

A Handbook for Investors

VALAIS AS A BUSINESS LOCATION



IN COLLABORATION WITH



Cover image: BioArk is a technology site dedicated to life sciences (Monthey)

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Welcome



Christophe Darbellay
State Councillor
Head of the Department of
Economic Affairs and Education

Dear readers,

Valais is a region of superlatives at every level. Our canton is home to the Aletsch glacier, the largest river of ice in the Alps; the Matterhorn, the world's best-known and most frequently photographed mountain; and the monumental Grande-Dixence, the world's tallest gravity dam. Our valley, set against a backdrop of 41 summits of 4,000 metres or more, enjoys almost 300 days of sunshine a year.

In addition to this stunning Alpine scenery, Valais is also home to cutting-edge technology:

- Overall, there are 27,000m² of technology parks throughout the whole canton
- Almost 600 SMEs, schools and research institutes are active in industry
- It is the second major centre in Switzerland for the chemical industry

Situated at the heart of the Alps and the centre of Europe, our canton has many assets, including its bilingualism, a pleasant living environment, a highly qualified workforce, state-of-the-art technology infrastructures and favourable living costs. The three chapters that follow will help you discover a canton that is active, innovative and home to major sector hubs. The young companies and renowned research institutes located here continue to grow in number and serve as a daily showcase for Valais technology, whose influence extends far beyond our own borders. Information and communication technologies (ICT), life sciences, engineering and a solid base in energy and environmental technologies are the cornerstones of innovation in Valais under the auspices of The Ark Foundation.

The canton's government has created an economic development strategy that helps strengthen and diversify the local economic structure in order to build a Valais that is prosperous, open, dynamic, diversified and attractive. With this in mind, Valais has also created a unique organisation based on partnership, known as Business Valais, which brings together all the local economic development actors with the aim of enhancing support for value-added projects. Thanks to the expertise of its partners, Business Valais can respond quickly and efficiently to a variety of requests from project developers.

The competencies of Business Valais, together with those of the EPFL, HES-SO Valais-Wallis and The Ark Foundation research institutes, create value for the local economy. Therefore, the canton of Valais ranks 4th in the country in terms of welcoming high-tech start-ups, and 42% of those choosing to set up business here that receive support from The Ark Foundation come from outside Switzerland.

To sum up, the fact that 30% of the canton's GDP comes from industry and technology proves that Valais offers the best possible overall conditions for attracting new companies. Our canton undeniably has skills and expertise to offer that are worth promoting. Whether from the point of view of basic research or technology transfer, structures are in place and ready to respond to the challenges of the future. The canton of Valais is unquestionably the place to launch your company and develop your business. And Business Valais is your partner!

I hope you enjoy reading this brochure and make many interesting discoveries.

Christophe Darbellay



Under its Board of Directors chaired by Christophe Darbellay, Head of the Department of Economic Affairs and Education, Business Valais groups together all the local economic development actors under one roof.

Acting as a single point-of-contact, it is able to provide a fast and efficient response to a variety of requests from project developers.

At the service of companies and entrepreneurs, Business Valais can provide them with a wide range of professional and tailored services thanks to the expertise of its partners, which covers mentoring and coaching, obtaining financing, technology transfer, training and networking.

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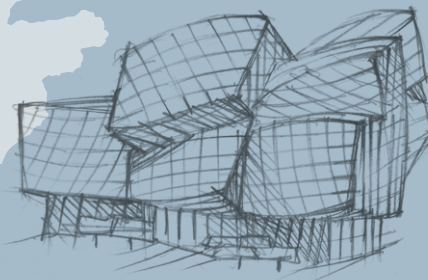
VALAIS – YOUR BUSINESS LOCATION

The Canton of Valais is a competitive business location. There are numerous good reasons to locate a business in Valais: innovation and technology, a liberal economic system, political stability, close links with foreign markets, excellent education and healthcare systems, an outstanding infrastructure, a high standard of living, and a competitive tax system.



Leading industry clusters:

- MEM
- ICT
- Life sciences
- Cleantech



Strong dual education system

INNOVATION
+
TECHNOLOGY



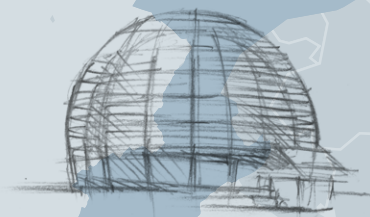
World's most innovative country



3 Swiss firms are among the 20 most valuable companies in the world



Among the top 3 happiest nations in the world



Highest number of Nobel laureates per capita





Motivated workforce:
No general strikes
for almost 100 years



Most attractive country
for highly qualified foreign
workers

SECURITY + TRUST



Employees with the best
international experience



Multilingual
employees with 4
national languages
plus English



World's best
working conditions




World's highest
purchasing power


ENVIRONMENT + LIFE



World's highest
life expectancy



Most popular country
for expatriates



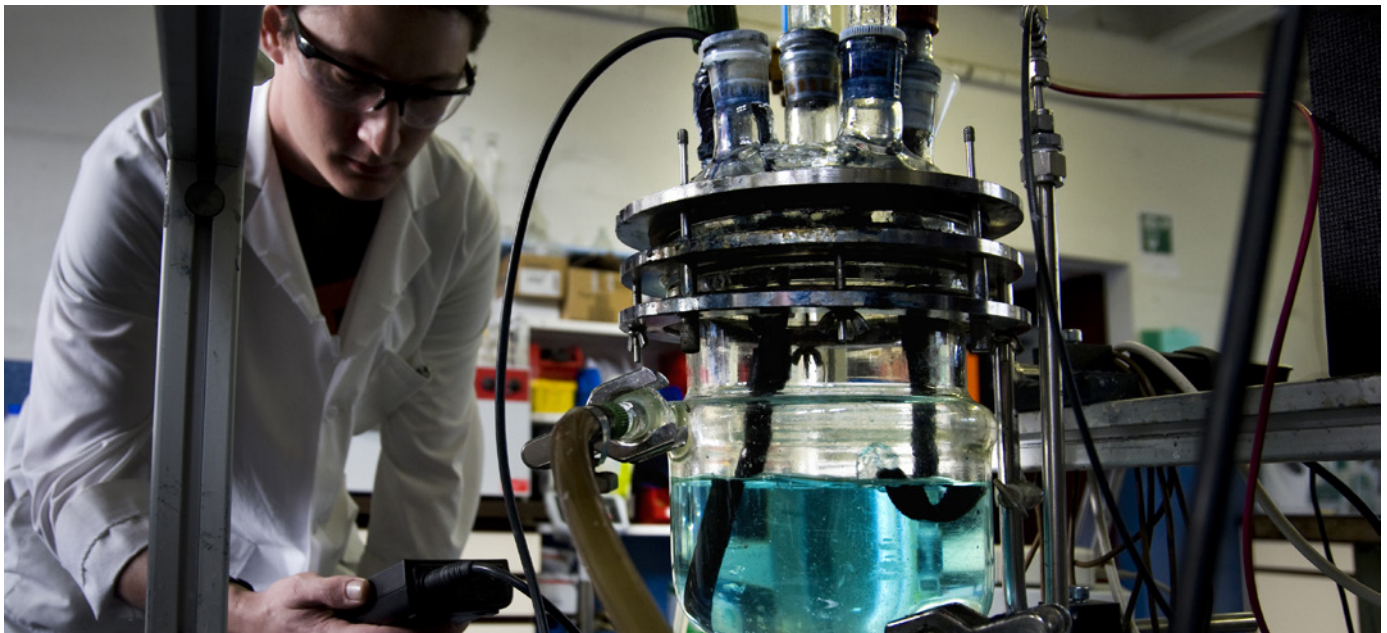
3 in the top 15:
Swiss cities
offer a very high
standard of living



INNOVATION AND TECHNOLOGY

Situated at the heart of the Alps, the canton of Valais is known for its focus on innovation and technology. It invests in leading growth sectors, such as information and communications technologies, life sciences and engineering. In doing so, it builds on three pillars: research institutes, a favourable business environment and highly qualified personnel.

Image
An autonomous bus by PostBus carrying passengers (Sion)
©PostBus Switzerland Ltd



A canton active in research and development

Image
Manufacture of industrial dye
by electrolysis (Martigny)
© Etat du Valais Jean-Yves Glassey

AT THE CUTTING EDGE OF R&D

With its strong industrial tradition, the canton of Valais is now recognised as a centre of excellence for technology, innovation, and research and development. Ongoing collaboration with the academic sector means that companies in Valais benefit from the new technologies and skills developed by the universities and institutes of basic and applied research.

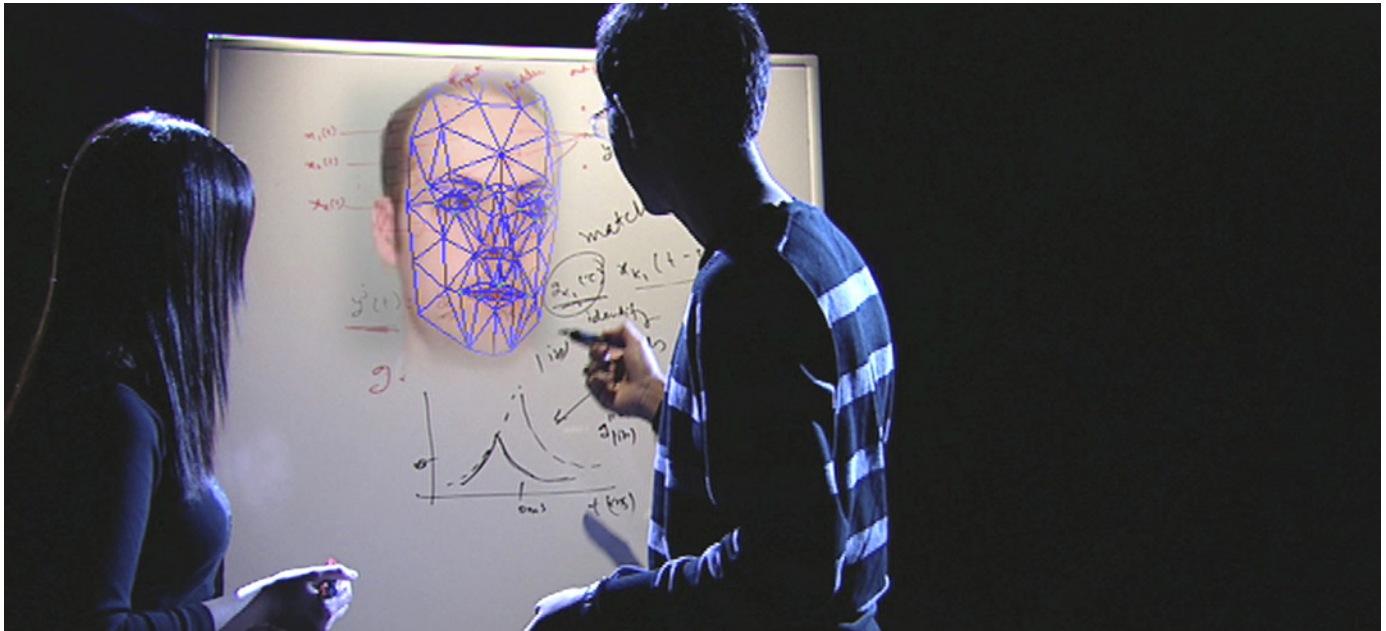
A NETWORK DEDICATED TO INNOVATION

Valais is home to unique technology sites and a multitude of organisations devoted to basic and applied research. The canton's determination to create its very own pioneering technology park became reality in 2004 when The Ark Foundation was set up. In its dual role as accelerator and incubator, the latter permits the creation of start ups (almost 100 to date, with an 80% survival rate) while also assisting existing companies with their innovation processes.

Valais's technology park has a number of standout features – it is spread across several sites and focuses on three specific areas: information and communications sciences (TechnoArk in Sierre and IdeArk in Martigny), life sciences (BioArk in Monthey and Visp, PhytoArk in Conthey Sion) and engineering sciences (energy and the environment at Energypolis in Sion). In parallel, leading institutions such as the research institutes of HES-SO Valais-Wallis, CREM (Centre for Research in Energy and Municipalities in Martigny), Institut Icare (specialising in the internet of things and ubiquitous computing in Sierre) and TEWI (Technology Centre for Business Information Systems in Brig), develop applications that utilise the new technologies.

One flagship R&D institute in Valais, Idiap (founded in 1991), specialises in multimedia information management. In 2014, it created the Swiss Center for Biometrics Research and Testing, a centre of excellence whose aim is to facilitate collaboration between industry and academia. In 2014, Valais took a further step forward into the 21st century when the last piece of the Energypolis programme, devoted to hydropower and green chemistry, was put into place. This ambitious project brings together the permanent EPFL-Valais campus (Swiss Federal Institute of Technology Lausanne) in Valais, the HES-SO Valais-Wallis (University of Applied Sciences and Arts of Western Switzerland) and The Ark, thus gathering advanced expertise in areas ranging from basic research to its application and ultimate use by industry on a single site.

