on foreign employees who do not have a permanent residence permit is taken directly from their wages. Registration for taxation at source is done by the employer. Employees must nevertheless file a tax return every year. The amount of tax depends on income, marital status (single, married, divorced) and the number of children. Any changes must be reported immediately. In addition, various deductions are possible under taxation at source, for example, on payments towards a 3rd pillar plan, debt interest or high medical costs. If you have assets in Switzerland, you must declare them and pay taxes on them separately. Tax returns must be submitted (regular taxation) for incomes over CHF 120,000/year.

Tax at source forms / www.vs.ch

Ordinary taxation
Persons with a permanent residence permit (C permit) are subject to ordinary taxation. Even if the spouse has a permanent residence permit (C permit) or a Swiss passport, a tax return must be completed every year. The tax is not deducted from the salary. Even for Swiss citizens, completing a tax return is complicated. It is therefore advisable to get support when completing your tax return for the first time. The staff at the municipal administration or the tax experts at a fiduciary office can help.

Cantonal Tax Administration / www.vs.ch (Federal Tax Administration)
Form of tax / www.ch.ch
Double taxation agreements / www.estv.admin.ch
Tax calculator / www.vs.ch (in German)

Reference: www.hallo-aargau.ch