In the healthcare sector, advanced research into neuroprosthetics is being conducted by an EPFL team working in partnership with SUVA (Swiss National Accident Insurance Fund).



Major sector hubs

Image
Facial recognition project (Martigny)
© Etat du Valais Idiap

- ICT (information and communications technologies)
- Life sciences (chemicals, pharma, medical technology, biotechnology)
- Engineering sciences (renewable energies, smart grids, industrial systems)

A QUALITY LOCATION FOR HIGH-END COMPANIES

High-tech sectors, particularly information and communication technologies (ICT), life sciences and engineering, play a central role in the cantonal strategy for economic development. In 1988, was created the first ICT hub in Switzerland and this centre of excellence now enjoys an international reputation. In the decades since, this strategy has been realised by focusing firmly on key sectors, thus facilitating solid endogenous growth while also attracting foreign companies and investments.

INFORMATION AND COMMUNICATIONS TECHNOLOGIES (ITC)

ITC affects society as a whole and simplifies numerous areas of our daily lives such as the exchange of information, traffic reduction, the use of energy, the creation of learning tools and the handling of medical data, etc.

Under the auspices of The Ark Foundation, Valais has built up a network of academic and industrial expertise in order to strengthen and develop ICT within the local economy. The two complementary technology sites, TechnoArk and IdeArk, focus primarily on the following areas:

- Software engineering
- The internet of things
- Business intelligence & process management
- Human & media computing
- RFID (Radio Frequency Identification)
- Green IT
- Blockchain

REPRESENTATIVE COMPANIES

Groupe T2i, Sierre

Specialising in publishing innovative software and providing high value-added services, Groupe T2i employs a workforce of 230 in Switzerland, France and Canada.

Cortex IT, Monthey

Cortex IT offers secured and personalised cloud solutions, and is a major player in data centre technologies both in Switzerland and abroad.

ALRO Engineering SA, Martigny

ALRO Engineering SA operates in the field of industrial automation and electrical engineering. Its mission is to provide industrial manufacturing companies with a comprehensive solution for the automation of their established processes. It is mainly active in the pharmaceutical, biotechnology, chemical, food and medical equipment sectors.



Image
Production of molecules via
cell culture (Monthey)
© Etat du Valais Jean-Yves Glassey

LIFE SCIENCES

Valais is a well-established centre for industries based on fine chemicals, biotechnology and the commercial exploitation of alpine medicinal plants. At present, the canton is making a name for itself in the health sector thanks to a series of research institutes and a dense network of SMEs and start ups active in life sciences. Furthermore, Valais benefits from the presence of renowned multinationals such as Siegfried, Lonza and Debiopharm Research and Manufacturing.

Life sciences generate total value added of more than 1.7 billion francs a year for the local economy. At the [BioArk](#), [PhytoArk](#) and [BioArk Visp](#) sites, Valais has created a focus on the following areas of expertise:

- Biotechnologies, pharma, chemicals
- Cosmetics
- Medical diagnostics
- Agrofood (phyto and nutraceuticals)

REPRESENTATIVE COMPANIES

Lonza Ltd, Visp

Lonza is one of the world leaders in the manufacturing of products for the life sciences market and custom manufacturing. The site of Visp has R&D, production and sales support units. Specifically, Visp's custom manufacturing division is specialized in the production of biopharmaceuticals, active pharmaceutical ingredients (APIs), highly active pharmaceutical ingredients (HAPIs), Antibody Drug Conjugates (ADCs) and peptides for pharmaceutical applications.

TECHNOLOGY SITES DEDICATED TO LIFE SCIENCES

With a strong positioning in the biopharmaceutical industry, we find in Valais platforms that meet the standards of good pharmaceutical manufacturing practice (cGMP) for the production of biological medicines and their aseptic filling, respectively at the BioArk of Monthey and Visp. In the cosmetic and phytopharmaceutical fields, the PhytoArk in Contthey Sion is dedicated to the valuation of alpine flora and natural ingredients in products with high added value. The 70% of the swiss aromatic and medicinal plants production is generated in Valais.



Image
University campus Energypolis (Sion)
© Paul Cardì

ENGINEERING SCIENCES

Valais stands out in the following areas of the engineering sector:

- Energy and environmental technologies (renewable energy, smart grids)
- Industrial systems (mechanical engineering, material design, electricity, electronics)

The engineering industry plays an important role in the canton's economy, accounting for a wide range of production activities including the manufacture of electronic elements, watch mechanisms and cutting-edge microtechnologies.

Valais also has a long tradition in high value-added aluminium products. In the field of micromechanics and microtechnology, a number of specialist SMEs based in Valais are key sub contractors for major companies. Their partnership with local research institutes allows innovative solutions to be developed.

THE ENERGIES OF THE FUTURE

Valais has taken full advantage of its topography to become a leader in the generation of hydroelectricity. The canton's government has made energy one of the cornerstones of its economic development policy. 30% of the hydroelectricity consumed in Switzerland is currently produced here in Valais.

The decision to locate the new Energypolis university campus in Valais is, therefore, entirely understandable. A dozen EPFL chairs devoted to energy and health will be located here under this project, thus enhancing the exchange of knowledge between the world of research and industry.

REPRESENTATIVE COMPANIES

Scintilla AG, St. Niklaus

Scintilla AG is part of the Power Tools Division of the Bosch Group and is its global centre for the development, production, marketing and sale of power tools accessories for professionals, industry and DIY enthusiasts.

Novelis, Sierre

Novelis is the global leader in rolled aluminium products and one of the foremost aluminium recyclers in the world. The Sierre site is the leading location for the development and production of aluminium alloy sheets for the automotive, aeronautic and railway markets.

Studer Innotec, Sion

Studer Innotec SA is now a global leader in the inverter market and the only manufacturer to cover all the photovoltaic solar power, nautical, mobile applications, emergency power supply and telecommunications markets.



An excellent system of education and training

Image
HES-SO University of Applied Sciences
and Arts Western Switzerland (Sierre)
© Etat du Valais Céline Ribordy

TRAINING THAT DELIVERS RESULTS

Switzerland's tertiary education system allows students to follow a professional track (universities of applied sciences, teacher training colleges, professional education and training) or an academic track (universities, Federal Institutes of Technology).

The professional track is well represented in Valais. HES-SO Valais-Wallis (university of applied sciences) offers 9 multilingual degree programmes in seven key areas including engineering and architecture, economics and services, and healthcare. Strategic collaborations between these programmes, the HES-SO Valais-Wallis research institutes and partner companies allow highly skilled professionals and technicians to be trained, who are capable of rapidly integrating themselves into the labour market. Young people can also choose to pursue a course in the arts, music or social work at HES level in Valais. Attractive programmes are also available at the universities in Geneva, which offers an interdisciplinary MAS in Children's Rights, and Lausanne, which runs a Master's degree in Tourism.

Valais has three hospitality management schools of world renown: César Ritz Colleges, Les Roches International School of Hotel Management and the Vatel International School of Hospitality and Tourism Management.

COMPULSORY EDUCATION THAT IS AMONG THE WORLD'S BEST

State schools in Valais have an excellent reputation and their pupils regularly achieve very good scores in the PISA (Programme for International Student Assessment) rankings, especially in mathematics and science. Children start compulsory schooling at the age of four. Particular importance is given to language-learning: in addition to the canton's two official languages (French and German), pupils study English and other European languages.

For families with an international background, there are several private schools in Sion, Verbier and Lens that offer boarding opportunities and allow pupils aged 4–18 to study towards the International Baccalaureate and the Baccalauréat français.

Children in Valais benefit from an excellent out-of-school childcare system, presenting parents with ample placement opportunities.



SECURITY AND CONFIDENCE

Businesses choosing to locate in Valais benefit each and every day from the natural environment and general conditions that are conducive to both creativity and productivity. The canton enjoys political stability, has attractive operating costs, a relaxed real estate market and favourable energy prices.

Image
Saint Bernard dog (Valais)
© Valais/Wallis Promotion Thomas
Andenmatten



Sound governance

Image
Government-building of the Canton of Valais (Sion)
© Serge Ballestraz

POLITICAL STABILITY: FERTILE GROUND FOR ECONOMIC DEVELOPMENT

In 2015, Valais celebrated the 200th anniversary of its joining the Swiss Confederation. Celebrations and events commemorating these 200 years of shared history took place throughout the year.

The government of Valais, which is elected by popular vote, consists of five members, who make up the Cantonal Council. Each is responsible for heading up a different department. Members serve a four-year term of office and the position of President rotates among them on a yearly basis. Legislative power rests with the Cantonal Parliament, which comprises 130 members. The people of Valais are regularly called upon to take part in referendums on strategic issues at cantonal or federal level. The results of these votes frequently bear testimony to the Swiss electorate's propensity for ensuring that the common interest prevails. For example, in 2012, 70% of the electorate in Valais voted to reject an initiative proposing an increase in the annual leave entitlement (from four weeks to six), and in 2009, 60% voted in favour of a temporary rise in VAT to help finance the federal disability insurance scheme. Valais's 134 communes enjoy a large degree of autonomy, for example, when it comes to tax rates.

The stability of political life, an efficient administration and the accessibility of the political authorities guarantee a high level of reliability and economic pragmatism.

SOCIAL COHESION

Valais is Switzerland's third largest canton in terms of size; the natural elements – mountains, lakes, glaciers, forests – take up a large part of the territory, adding to its beauty. The permanent population currently numbers 336,000 inhabitants and is steadily growing. Most live in the Rhone valley and adjoining hillsides. The canton's capital, Sion, has 33,500 inhabitants. The other main towns are Brig, Visp, Sierre, Martigny and Monthey.

A comfortable standard of living, strong traditions and values, a deeply ingrained sense of community and the successful integration of foreigners (in 2015, they made up 23% of the population, most of them from European countries) are the factors that bind society together in Valais.

What is more, Valais has one of the lowest crime rates of all the large Swiss cantons. This figure has been falling since 2012, and in 2014 it was the lowest in the French-speaking part of Switzerland for the fourth consecutive year. A particular focus is placed on prevention and building trust between the population and the law enforcement agencies.



Favourable employment and real estate markets

Image
Employees in an administrative building
(Martigny)
© Etat du Valais Francois Perraudin

EMPLOYERS AND EMPLOYEES: A LASTING PARTNERSHIP

As in the rest of Switzerland, unemployment in the canton of Valais is low, standing at around 4%. The unemployment rate for young people is only slightly higher than the general rate. This demonstrates in exemplary fashion the advantages of the Swiss education system, which allows students to choose between a vocational apprenticeship and tertiary education (universities, universities of applied sciences, institutes of technology). This dual-track system creates a sizeable pool of skilled labour at every level from core business activities to the most specialised of profiles.

A growing number of young people in Valais (7,700 in 2014 compared with 4,400 in 2000) now attend Swiss higher education institutions in order to gain advanced qualifications. The dynamic nature of the research and training organisations in Valais helps to sustain the demand for labour through partnerships and projects undertaken jointly with businesses. The HES-SO, for example, which is particularly keen to address the needs of industry, launched a degree course in Energy and Environmental Technology in 2013 to meet the demand for increasingly sophisticated expertise and skills within these sectors.

In addition to being highly qualified, the workforce in Valais has superior language skills thanks to the fact that the canton is bilingual in French and German and home to numerous foreign communities.

Employers and trade unions engage in an active social partnership: conflicts are settled around the negotiating table and strikes are extremely rare (the last major strike dates back to 1954). In addition, thanks to the outstanding quality of life, Valais attracts a great deal of talent from the rest of Switzerland and abroad, while remaining competitive on salaries.

To sum up, business owners will find a skilled, multilingual, reliable and committed workforce in Valais along with guarantees of clear, stable and effective employment legislation.

A RELAXED REAL ESTATE MARKET

A number of properties are available throughout the canton to companies who choose to set up and develop their activities in Valais. Furthermore, the prices are advantageous and it is customary to sign a leasehold agreement for the sites.

There are no restrictions on foreigners buying real estate that is to be used exclusively for economic activities. Compared with the rest of Switzerland, the modest residential vacancy rates (2.04) and advantageous cost of construction make finding somewhere for the family to live relatively easy.



Attractive tax rates

Image
Services and consulting (Sion)
© Etat du Valais Jean-Yves Glassey

MODERATE TAX RATES FOR COMPANIES AND PRIVATE INDIVIDUALS

In Switzerland, taxes are set and collected by the federal government, the cantons and the communes. This tax competition at national level makes a decisive contribution to keeping taxes low, such that corporate taxation and the taxation of highly skilled labour are generally very favourable in Switzerland. At the federal level, the corporate tax rate is just 8.5%. On top of that, corporate income taxes are levied by the canton and the commune.

VAT was introduced in Switzerland in 1995. The regime adopted is similar to that in the majority of European Union countries. The normal rate is fixed at 8.0%, making it one of the lowest in Europe. A reduced rate of 2.5% applies to different categories of goods and services.

SUPPORT MEASURES AND TAX INCENTIVES

When a company with an investment project moves to Valais, it can, under certain conditions (creation of jobs in the canton, innovation, investment, no local market competition), take advantage of tax exemptions at the cantonal and communal level. In certain municipalities, it may be exempted from the direct federal tax.

Under certain conditions, businesses choosing to set up in Valais can also claim financial assistance (help with equity financing, sureties, subsidies).

NO INHERITANCE TAX

The Canton of Valais does not impose any tax on inheritances or on gifts to spouses who are not legally separated and heirs in the direct line. Moreover, the tax rates for relatives in the collateral line are very favourable.



Company formation made easy

Image
Idiap (Martigny)
© Etat du Valais idiap

THE FAST AND EASY WAY TO SET UP A BUSINESS

Setting up a business is fast and easy for both companies and private individuals. In the majority of cases, the legal formalities take only two to four weeks to complete and generally cost no more than CHF 5,000. The only condition that must be satisfied: the authorised signatory must reside in Switzerland. It should also be remembered that the ease of access to the decision-making authorities and a fluid administration greatly facilitate the administrative steps involved for companies.

ONE STOP SHOP

Business Valais groups together all the local economic development actors under one roof. Acting as a single point-of-contact, it is able to provide a fast and efficient response to a variety of requests from those looking to develop a project.

Business Valais informs interested foreign entrepreneurs about the general conditions in the canton, its advantages as a business location and the procedure to be followed for setting up a company or making an investment. Once the decision to locate in Valais has been taken, Business Valais provides free support in coordinating the project through its case managers, who advise business owners on every step that needs to be taken in realising their idea. In addition, Business Valais can provide a wide range of professional and tailored services thanks to the expertise of its partners, which covers mentoring and coaching, obtaining financing, technology transfer, training and networking. The many services offered by Business Valais include:

- Financial support for companies
- Support innovation
- Support for international expansion
- Investments and settlements facilitation
- Promote Valais as a business location
- Events and professional networking



ENVIRONMENT AND LIFESTYLE

Valais offers an environment that is ideally suited to finding the perfect balance between work, innovation, creativity, leisure, family and relaxation. Stunning scenery, a friendly atmosphere and a dynamic cultural scene are just some of the additional factors that make Valais a great place to live.

Image
Open Air Gampel 2015 (Gampel)
© Pascal Gertschen



An outstanding quality of life

Image
Specialties from Valais (Zermatt)
© Valais/Wallis Promotion Thomas
Andenmatten

SPORT, LEISURE AND CULTURE

Alongside its great business potential, Valais is an exceptional environment in which to live. Set amidst 41 summits of at least 4,000 metres and enjoying 300 days of sunshine a year, Valais is also a major tourist destination in Switzerland.

Following the rhythm of its traditions and customs, the canton offers a varied calendar of cultural events, including many of international importance, such as the Verbier Festival, the Omega European Masters, Zermatt Unplugged and exhibitions organised by the Pierre Gianadda Foundation and the Pierre Arnaud Foundation. Compagnie Interface, created in 1990 and based in Sion, enjoys international renown and has appeared on almost every continent. A true paradise for all those who enjoy outdoor activities, Valais offers numerous possibilities both in summer and winter: skiing, golf, hiking, horse-riding, hang-gliding, climbing, mountain biking, water sports or leisurely family walks are all within easy reach.

Relaxation is equally well represented: thermal bath complexes and first-class hotels with excellent facilities are the ideal place to seek out moments of peace and quiet.

FINE FOOD AND WINE

A rich terroir, unique vineyards and excellent cuisine seduce local inhabitants and visitors alike. With an agricultural tradition dating back to antiquity, Valais now offers produce that increasingly stands out from the crowd thanks to its quality and uniqueness. Seven products from the canton are classified as AOP (protected designation of origin), including raclette cheese, rye bread and saffron from Mund, a small village situated at 1,200m in altitude, where 116 producers cultivate the precious spice.

The local restaurants, several of which have star ratings, showcase the region's produce, such as Eringer beef, apricots, asparagus, game and cheese.

With 5,000 hectares of vines, Valais is the largest wine-growing and producing canton in Switzerland. Grapes have been grown here since Roman times and occupy a central position in Valais's heritage and society. Exceptional climatic conditions, highly diversified vineyards, the presence of unique grape varieties such as Petite Arvine and Cornalin, and the high-quality standards set by young winemakers are the main factors in spreading the success and reputation of these wines far beyond the cantonal borders. Cultural spaces dedicated to wine, such as the Musée de la Vigne, major events, such as the Vinea wine fair and Mondial des Pinots international competition, educational trails and, above all, the warm welcome extended by local winemakers all contribute to an unforgettable experience.



A reliable infrastructure

Image
The Mattmark dam, the biggest earthen dam in Europe (Saas-Almagell)
© Etat du Valais Francois Perraudin

MOBILITY AT THE HEART OF EUROPE

Given its geography, the canton of Valais is familiar with monumental engineering structures. The construction of a number of dams, especially the Grande Dixence (the world's tallest gravity dam), the excavation of long railway tunnels (Lötschberg, Simplon, Furka) and road tunnels (Great Saint Bernard), or even the numerous engineering improvements undertaken to alter the course of the Rhône and diminish the negative impact of its floods demonstrate undeniable expertise in these areas.

Valais has an excellent road network that is well connected to the European motorway system. Trains and buses ensure reliable and punctual connections between towns and villages and the legendary yellow PostBus makes its way up to even the most remote valleys. The canton never ceases to invest in and improve its infrastructure, with the aim of placing Valais at the heart of European mobility.

Close to three major international airports – Geneva, Zurich and Milan Malpensa, all of which have fast and convenient rail connections to the main destinations in Valais – the canton is strategically positioned for business development.

Visitors can also fly directly into Sion by private jet or helicopter. Sion International Airport offers a wide range of activities for private aircraft and helicopters, such as leisure flights, heli-ski, the transport of persons and goods, in addition to a variety of air connections. Its excellent technical infrastructure, the availability of slots and development of the GPS approach procedure enables the airport at Sion to offer high-quality business aviation solutions.

A DENSE COMMUNICATION NETWORK

VSnet runs a computer network that connects six access points in Valais (St Maurice, Martigny, Sion, Sierre, Visp and Brig) by means of a high-speed fibre optic backbone (10 Gbit/s). With one of the world's most dense (ultra) high-speed networks and the major expansion of fibre-optic connectivity, Valais can meet the most rigorous of requirements in terms of speed and reliability.

A WELL-FUNCTIONING HEALTH SYSTEM

The quality of the Swiss healthcare system is known throughout the world. In Valais, an efficient healthcare network uniting public hospitals, top private clinics and medical practices is further proof of the quality of life and security.



SWITZERLAND – FACTS AND FIGURES

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Nestled between the Alps and the Jura mountains, Switzerland is a communications and transport center between northern and southern Europe, a place where European cultures and languages meet. No other country offers such great variety in so small an area. The Swiss economy's high degree of development exists thanks to a liberal economic system, political stability, and close integration with the economies of other countries. The state creates the necessary framework and only intervenes when this serves the interests of society at large. The high-quality education system and outstanding infrastructure form the basis for the competitiveness of the Swiss economy.

1.1 GEOGRAPHY

The total area of Switzerland is 41,285 square kilometers. Characterized by its mountain ranges and hills, rivers and lakes, Switzerland offers a wide variety of landscapes in a small area: just 220 kilometers from North to South, and 348 from West to East. The Swiss Alps, the hilly Mittelland region, which stretches from Lake Constance to Lake Geneva, and the Swiss Jura, a long range of fold mountains, form the three main geographical areas of the country. Due to its central location, Switzerland is a place where different cultures intersect and, at the same time, a communications and transportation hub between northern and southern Europe.

Six percent of Europe's fresh water supply is stored in the Swiss Alps, which is why Switzerland is also known as the "reservoir of Europe". Switzerland has numerous rivers and more than 1,500 lakes, the two largest of which it shares with its neighbors: Lake Geneva (Lac Léman) is shared with France in the south-west and Lake Constance is shared with Germany and Austria in the north-east.

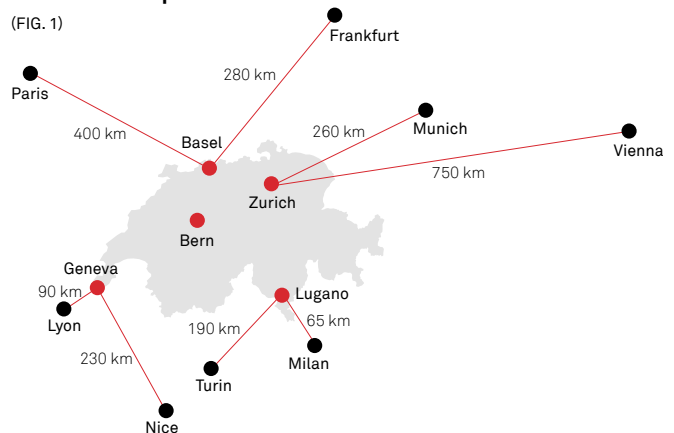
www.swissworld.org

Switzerland - Facts and Figures

Languages: German, English, French, Italian, Spanish, Russian, Chinese, Japanese

Reference Map

(FIG. 1)



Source: compiled by the author

1.2 CLIMATE

Switzerland's climate is strongly influenced by the nearby Atlantic Ocean. The prevailing westerly winds bring moist, mild sea air. Cooling in the summer and warming in the winter, they also bring regular precipitation all year round in most areas. The Alps act as a clear climatic divider between northern and southern Switzerland; As its weather comes primarily from the direction of the Mediterranean, the South enjoys much milder winters than the North. Temperatures in Switzerland depend primarily on height above sea level. In the northern lowlands, the average temperature in January is around 1 °C, and in July around 17 °C, whereas on the southern plateau the corresponding average temperatures are 2 °C - 3 °C higher.

www.meteoschweiz.ch

Weather and Climate

Languages: German, English, French, Italian

1.3 POLITICAL SYSTEM

1.3.1 Federal Structure

Switzerland is a nation created of its own will and formed from several ethnic groups with different languages and religions. The modern Swiss state was founded in 1848. Before this time, Switzerland consisted of a loose association of independent cantons. The abbreviation CH for Switzerland, as found in Internet addresses, for example, dates back to the official Latin name “Confoederatio Helvetica”.

The state has a federal structure and is divided into three political levels: municipal, cantonal and federal. The federal government is responsible for everything assigned to it under the constitution, such as foreign and security policy, customs and excise, the monetary system, national legislation and defense. By global comparison, the 26 cantons have a high degree of control. Health-care, education and culture are among the political areas in which they have a great deal of influence. As small and flexible political entities, the cantons also compete with each other in various areas. The proximity of politics to the business community and citizens is achieved through the federal structure, in which many public functions are executed at cantonal or municipal level. These in turn have a certain amount of autonomy and can thus implement solutions which are designed to meet local requirements.

www.ch.ch
Online information from the federal, cantonal, and municipal administrations
Languages: German, English, French, Italian

1.3.2 Separation of Powers at Federal Level

In accordance with the federal constitution, the Swiss people are the “sovereign” of the country - in other words, the highest political body, responsible for electing parliament. Every citizen with voting rights also has the right to participate in the shaping of the constitution and the law by means of referendum or initiative.

The legislative body at federal level is the parliament, which consists of two chambers: the National Council, representing the people with 200 members, and the Council of States, representing the 26 cantons with a total of 46 members. The National Council is elected directly by the people every four years; each canton forms one constituency. Cantonal representation is based on population, although each canton is entitled to at least one representative.

The federal government is known as the Federal Council, and it operates as a collegial body. Each of its seven members, who are elected by the Federal Assembly comprising the members of both chambers, heads one of the seven departments (ministries). The presidency of the government rotates between the Federal Councilors on an annual basis.

The highest jurisdiction in Switzerland is enforced by the Federal Supreme Court in Lausanne. There is also the Federal Insurance Court in Lucerne, the Federal Criminal Court in Bellinzona, and the Federal Administrative Court in St. Gallen.

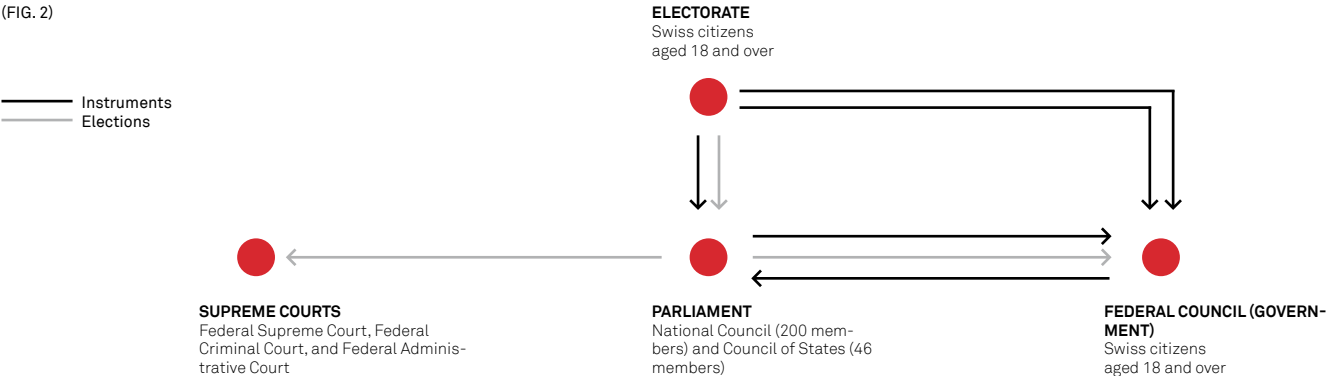
www.bger.ch
Federal Supreme Court / Federal Insurance Court
Languages: German, French, Italian

www.bstger.ch
Federal Criminal Court
Languages: German, French, Italian

www.bvger.ch
Federal Administrative Court
Languages: German, French, Italian

The Swiss Political System

(FIG. 2)



1.3.3 Direct Democracy and the Concordance System

There is hardly any other country where the electorate has such wide-ranging rights as it does in Switzerland. Citizens can request that a change or addition be made to the constitution by means of a popular initiative, or they may decide on parliamentary resolutions after the event by means of a referendum. Switzerland's long tradition of democracy, its relatively small size and population, high level of literacy and a wide variety of media are all factors which are key to the functioning of this special form of government. As a rule, the electorate is called upon to vote on federal bills four times a year.

A unique feature of Swiss politics is the concordance system. For decades, the most important political parties have put forward the seven Federal Councilors in a kind of coalition. Equally, not only those who win the elections have a seat in parliament; all parties are represented proportionally by number of votes. Resolutions are reached with varying majorities, depending on respective interests. Thus, as many groups as possible have the opportunity to express their opinions on a topic and contribute to achieving a broad-based compromise. This striving for consensus on the basis of the principles of collegiality and concordance contributes significantly to Switzerland's political stability.

1.3.4 Political Stability and Social Harmony

Studies on personal security and prosperity, social coherence and political stability have shown that Switzerland regularly leads all international comparisons in this regard (Fig. 3). The Swiss attach great importance to their independence. Despite the close proximity of different cultures and language groups, domestic stability is considerable. There is a high degree of tolerance and personal freedom. The relationship between employers and employees or their representatives is generally cooperative. Both sides are committed to resolving issues by negotiation. Thanks to this social harmony, the general level of prosperity in Switzerland has been rising for decades.

www.admin.ch
Swiss Federal Authorities
Languages: German, English, French, Italian

“In Switzerland there is a high degree of tolerance and personal freedom.”

Political Stability, 2016

Political direction: Stable = 10, Unstable = 0

(FIG. 3)

1	New Zealand	9.54
2	Switzerland	9.38
3	Norway	9.18
4	Denmark	9.14
5	Canada	9.16
6	Singapore	8.98
8	United Kingdom	8.14
11	The Netherlands	7.95
12	USA	7.83
14	Germany	7.77
17	France	7.40
18	Ireland	7.40
20	Japan	7.19
22	China	6.74
23	India	6.71
26	Belgium	6.14
28	Italy	5.99
31	Hong Kong	5.63
39	Russia	5.19
56	Brazil	2.29

Source: IMD World Competitiveness Yearbook 2016

1.4 PUBLIC FINANCE

Switzerland lives up to its reputation as a stable country. The rate of inflation lies well below that in the EU and the most important industrialized nations. This is also true for unemployment, which is regularly below 4%. Interest rates in Switzerland are also traditionally low, while the savings rate is high (national saving as a percentage of GDP in 2013: 34.2%).

The public spending ratio measures expenditure by public administrations as a percentage of the gross domestic product (GDP). It includes spending by public authorities and the mandatory social insurances. In Switzerland, this ratio is at 32.9 % (2013). Most European countries have a ratio of well above 50%.

The country is in a healthy financial situation. This applies to the financial budget of the central state, the federal government, and the cantons and municipalities. The average surplus ratio in the past five years (2011-2015) was 0.04% at state level.

National debt is also below that of most countries in Europe. Total public sector debt amounts to 34.5% of GDP (2014). Compared to the average national debt ratio of the EU-27 (86.8%), Switzerland's ratio is relatively low. Most European countries have much higher levels (2014: Italy 132.3%, France 95.6%, Germany 74.9%).

www.efv.admin.ch
Federal Finance Administration (EFV)
Languages: German, English, French, Italian

1.5 NEUTRALITY

In terms of foreign policy, Switzerland acts in accordance with the principle of neutrality. However, this does not in any way mean that it is an outsider on the world stage: Switzerland has been a member of the UN since 2002 and also plays an important role in the UN's specialized agencies. Furthermore, Switzerland has always played and still plays an active part in important economic organizations, such as the European Free Trade Association (EFTA).

Switzerland has been neutral since 1515, which was also acknowledged by the great European powers after the Napoleonic Wars in 1815. No other country in Europe can look back on such a long tradition of neutrality. Since the end of the Cold War, Switzerland has relaxed its definition of neutrality. As the role of NATO changed and it started to perform more peacekeeping missions, Switzerland signed up to the NATO Partnership for Peace in 1996. Thanks to its neutrality, Switzerland often acts as a mediator. In some cases, Swiss diplomats also represent the interests of countries which have no official contact with each other. Switzerland offers its neutral territory as a location for meetings and conferences of particular political delicacy.

www.eda.admin.ch
Federal Department of Foreign Affairs (EDA)
Languages: German, English, French, Italian

“Switzerland’s national debt is far below that of most countries in Europe.”

1.6 POPULATION

The permanent resident population of Switzerland is around eight million. The proportion of those aged between 20 and 39 is 26.7%, with 17.9% aged 65 and over, and 20.1% aged under 20. Life expectancy is one of the highest in the world: 81.1 years for men and 85.4 years for women. The settlement structure is relatively decentralized and therefore not overly crowded: more than two thirds of the population lives in the five largest cities (Zurich, Geneva, Basel, Bern and Lausanne) and their greater metropolitan areas.

There are four official national languages: German, French, Italian, and Romansh. In northern, eastern and central Switzerland, the prevailing language is German, with the Swiss German dialect being used in everyday conversation. French is spoken in the western part of the country, as well as some parts of the Mittelland; Italian is spoken in the south (Ticino), and Romansh in certain parts of the canton of Grisons.

24.6% of the population is of foreign nationality (as of 2015). Although in the past most people who migrated to Switzerland were more socially disadvantaged, today the country increasingly attracts better educated foreign nationals, particularly highly skilled workers from Germany.

www.statistik.admin.ch
Swiss Federal Statistical Office (FSO)
Languages: German, English, French, Italian

1.7 COSMOPOLITANISM AND INTERNATIONAL OUTLOOK

1.7.1 Languages and Origins

Most Swiss nationals speak at least one foreign language, which they learn in elementary school. English is also increasingly included in the curriculum at an early stage. Due to the country's openness – including in terms of immigration – the range of languages actually spoken and used for communication is wide. In international business, English is very much in evidence alongside the national languages, and is used by many managers.

The co-existence of various language groups and different religions, and the large proportion of foreign residents result in a high degree of openness and tolerance. The Ernst & Young Globalization Index places Switzerland in the top five most cosmopolitan economies (see Fig. 4). This makes it easier for foreign companies to conduct business from Switzerland. Although Europe is Switzerland's most important business partner, it also has very close relationships with other markets, particularly the U.S. and Asia. The financial centers of Zurich and Geneva in particular are melting pots of diverse cultures. In terms of culture, too, Switzerland has a tradition of tolerance and openness. Its neutrality means it has access to all countries, and it also welcomes reciprocal contact. This diversity has made it easy for both global companies and numerous international organizations to settle in Switzerland.

1.7.2 International Organizations

Because of its political independence and conscious commitment, also to international understanding, Switzerland serves as a platform for many international organizations including the UN with its headquarters in Geneva. Around 250 NGOs in consultative status with the UN also have their headquarters in Switzerland.

Most Cosmopolitan Economies, 2013

(FIG. 4)

Overall Rank		Economic	Social	Political
1	The Netherlands	4	5	9
2	Ireland	2	4	25
3	Belgium	9	6	3
4	Austria	13	1	4
5	Switzerland	27	3	10
6	Singapore	1	2	93
7	Denmark	20	10	17
8	Sweden	24	15	7
9	Hungary	7	23	23
10	Canada	34	8	11
19	France	63	11	2
20	United Kingdom	59	12	6
24	Italy	62	31	1
27	Germany	81	16	20
34	USA	89	28	16
45	Russia	111	56	18
48	Japan	124	53	30
73	China	126	87	47
75	Brazil	123	111	8
107	India	144	151	22

Source: KOF Globalization Index 2016

International Organizations and Major Non-Governmental Organizations Based in Switzerland

(FIG. 5)

TRADE AND COMMERCE			
AITIC	Agency For International Trade, Information and Cooperation	Geneva	www.aitic.org
BITH	International Office for Textiles and Clothing	Geneva	–
BIS	Bank for International Settlements	Basel	www.biz.org
EFTA	European Free Trade Association	Geneva	www.efta.int
WEF	World Economic Forum	Geneva	www.weforum.org
WTO	World Trade Organization	Geneva	www.wto.org
LAW			
ACWL	Advisory Centre on WTO Law	Geneva	www.acwl.ch
Court OSCE	OSCE Court of Conciliation and Arbitration	Geneva	www.osce.org/cca
ISO	International Organization for Standardization	Geneva	www.iso.org
WIPO	World Intellectual Property Organization	Geneva	www.wipo.int
EDUCATION AND RESEARCH			
CERN	European Organization for Nuclear Research	Geneva	www.cern.ch
ISSI	International Space Science Institute	Bern	www.issibern.ch
WMO	World Meteorological Organization	Geneva	www.wmo.int
SOCIETY AND CULTURE			
IBE/UNESCO	International Bureau of Education/United Nations Educational, Scientific and Cultural Organization	Geneva	www.ibe.unesco.org
EBU	European Broadcasting Union	Geneva	www.ebu.ch
GFATM	The Global Fund To Fight AIDS, Tuberculosis and Malaria	Geneva	www.theglobalfund.org
IFRC	International Federation of Red Cross and Red Crescent Societies	Geneva	www.ifrc.org
ICRC	International Committee of the Red Cross	Geneva	www.icrc.org
ILO	International Labour Organization	Geneva	www.ilo.org
IOM	International Organization for Migration	Geneva	www.iom.int
IPU	Inter-Parliamentary Union	Geneva	www.ipu.org
IRU	International Road Transport Union	Geneva	www.iru.org
ITU	International Telecommunication Union	Geneva	www.itu.int
OTIF	Intergovernmental Organisation for International Carriage by Rail	Bern	www.otif.org
UNHCR	Office of the United Nations High Commissioner for Refugees	Geneva	www.unhcr.org
UNOG	The United Nations Office at Geneva	Geneva	www.unog.ch
UPOV	International Union for the Protection of New Varieties of Plants	Geneva	www.upov.int
UPU	Universal Postal Union	Bern	www.upu.int
WHO	World Health Organization	Geneva	www.who.int
WWF	World Wide Fund for Nature	Gland	www.wwf.org
SPORTS			
FIFA	Federation Internationale de Football Association	Zurich	www.fifa.com
FIS	International Ski Federation	Thun	www.fis-ski.com
IIHF	International Ice Hockey Federation	Zurich	www.iihf.com
IOC	International Olympic Committee	Lausanne	www.olympic.org
UCI	Union Cycliste Internationale	Aigle	www.uci.ch
FIBA	Internationaler Basketball-Verband	Mies	www.fiba.com
UEFA	Union of European Football Associations	Nyon	www.uefa.com
WADA	World Anti-Doping Agency	Lausanne	www.wada-ama.org

Source: Federal Department of Foreign Affairs (EDA), own research

1.8 SWITZERLAND IN FIGURES

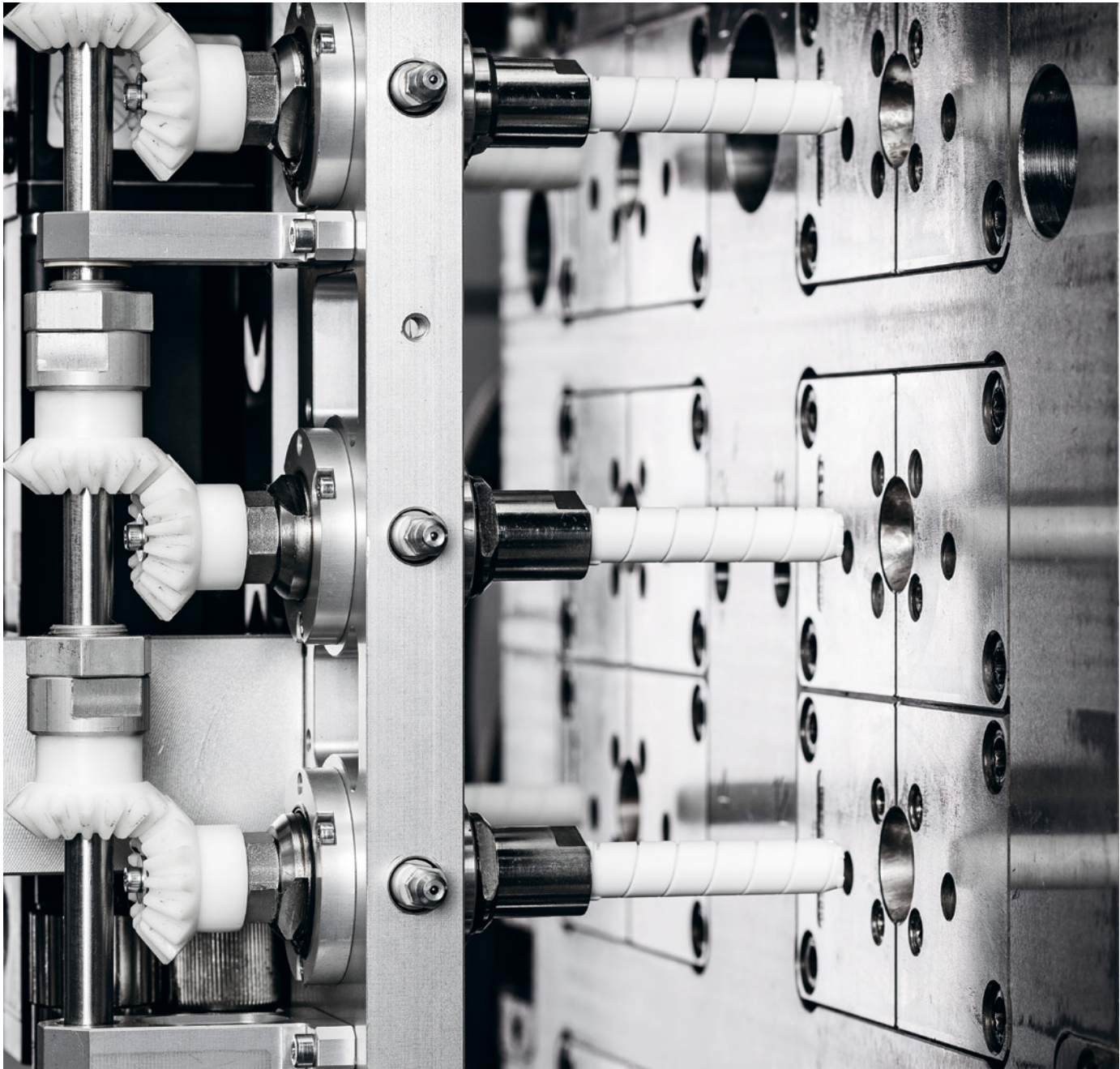
Switzerland in Figures, 2016

(FIG. 6)

GENERAL	
Currency	Swiss franc
Time zone	CET = UTC + 1
International country code	+41
National Day	August 1st
ECONOMY	
Gross domestic product (nominal, in billions) CHF	645.6
Per-capita national income (in CHF)	59,708
GDP growth	0.9%
Inflation rate	-1.1%
Unemployment rate	3.3%
Imports (goods and services, in billion CHF)	243.8
Exports (goods and services, in billion CHF)	279.2
Deficit/surplus rate (in % of GDP)	-0.1
National debt ratio (in % of GDP)	34.7
Fiscal quota (in % of GDP)	27.0
Direct investments (millions CHF)	
Direct investment abroad	1,056,265
Direct investment in Switzerland	755,785
Capital exports to other countries	-3,048
Capital imports into Switzerland	6,079
POPULATION	
Permanent population (in thousands)	8,327.1
Population density per km ²	208.2
Age groups (%)	
0-19 years old	20.1
20-39 years old	26.7
40-64 years old	35.2
65-79 years old	12.9
80 and older	5.0
Proportion of foreign nationals	24.6
Average number of children per woman	1.5

Life expectancy at birth (years)	
Men	81.1
Women	85.4
Religion	
Roman Catholic	38.0%
Protestant	26.2%
Other	35.8%
Languages	
German	63.3%
French	22.7%
Italian	8.1%
Romansch	0.5%
Other	5.4%
GEOGRAPHY	
Area (in km ²)	41,285
Border (km)	1,881
Number of lakes	1,484
Highest mountain (m): Dufourspitze, Valais	4,634
Largest glacier: Aletsch, Valais	117km ² /24km
Largest lake (km ²): Lake Geneva	582
Second largest lake (km ²): Lake Constance	539
Capital:	Bern
Largest metropolitan areas (inhabitants in thousands)	
Zurich	1,334.3
Geneva	579.2
Basel	541.0
Bern	410.9
Lausanne	409.3
POLITICS	
Form of government	Parliamentary federal state since 1848, direct democracy
Cantons	26 (20 full cantons, 6 half-cantons)
Municipalities	2,294

Sources: Swiss Federal Statistical Office (FSO); Swiss National Bank (SNB); Federal Finance Administration (EFV); State Secretariat for Economic Affairs (SECO)



ECONOMIC STRUCTURE

2

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One of the most liberal and competitive economies in the world, Switzerland has always maintained close economic ties with other countries. A secure legal system and long-term stable fundamentals for investors, relatively little regulation, and the proximity to research institutions make it the location of choice in Europe for businesses offering high-quality products and services.

2.1 GROSS DOMESTIC PRODUCT AND INDUSTRY STRUCTURE

Switzerland's per capita gross domestic product is the fourth largest in the world (Fig 7). In 2015, per capita GDP was far above the EU average at 80,692 Swiss francs. Switzerland outranks France by 121%, and Germany and the UK by 95% and 83%, respectively. The service sector generates some 70% of the gross domestic product. Comprising 25% of GDP, the industrial sector is also an important mainstay of the economy, the key sectors being chemicals, capital goods and banking. The Swiss economy is strongly export-oriented; the ratio of export trade to the gross domestic product is one of the highest in the world. The EU plays a key role here, accounting for 43% of exports and 64% of imports. Small and medium-sized enterprises (SMEs) dominate the Swiss economic landscape. More than 99% of companies have fewer than 250 full-time employees. However, Switzerland is also home to multinational companies that account for around one third of GDP. They employ 1.3 million people, with the result that one in three jobs is in a multinational concern. Employees are highly motivated, possess a keen sense of responsibility, and are very loyal to their company. These typical Swiss characteristics are responsible for the quality and service ethos in both the industrial and service sectors.

Gross Domestic Product Per Capita (Nominal), 2015
(US\$)

(FIG. 7)

1	Luxembourg	102,658
2	Switzerland	80,692
3	Qatar	76,169
4	Norway	74,715
5	USA	55,805
6	Singapore	52,888
7	Denmark	52,148
8	Ireland	51,355
9	Australia	51,211
12	The Netherlands	44,566
13	United Kingdom	44,025
16	Hong Kong	42,421
18	Germany	41,288
19	Belgium	40,357
22	France	36,483
24	Japan	32,484
25	Italy	29,852
47	Russia	9,020
49	Brazil	8,631
50	China	7,905
61	India	1,638

Source: IMD World Competitiveness Online 2016

More than 75% of people employed in Switzerland work in the service sector. The industrial sector accounts for 22% (see Fig. 8). Although the industrial sector is increasingly diminishing in importance in advanced industrialized countries, in Switzerland the absolute number of people working in the secondary sector has remained stable for nearly 20 years.

Industry Structure and Shares of Workforce, 2016

(FIG. 8)

INDUSTRY	WORKFORCE (2ND QUARTER 2016)	
	in 1,000	in %
Total (not including agriculture and forestry)	4,907.50	100%
Sector II Total	1,079.7	22.00%
Mining and mineral extraction	4.8	0.10%
Processing and manufacturing	681.0	13.88%
Energy	29.6	0.60%
Water supply and purification	18.7	0.38%
Construction	346.5	7.06%
Sector III Total	3,825.8	77.96%
Vehicle trading, maintenance and repair	649.5	13.23%
Transport and warehousing	238.7	4.86%
Hospitality	249.5	5.08%
Information and communication	162.4	3.31%
Financial and insurance services	241.3	4.92%
Real estate and housing	60.5	1.23%
Professional, scientific and technical occupations	412.0	8.40%
Other economic services	332.2	6.77%
Public administration	204.3	4.16%
Education	339.6	6.92%
Healthcare and social services	687.8	14.02%
Arts, entertainment and leisure	96.0	1.96%
Other services	152.3	3.10%

Source: Swiss Federal Statistical Office (FSO), employment statistics (BESTA)

In international competitiveness indexes, Switzerland has occupied one of the top spots for many years. In 2016, it took first place in the World Economic Forum (WEF) ranking for the eighth consecutive year (see Fig. 9). Switzerland receives top scores for innovation, labor market efficiency, and transparency of public institutions.

International Competitiveness Ranking, 2016

Overall grade 1–7

(FIG. 9)

1	Switzerland	5.81
2	Singapore	5.72
3	USA	5.70
4	The Netherlands	5.57
5	Germany	5.57
6	Sweden	5.53
7	United Kingdom	5.49
8	Japan	5.48
9	Hong Kong	5.48
10	Finland	5.44
17	Belgium	5.25
20	Luxembourg	5.20
21	France	5.20
23	Ireland	5.18
28	China	4.95
39	India	4.52
43	Russia	4.51
44	Italy	4.50
81	Brazil	4.06

Source: World Economic Forum, The Global Competitiveness Report 2016

Switzerland is also one of the world's leading innovators. In 2016, it was ranked as the world's most innovative country for the sixth consecutive year, leading the Global Innovation Index (see Fig. 10).

Global Innovation Index, 2016

Overall score 0-100

(FIG. 10)

1	Switzerland	66.3
2	Sweden	63.6
3	United Kingdom	61.9
4	USA	61.4
5	Finland	59.9
6	Singapore	59.2
7	Ireland	59.0
8	Denmark	58.5
9	The Netherlands	58.3
10	Germany	57.9
12	Luxembourg	57.1
14	Hong Kong	55.7
16	Japan	54.5
18	France	54.0
23	Belgium	52.0
25	China	50.6
29	Italy	47.2
43	Russia	38.5
66	India	33.6
69	Brazil	33.2

Source: INSEAD, The Global Innovation Index 2016

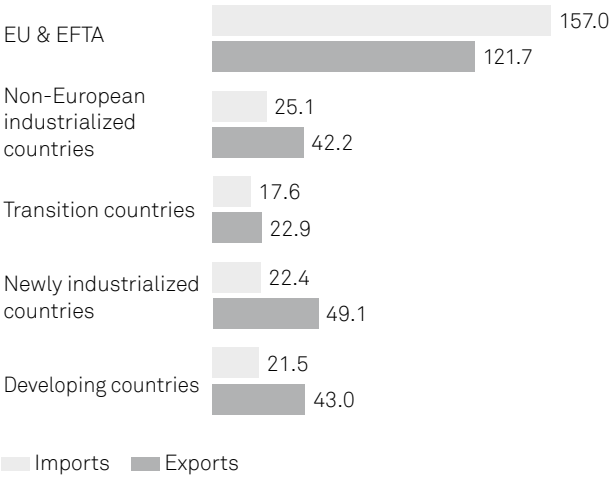
“Switzerland is the world's most innovative country. It stands out primarily because of its innovation output, offering an ideal environment for innovation and proving its strength through the high maturity of the market and the economy.”

2.2 INTERNATIONAL INTEGRATION

As the Swiss domestic market is small and the country lacks natural resources (apart from water), Swiss companies have been forced to seek and cultivate abroad what are often their key markets since the advent of industrial production. Thanks to this necessity to open the country to the outside, Switzerland is an important player in world trade. Exports make up around 32% of GDP. As a result, Switzerland has taken a leading role among the important exporters in world trade, with regard to both goods and services.

Foreign Trade by Economic Area, 2015

Imports and exports (billions CHF)
(FIG. 11)



Source: Swiss Customs Administration (EZV) 2016

2.2.1 Goods and Services Trade

Europe is by far Switzerland’s most important trade partner (2015). Almost two thirds of all imports and around 45% of exports are traded with the EU. Germany has traditionally been Switzerland’s most important buyer and also supplier, while Italy and France are its second and third most important suppliers. The USA is Switzerland’s second largest trading partner, followed by and France. Newly industrialized and developing nations account for 33% of exports, and 18% of imports.

The classic example of a successful export-oriented branch of industry is what is known as Switzerland’s “secret automobile and aviation industry”; a little-known network of highly specialized manufacturing companies and problem-solvers providing components for a range of areas, from precision and micromechanics to materials technology, plastics and textiles. As technology and innovation leaders, these Swiss companies have been able to position themselves as reliable suppliers of quality and precision products.

Switzerland is a co-signatory of the WTO Agreement, and has continually championed market liberalization through free trade agreements, as a member of EFTA, and through bilateral agreements with the EU. As a result of its consistent market liberalization policy, Switzerland has become an efficient trading center and a market of economic significance – not only relative to its market size.

“Switzerland is an attractive location for foreign investors. In 2014, foreign direct investments amounted to 756 billion Swiss francs.”

2.2.2 Direct Investments

Switzerland's exposure to global markets is among the strongest of any country. In 2014, direct investments abroad totaled 1,056 billion Swiss francs, or 165% of GDP. In comparison, this figure was 76% in the Netherlands and 56% in the United Kingdom. Swiss companies with direct investments abroad employ around 3 million people in their foreign subsidiaries and operating units, and they are also important employers in Switzerland. Switzerland is among the top ten largest direct investors in the world. Switzerland is also the eighth biggest foreign investor in the USA; in 2014, 18.1% of all Swiss direct investments or 191,553 million Swiss francs were made in the USA.

Switzerland is also an attractive location for foreign investors, in particular from the EU (77.7% or CHF 587,193 million) and the USA. The capital stock of US-American investors in Switzerland is 13.2 % or CHF 99,748 million.

Direct Investments: Capital Stock, 2014

(FIG. 12)

CAPITAL STOCK AT YEAR END, 2014	SWISS DIRECT INVESTMENTS ABROAD		FOREIGN DIRECT INVESTMENTS IN SWITZERLAND	
	CHF (millions)	in %	CHF (millions)	in %
Total	1,056,265	100.0%	755,785	100.0%
EU	460,531	43.6%	587,193	77.7%
United Kingdom	58,894	5.6%	25,726	3.4%
Germany	33,618	3.2%	24,387	3.2%
The Netherlands	97,137	9.2%	178,211	23.6%
Luxembourg	127,401	12.1%	188,510	24.9%
France	33,621	3.2%	39,818	5.3%
Italy	16,243	1.5%	4,258	0.6%
Spain	8,636	0.8%	9,596	1.3%
Austria	7,621	0.7%	59,557	7.9%
Rest of Europe	36,549	3.5%	12,192	1.6%
Offshore financial centers	18,758	1.8%	n.a.	n.a.
Russian Federation	9,328	0.9%	n.a.	n.a.
North America	232,334	22.0%	99,497	13.2%
USA	191,553	18.1%	99,748	13.2%
Canada	40,780	3.9%	-251	0.0%
Central and South America	192,823	18.3%	44,463	5.9%
Brazil	13,583	1.3%	n.a.	n.a.
Offshore financial centers	158,317	15.0%	46,090	6.1%
Asia, Africa & Oceania	134,028	12.7%	12,439	1.6%
Japan	9,183	0.9%	3,915	0.5%
Singapore	17,314	1.6%	n.a.	n.a.
China	20,340	1.9%	n.a.	n.a.
Hong Kong	5,913	0.6%	n.a.	n.a.
Taiwan	1,818	0.2%	n.a.	n.a.
India	4,512	0.4%	n.a.	n.a.
Australia	15,640	1.5%	n.a.	n.a.

Source: Swiss National Bank (SNB), 2015

2.3 KEY INDUSTRY CLUSTERS

From an economic perspective, clusters can be defined as networks of manufacturers, suppliers, research facilities (e.g. universities), service providers (e.g. designers and engineers), and related institutions (e.g. chambers of commerce) that have a certain regional proximity to one another and which are formed via a common relationship based on trade along a value chain (e.g. automotive manufacturing). The members of these clusters are connected by supply, competition, or common interests. These networks are referred to as clusters only if there is a large group of companies near to one another whose activities complement or are related to another along one or more value chains. Only then can a growth pool be formed which also attracts suppliers and specialized service providers and creates competitive advantages for all companies involved.

Switzerland has several of these industry clusters, which are also important on an international scale. The key industry clusters in Switzerland will be briefly described over the next few pages. The figures provided are for reference purposes only, as the clusters sometimes overlap.

2.3.1 Life Sciences: Chemicals/Pharmaceuticals, Biotech, Medtech

Extremely successful global conglomerates such as Novartis, Roche, Syngenta, and smaller companies form a unique industrial cluster in north-western Switzerland, making the city of Basel and the surrounding region the national and international location of choice for pharmaceutical and chemical companies. The Swiss chemical-pharmaceutical industry is virtually exclusively active in specialty chemicals and is very internationally orientated. Approximately three-quarters of the product portfolio covers so-called “life science” products, i.e. products which intervene in the metabolic processes of living organisms, and 98% of sales are generated abroad. Chemical-pharmaceutical products are Switzerland’s most important export goods, accounting for 42% of goods exports. Companies in the Swiss chemical-pharmaceutical industry have a leading worldwide position in many market sectors and employ around 42,000 people. The industry represents 4% of GDP. Only the metal and mechanical engineering industry is larger in Switzerland.

Owing to the ripple effect of pharmaceutical giants Novartis and Roche, as well as recent investments by international businesses such as CSL Behring, UCB Farchim, Glenmark and Biogen Idec, unique biotech clusters have formed in the regions of Basel, Bern-Freiburg-Neuenburg and around Lake Geneva. At the end of 2015, the industry counted 219 biotech development companies and 60 biotech supplier companies with around 15,000 employees. Such a concentration of biotechnology companies is not to be found anywhere else in the world. Over half of Swiss biotech firms are small companies with less than 20 employees. They profit from the geographical proximity to large companies both in Switzerland and in its neighboring countries. Some well-known global players headquartered in Switzerland and which are industry leaders in Europe include Actelion, Amgen, Biogen Idec, Crucell, and Merck Serono.

The concentration of medical technology companies in Switzerland is also unusually high. The medtech sector consists of approximately 350 manufacturers, 500 suppliers, over 260 distribution and sales companies and 330 specialized service providers, which are mainly located in the Lake Geneva area, the Bern-Biel area, the Basel area, and the Zurich metropolitan area. 75% of all products manufactured in Switzerland are then exported, which makes up 5.2% of all Swiss exports. Sales in 2015 amounted to around 14.9 billion Swiss francs. Investment in research and development, growth rates, and profitability are all above average. In total around 51,400 employees are employed in medical technology. At 1% relative to the working population, this is more than any other country (Germany: 0.4%, UK/EU/USA: 0.2%). The largest employer is Synthes, ahead of the diagnostics division of Roche and Johnson & Johnson Medical. Other global Swiss companies are Ypsomed, Sonova (hearing aids), and Straumann (dental implants). Some major foreign corporations worth mentioning are Zimmer, Medtronic, B. Braun, and Stryker.

www.s-ge.com/invest-lifesciences

Facts and figures on Switzerland as a life sciences location
Languages: German, English, French, Italian, Spanish, Portuguese, Russian, Chinese, Japanese

www.scienceindustries.ch

Swiss industry association for chemicals, pharma, biotech
Languages: German, English, French

www.medical-cluster.ch

Network of medical technology companies
Languages: German, English

www.fasmed.ch

Network of medical technology companies
Languages: German, French

2.3.2 Machinery, Electrical Engineering and Metals Industry

The machinery, electrical engineering and metals industry (MEM) sector is the largest industrial sector and holds a key position in the Swiss economy, with 321 000 employees. In 2014, the MEM industry's share of value added amounted to about 9%.

Countless companies of the Swiss MEM industry have a leading international role in their sub-sectors. Around 80% of products from the MEM industry are exported, and the industry contributes 31% to total Swiss exports.

Large companies in the metal and mechanical engineering industry well-known names such as OC Oerlikon, Rieter, Schindler, and ABB are present in almost every canton. Particularly in the cantons of Zurich, Aargovia, Ticino, and Valais, in the Rhine Valley and in central Switzerland, growth is among the strongest in the world. Most companies focus on innovation and quality in order to compete with cheaper locations and maintain and expand their global market position. Today, this branch of industry is able to compete on the international stage, thanks to well-advanced restructuring and the use of new technologies.

The Swiss watch industry is primarily located in the Jura region stretching from Geneva to Schaffhausen (called the "watchmaker belt"). There are also individual sites in Mittelland, Ticino and Valais; Geneva, Biel and La Chaux-de-Fonds are three watchmaking centers. Companies such as the Swatch Group, IWC Schaffhausen, Rolex SA, Richemont SA, and the LVMH Group are headquartered here. The Swiss watch industry makes products whose high degree of mechanization makes a strongly demarcated division of labor possible. As a result, the sector generally comprises small and medium-sized enterprises, averaging just under 70 employees per company. Around 600 companies employ 59,000 people (as of 2015). 95% of all employees and businesses are located in the nine cantons of the Jura region, resulting in a watch industry cluster. Particularly in the luxury segment, the world market position of Swiss watchmakers is excellent. 95% of all watches are exported. The total value of Swiss watch exports was 21.5 billion Swiss francs in 2015.

The availability of highly qualified staff with professional know-how has resulted in the relocation to this area of more and more companies outside the watchmaking industry which require similar technology for their production. In particular, this "precision cluster" includes medical technology, which has significantly expanded its presence in the region in recent years. A cluster strongly orientated to micromechanics and optics has also formed in eastern Switzerland and the Bern region.

www.s-ge.com/invest-mem

Facts and figures on Switzerland as an MEM location

Languages: German, English, French, Italian, Spanish, Portuguese, Russian, Chinese, Japanese

www.swissmem.ch

Association of the Swiss mechanical, electrical engineering and metal industry

Languages: German, English, French, Italian

2.3.3 Information and Communications Technology

Switzerland occupies a leading position with regard to the development of infrastructure for the information society. According to the OECD, Switzerland is in first place worldwide, ahead of the Netherlands and Denmark, with 52% of inhabitants having a fixed-line high-speed Internet connection. More than 85% of over-14s use the Internet. The World Economic Forum "Networked Readiness Index 2016" placed Switzerland in sixth position behind Singapore, Finland, Sweden, the Netherlands and Norway. According to official statistics, the information and communications technology (ICT) sector in Switzerland comprises just over 18,000 companies, which corresponds to 3.3% of the total number of all companies. More than 160,000 people, or nearly 4% of the workforce, are active in the ICT sector.

Several distinguished companies from the IT sector have established locations in the Zurich-Lake Constance area, in the vicinity of the Swiss Federal Institute of Technology Zurich, its research facilities, and the University of Zurich, such as IBM, Google and Microsoft. Proximity to these universities was a key factor in their choice of location. Other IT centers have emerged in Bern and Lucerne. Swiss IT companies such as Noser Engineering and Coresystems AG are leaders in their markets. Some of the largest employers in the sector are foreign companies such as Siemens, Dell, HP, and Reuters. One important criterion encouraging foreign IT firms to settle in Switzerland is the extremely well educated, technically experienced and often multilingual workforce.

www.s-ge.com/invest-ict

Facts and figures on Switzerland as an ICT location

Languages: German, English, French, Italian, Spanish, Portuguese, Russian, Chinese, Japanese

www.s-ge.com/data-centers

Facts and figures on data centers in Switzerland

Languages: German, English, French, Italian, Spanish, Portuguese, Russian, Chinese, Japanese

www.bakom.admin.ch

Federal Office of Communications (OFCOM)

Languages: German, English, French, Italian

www.ictswitzerland.ch

Umbrella organization for the information and telecommunications sector

Languages: German, French

2.3.4 Cleantech

Cleantech comprises technologies, processes, goods and services, which have the aim of reducing environmental pollution and allowing the sustainable use of natural resources and systems. Cleantech is applied in all sectors of the economy and affects the entire value chain. As a small country with limited resources, Switzerland has been concerned with environmental protection from an early stage. Waste collection, Minergie standards, connection to sewage treatment plants, the energy recovery of all waste, and other measures are a matter of course for the Swiss population. Legislation and regulations at a high level have forced industrial solutions and led to many years of valuable experience. This constantly yields new and innovative developments. Nowadays the work of an estimated 530,000 employees is associated with the cleantech sector, 4.5% of all jobs. The gross value added is 49 billion Swiss francs, which comprises 4.2% of the gross domestic product. 38% of Swiss cleantech companies export products and services. The sector is characterized by a heterogeneous corporate landscape, ranging from start-up/spin-off companies to large multinational groups.

www.s-ge.com/cleantech
Export Promotion Cleantech
Languages: German English French, Italian

www.cleantech.admin.ch
Official information about cleantech
Languages: German English French, Italian

www.swisscleantech.ch
Association of the Swiss cleantech industry
Languages: German, French

2.3.5 Company Headquarters

Switzerland is a vital center for the global and regional headquarters of foreign companies. While European firms have their global headquarters in Switzerland, U.S. companies tend to open their regional headquarters here. According to a 2016 study by KPMG, more than 850 international companies have their headquarters or other core functions in Switzerland. Nearly 75% of these companies are from North America and Europe, followed by Japan (11%), China (4%) and the rest of the Asia-Pacific region. Prominent examples such as eBay, Biogen, Bombardier, General Motors, Nissan, Sony, Google, IBM and Kraft show the attractiveness of Switzerland as a location for company headquarters.

Some key criteria in the choice of location include the favorable tax environment, the availability of qualified staff, a high quality of life and the advantageous geographic location. Neutrality in an economic sense is also important. All the major European markets are comfortable having a Swiss main office. Switzerland also scores highly in stability, legal certainty, and the safety of people and the environment. Companies also value the high standard of living and the quality of the education system. Other advantages include proximity to research facilities and clients and reliable double-taxation agreements. Switzerland is also perfectly suited as a test market because it offers the widest possible variety in a small area.

“Upwards of 850 international companies have headquarters in Switzerland.”

2.3.6 Financial Services

The Swiss financial center is an important element of the economy as well as a world-class cluster. In Switzerland there are some 270 banks, 200 insurance companies, and 2,000 pension funds. The majority of the financial institutions are located in Zurich, Geneva, Basel and Lugano. In 2015, the direct value added by banks and insurance companies amounted to around 60 billion Swiss francs, with banks contributing 33 billion Swiss francs and insurance companies 27 billion Swiss francs. This corresponds to about 9.3% of the entire Swiss GDP. 212,000 people are employed in the financial sector, which is about 5.5% of the entire working population in Switzerland. Of this number, 118,000 work in banks, 53,000 at insurance companies and the rest at other financial institutions. The importance of the financial industry is also reflected in the courses offered by universities. Thanks to the “Swiss Finance Institute” – a collaborative effort between financial institutions and leading Swiss universities – education and financial research are guaranteed.

From an international perspective, the Swiss banking center is regarded very highly and is extremely competitive. Its core competency is asset management for private clients. In addition to the two major globally active banks, UBS and Credit Suisse, there are numerous regional and specialized institutions. There are some 85 foreign banks in the country, and 51% of the securities managed in Switzerland come from foreign clients.

The key factors for success and the basic conditions for the insurance industry include: a high per capita income, a strong need for security, a solidly structured old-age pension system, an open and internationally networked insurance center, a credible regulatory environment, and international know-how in the reinsurance business.

For more information and links relating to banking, see page 100 onward.

www.s-ge.com/financial-center

Facts and figures on Switzerland as a financial center
Languages: German, English, French, Italian, Spanish, Portuguese, Russian, Chinese, Japanese

www.svv.ch

Swiss Insurance Association
Languages: German, English, French

2.3.7 Trading and Resources

Switzerland is one of the world's most important commodities trading platforms. Around one third of global trade in crude oil products is transacted via Geneva. Regarding the trade in grain, oilseed, and cotton, Geneva is the world number 1, and in sugar trading the number 1 in Europe. Zug is a hub for trade in mining products. At first glance, such a prominent position may seem surprising because Switzerland is a landlocked country with very few natural resources. But because of its central location, it has been a major crossroads for various trade routes since the early days of international trade in coffee and cotton. Later, the Swiss financial center became a hub for international trade due to its traditional locational advantages. In addition to comparatively low taxes, trading companies value its central location, good infrastructure, and connections with other countries.

Also important for the Swiss economy are the numerous commodities-related services based here, such as insurance, law firms, consulting companies, trust and fiduciary companies, freight and security businesses. Major Swiss banks and cantonal banks as well as various foreign banks have specialized in financing commodities trading in the regional hubs. They finance the purchase of raw materials, guarantee the seamless processing of transactions, and offer protection against operational and credit risks. All in all, commodities trading amounts to around 4% of Switzerland's GDP.

In recent years trade in commodities has continually risen in importance. On the list of the largest Swiss companies (2015), there are four commodities companies in the top five: Glencore International (1), Vitol (2), Cargill International (3) and Trafigura (4).

www.vsig.ch

Umbrella organization of Swiss trading companies
Languages: German, English, French

www.gtssa.ch

Geneva Trading & Shipping Association (GTSA)
Language: English

www.lcta.ch

Lugano Commodity Trading Association
Languages: German, Italian

www.zugcommodity.ch

Zug Commodity Association (ZCA)
Language: English



ECONOMIC FRAMEWORK

3

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Free competition and trade and the protection of intellectual property are the cornerstones of economic success and make Switzerland attractive to both domestic and foreign companies. Efficiently organized administrative processes guarantee security for planning and day-to-day operations, while progressive environmental laws promote sustainability.

Switzerland is an extremely attractive location for global companies. The main reason for this is its liberal economic environment and an economic policy based on the free market.

Switzerland has greater economic freedom than any other country in Europe. Globally, it's in fourth place, as confirmed by the annually published Economic Freedom of the World study (cf. Fig. 13). This index measures a country's economic liberty in five areas: extent of government activity, legal structure and security of property rights, currency stability, freedom to trade internationally, and level of regulation.

Economic Freedom, 2014

Overall score 0 – 10

(FIG. 13)

1	Hong Kong SAR	9.03
2	Singapore	8.71
3	New Zealand	8.35
4	Switzerland	8.25
5	Canada	7.98
5	Georgia	7.98
5	Ireland	7.98
5	Mauritius	7.98
5	United Arab Emirates	7.98
10	Australia	7.93
10	United Kingdom	7.93
12	Qatar	7.91
16	USA	7.75
21	Denmark	7.67
23	Luxembourg	7.65
25	The Netherlands	7.63
30	Germany	7.55
32	Belgium	7.51
40	Japan	7.42
57	France	7.30
69	Italy	7.17
102	Russia	6.66
112	India	6.50
113	China	6.45
124	Brazil	6.27

Source: Fraser Institute, Economic Freedom of the World: 2016 Annual Report

3.1 INTERNATIONAL EXCHANGE OF GOODS AND SERVICES

The Swiss economy is characterized by a high degree of international integration, with half of the country's GDP generated abroad. This is only possible thanks to the highly effective cross-border movement of goods and people.

3.1.1 Free Trade Agreements, WTO, and Elimination of Trade Restrictions

In addition to the EFTA Convention and the Free Trade Agreement with the European Union (EU), Switzerland currently has a network of 28 free-trade agreements with 38 partners outside the EU and is also a member of the WTO. It applies the most-favored-nation clause in trade with all WTO member states and is generally committed to eliminating trade restrictions worldwide.

In joining the WTO Switzerland has also undertaken to convert most non-tariff trade barriers into customs duties. Apart from a few exceptions (primarily agricultural products), domestic products are not protected against international competition. There is no actual anti-dumping law. There are essentially no volume restrictions on the importation of processed products. Imports and exports of industrial goods basically enjoy full duty and quota exemption on the European markets thanks to the free trade agreements with the EU and EFTA. Duty and quota exemption does not mean that customs clearance is not necessary, but this is not an obstacle. Thanks to PCs and the Internet it is now a largely automated process conducted via the IT applications e-dec and NCTS.

www.seco.admin.ch > Topics > Foreign trade
Free trade agreements (WTO)
Languages: German, English, French, Italian

3.1.2 Customs and Excise

Although Switzerland has been a member of the Schengen Area since the end of 2008, it is not part of the European Customs Union and the internal market. As a result, customs controls remain in place. The most important document for customs clearance is the customs declaration, which must be accompanied by the exporter's invoice (indicating the weight) and proof of origin, where necessary. A certificate of origin is required in order to benefit from preferential duty rates within the scope of free trade agreements or the Generalized System of Preferences (developing countries) or if the goods are to be re-exported and the origin is to be passed on.

Unlike most other countries Switzerland uses a system of customs clearance based on gross weight. This so-called specific customs duty is therefore levied on products for which no exemption from duty is granted. Swiss customs duties are usually lower than those of other countries. This system favors the import of high-quality technical components, which weigh very little but are extremely valuable.

In line with other countries, Switzerland levies taxes and duties at its borders, such as the automobile tax, tobacco and beer tax, mineral oil tax, the CO₂ levy, the VOC incentive tax, and the mileage-related heavy vehicle toll (MRHVT). At a standard rate of 8%, VAT is much lower than in neighboring countries (Germany: 19%, France: 20%, Austria: 20%, Italy: 22%).

Goods that are only intended to be held temporarily in Switzerland in intermediate storage can be stored without customs clearance and duty unpaid in bonded warehouses. The goods are therefore in transit between the border and the bonded warehouse. The subsequent exportation of the goods is then subject to the customs tariff of the importing country. The goods so stored may not be processed, or they become liable for normal customs clearance. Bonded warehouses are public facilities. They are operated by private warehousing companies and are open to all interested parties. Open bonded warehouses, meanwhile, are used for storing goods that have not been cleared through customs on a company's own premises, but separately from domestic goods. They are usually operated by shipping companies and are becoming increasingly important.

Used household effects of people moving to Switzerland that are intended for their continued personal use are exempt from customs duty. At the time of importation, the completed official form must be submitted to the Swiss customs office. Clearance of household effects must take place during customs office opening hours (see chapter 13.2.1).

www.seco.admin.ch > Topics > Foreign trade
Information about foreign trade
Languages: German, English, French, Italian

www.zoll.admin.ch
Information about customs
Languages: German, English, French, Italian

www.s-ge.com/exporthelp
Information about exports and customs tariffs worldwide
Languages: German, English, French, Italian

3.1.3 Rules of Origin

Raw materials and component parts that are imported from third countries can acquire Swiss-origin status and consequently be delivered tax-free to countries which have signed the free trade agreement (e.g. the agreement with the EU), if they have been sufficiently processed in Switzerland within the scope of the relevant free trade agreement. In many situations this is the case if the added value created in Switzerland is between 60% and 80% of the finished product's selling price (depending on the product).

This regulation is of interest because high-quality products often have a low weight but a high product value. They can therefore be imported cheaply into Switzerland, be processed and then be exported to countries with tariff preference, with which there is a free trade agreement. If, for example, goods are imported in this way from a country outside the EU/EFTA area and transformed in Switzerland in such a manner that they acquire Swiss-origin status, no duty is normally payable when the goods are exported to an EU/EFTA country.

www.zoll.admin.ch > Information companies > Exemptions > Exportation
Information about origin
Languages: German, English, French, Italian

3.2 PROTECTION OF FREE COMPETITION

Switzerland's economic system is based on the principles of the free market. Free and fair competition is strengthened by the Cartel Act, which has been largely harmonized with EU regulations since 1995, in which cartels are not illegal but abuses are prosecuted. The Internal Market Act ensures greater competition and the elimination of protectionist regulations at cantonal and municipal level. The Competition Commission can intervene if there are grounds for suspecting unacceptable restrictions on competition. It also investigates whether mergers have negative effects on free competition and supplies the authorities with recommendations on promoting effective competition.

“With 7,088 patent applications in 2015, Switzerland outstrips any other country in terms of the number of applications per inhabitant.”

3.3 PROTECTION OF INTELLECTUAL PROPERTY

The protection of intellectual property rights is well developed in Switzerland. A comprehensive system of patent, trademark, design and copyright protection guarantees that the results of innovation and creativity are protected at national and international level.

Patent applications and trademark or design registrations can be submitted to the Swiss Federal Institute of Intellectual Property (Eidgenössisches Institut für Geistiges Eigentum, IGE) in Bern.

The IGE, the agency responsible for commercial property rights and copyrights, is a center of competence for all aspects of patents, trademarks, designs, topographies of semiconductor products, copyrights, and other related property rights. Initial information about property rights registered in Switzerland can be accessed via the IGE's own electronic property rights register. As a member of the WTO, Switzerland implements the provisions of the WTO/TRIPS Agreement.

The IGE makes information from the trademark, patent, and design register and on protected topographies available free of charge in the Swissreg database. Swissreg contains Swiss trademarks and applications for registration, but not international trademarks that could also lead to protective consequences in Switzerland. These international trademarks are registered with the World Intellectual Property Organization (WIPO) in Geneva.

www.ige.ch
Swiss Federal Institute of Intellectual Property (IGE)
Languages: German, English, French, Italian

www.kmu.ige.ch
Information specifically for SMEs
Languages: German, English, French, Italian

www.ige.ch > Service
Information for innovators and creative individuals
Languages: German, English, French, Italian

www.swissreg.ch
Database of Swiss protective titles
Languages: German, English, French, Italian

www.wipo.int
World Intellectual Property Organization (WIPO)
Languages: German, English, French, Spanish, Chinese, Russian, Arabic.

3.3.1 Patents

Switzerland is one of the most active countries in terms of patent applications. In 2015, it ranked sixth in the world and came in fourth place in Europe with 7,088 applications. In terms of the number of applications per inhabitant, it outstrips any other country.

Inventions that solve a technical problem by technical means can be protected with a patent. To be eligible for a patent, the invention must fulfill three basic criteria:

- Industrial applicability: the invention must be commercially usable, actually realizable and repeatable.
- Novelty: an invention is considered novel when it is not already state-of-the-art.
- Non-obviousness: the invention must not be obvious to someone with knowledge and experience in the subject.

Ideas, lottery or accounting systems, therapeutic, diagnostic or surgical procedures on humans or animals and plant species, among other things, cannot be patented. Furthermore, inventions which violate public policy or morality (e.g. certain biotechnological inventions) cannot be patented.

There are three ways to protect an invention with a patent application effective in Switzerland:

- Swiss patent: with national registration, the patent protection extends to Switzerland and the Principality of Liechtenstein. National applications can be submitted to the IGE in any language. A translation in German, French or Italian must, however, be submitted within a deadline, if the application is not made in one of these three languages.
- European patent: the European Patent Convention (EPC) enables applicants to obtain protection in the member states of the EPC, including Switzerland, through a standardized patent investigation and granting procedure.
- International patent: the Patent Cooperation Treaty (PCT), which Switzerland has ratified, enables inventors to submit an international application which then has the same effect as a national application in all named member states. International applications can be submitted to the IGE in English.

It takes an average of three to five years between the filing of a national application and the granting of the patent. An accelerated process is possible upon request. Patents expire after a maximum of 20 years.

A patent costs CHF 200 for the application and CHF 500 for the patent check. Annual renewal fees are payable starting four years after the date of filing.

As the IGE does not check the criteria regarding novelty and non-obviousness, it is recommended to engage a specialist (e.g. a patent lawyer) before applying for a patent. Both criteria can also be checked after the patent application through optional research into the current state of the art.

www.ige.ch
Swiss Federal Institute of Intellectual Property
Languages: German, English, French, Italian

www.epo.org
European Patent Office
Languages: German, English, French

Property Rights at a Glance

(FIG. 14)

	BRAND PROTECTION	PATENT PROTECTION	PROTECTION OF DESIGNS	COPYRIGHT ²
What is protected?	Registered trademark protected against misuse by third parties	Inventions, i.e. technical solutions to a technical problem	The form and external design of an object	Literary and artistic works (including computer programs)
How is protection obtained?	Trademark entered in trademark register	Patent of invention is issued	Design entered in design register	Automatically when the object is created
Minimum requirements	<ul style="list-style-type: none"> - Does not infringe older third-party rights - Distinctive - Non-descriptive - Does not violate public policy or morality 	<ul style="list-style-type: none"> - Novelty - Industrial applicability - Non-obviousness - Disclosure of invention 	<ul style="list-style-type: none"> - Novelty - Overall visual appearance must be significantly different from existing designs - Does not violate public policy or morality 	Intellectual creations of literature and art with an individual character
Not available for	<ul style="list-style-type: none"> - Simple symbols - Acronyms - Factual statements or descriptions - Emblems - and others 	<ul style="list-style-type: none"> - Animal species, plant varieties - Diagnostic, therapeutic or surgical procedures on humans or animals - Use does not violate public policy or morality - Certain biotech inventions 	<ul style="list-style-type: none"> - Exclusively technical functions - Ideas, concepts - Anything that violates federal law (e.g. emblem law) or treaties 	<ul style="list-style-type: none"> - Content (ideas, concepts) - Laws, official decrees - Decisions of public authorities - Means of payment - Patent specifications
Excluded from protection	When mark is not used as a trademark	Private use, research, and teaching		Private use, quotations, backup copies, reporting
Scope of protection	Defined by the mark and the Goods and Services List	Defined by patent claims	Defined by the illustration	Defined by the actual work
Duration of protection	10 years (unlimited extensions possible)	Max. 20 years	5 years (4 x 5-year extensions possible): max. 25 years	70 years after death of creator (50 years for computer programs)
Common symbols or indications	<ul style="list-style-type: none"> - ® for registered trademark - ™ for trademark Use is optional Misuse is punishable 	<ul style="list-style-type: none"> +pat+; pat. pend. (patent applied for) Use is optional Misuse is punishable 	<ul style="list-style-type: none"> mod. dép. Use is optional Misuse is punishable 	©, "Copyright", "All rights reserved", "Alle rechte vorbehalten", "Tous droits réservés" or similar note Use is optional
Application fee (CH)¹	CHF 550	CHF 200 (application) CHF 500 (optional search) CHF 500 (check)	CHF 200 (basic fee) including publication of an illustration	None
Extension (CHF)¹	CHF 700 (10 years)	CHF 100 for the 4th year, then the fee increases by CHF 50 each year (CHF 150 for the 5th year etc.)	CHF 200 (5 years)	None
Additional information	No check of older property rights carried out in Switzerland (trademark search recommended)	No check of novelty and non-obviousness carried out in Switzerland (patent search recommended)	<ul style="list-style-type: none"> - Publication may be delayed for 30 months - No check of novelty carried out in Switzerland 	Collecting societies: SUISA, SUISSIMAGE, ProLitteris, SSA, SWISSPERFORM

¹ Excludes possible costs when using a specialist.

² The Copyright Act also covers allied rights of practicing artists, manufacturers of audio and video storage media and broadcasters.

Correct at: February 2016. Subject to change. Please refer to www.ige.ch for the most up-to-date information.

Source: Swiss Federal Institute of Intellectual Property (IGE)

3.3.2 Trademarks

Trademarks are symbols which allow the products of one company to be differentiated on the market from those of other companies, thereby allowing consumers to find a product they appreciate among the mass of products on offer. A symbol can be registered as a trademark if

- it is recognized by the public as referring to a company and its registration does not restrict competitors in their economic development to an unacceptable degree; it does not feign characteristics that the product does not have; it does not violate public policy, morality, or the applicable legislation.

The IGE investigates, within the scope of the application process, whether these requirements have been met. It does not check whether other symbols, which it could be mistaken with, have already been entered into the register, or whether any third-party rights exist, which could be violated by the trademark application. It is therefore recommended that a search be performed with the IGE or a private provider before registering a trademark. The registration with IGE only applies to Switzerland. The following options are available for protecting the trademark abroad:

- The national registration of the trademark in the relevant countries
- The registration of the trademark as an (EU) Community Trade Mark with protection in all member states of the EU.
- International registration under the Madrid system: on the basis of a national trademark, the trademark owner can register its trademark in individual signatory countries of its choice, with a single application to the World Intellectual Property Organization (WIPO) in Geneva, the assessment of protectability being carried out by the registration authorities in the respective countries.

In Switzerland, trademark applications can be submitted electronically. The registration fee is CHF 550 (plus any class fees). If the symbol meets the protection requirements, it is normally registered within a maximum of six months. The ten-year trademark protection resulting from the registration can be extended by paying an extension fee as many times as desired every ten years.

www.ip-search.ch
Trademark search
Languages: German, English, French, Italian

www.e-trademark.ige.ch
Trademark registration
Languages: German, French, Italian

www.ige.ch/ma-berater
Trademark consultants
Languages: German, English, French, Italian

3.3.3 Design

Design appeals to the senses, triggers emotions, and creates identification and distinction. As a result design has also become a decisive market factor and forgeries are correspondingly common. New, commercially manufactured two-dimensional or three-dimensional designs of an aesthetic nature can be protected by means of registration. The registration process for a design is simple, fast and cheap. A design can be protected for a maximum of 25 years (comprising five 5-year periods). Based on the Hague Agreement Concerning the International Registration of Industrial Designs, designs and models can also be registered internationally. Because Switzerland has ratified this agreement, the registrant acquires protection for Switzerland as well.

www.s-ge.com/product-design
Facts and figures on product and industry design in Switzerland
Languages: German, English, French, Italian, Spanish, Portuguese, Russian, Chinese, Japanese

www.ige.ch > Designs > Protection in Switzerland
Protection of designs
Languages: German, English, French, Italian

3.3.4 Copyright

Intellectual creations of literature and art with an individual character can be protected by means of copyright. This includes literature, music, pictures, sculptures, films, operas, ballets, and mimes, as well as computer programs. A work is protected by copyright as soon as it is created. There is no requirement to apply for protection or lodge the work, and no register exists. In Switzerland, copyright protection generally expires 70 years after the death of the creator, except for computer programs, which are only protected for 50 years.

3.4 PRODUCT REGULATIONS AND PRODUCT LIABILITY

For reasons of health and safety, environmental and consumer protection and to comply with international and national standards, medicines, cosmetics, cleaning agents, electrical appliances, measuring and weighing equipment, heating systems, pressure containers, and motorcycles, as well as other products, are subject to certain regulations when imported into and sold in Switzerland.

The law regulates which particular conformity assessment procedures shall apply, depending on the product's hazard potential. The procedures range from self-checks (e.g. for machines) to assessments by officially approved independent conformity assessment centers (e.g. for pressure containers) to government licensing (e.g. for medicines).

These days most countries impose a raft of technical regulations and very few products escape the net. At the federal level in Switzerland, these regulations are contained in more than 30 laws and more than 160 ordinances. In addition, some technical regulations still exist at cantonal level.

Mutual recognition agreements (MRAs) are a politically important tool for removing technical trade barriers in the state-regulated sector and are recognized by the World Trade Organization. If the product regulations in two states are of a comparable standard, a conformity assessment conducted under the exporting country's regulations is sufficient to allow the product to be distributed in the other country. Switzerland's MRA with the European Union is the most economically important example (CE marking [Conformité Européene]).

The health and safety requirements for products are determined by laws and ordinances. With regard to product safety, Switzerland has largely adopted the regulations of the European Union (EU), so that no major market barriers exist in this area for exports and imports to and from the EU.

In addition, since July 1, 2010, the so-called Cassis de Dijon principle has applied to the EU. According to this principle, many products from the EU/EEA, which previously had to be produced, repacked or relabeled solely for the Swiss market, can now be imported more easily and without technical obstacles. The condition for this is that the products meet the regulations of the relevant EU or EEA country and were circulated there lawfully.

Swiss product liability regulations are largely comparable with those in the European Union – the manufacturer is liable for damage caused by defective goods, irrespective of whether the manufacturer himself is negligent. In Switzerland, liability applies to all products put into circulation from 1994 onwards.

The following sections give further details on the regulations relating to a number of important product categories. However, due to the large number of laws and ordinances in existence, it is essential to seek detailed information in specific cases.

www.seco.admin.ch > Employment > Product safety
Product safety regulations
Languages: German, French, Italian

www.seco.admin.ch > Topics > Foreign trade
Technical trade barriers
Languages: German, English, French, Italian

www.snv.ch > Services > Switec Infocenter
Standards: switec - Swiss information center for technical regulations
Languages: German, English, French

www.seco.admin.ch/sas
Accreditation: Swiss Accreditation Service (SAS)
Languages: German, English, French, Italian

3.4.1 Foodstuffs

The Swiss Ordinance on the Identification and Pricing of Foodstuffs (LKV) contains strict regulations on the information that must be declared. All ingredients must be named and listed on the packaging or labels of pre-packed foodstuffs in descending order of quantity. Foodstuffs which are not defined in a federal ordinance must be approved by the Swiss Federal Office of Public Health (FOPH). FOPH approval is mandatory for foodstuffs, additives, and processing agents which are genetically modified organisms (GMOs), contain such or have been obtained from such, and which are intended for sale to consumers. The presence of GMOs is tolerated if they do not constitute more than 0.9%. All other products require approval. Nutritional values and health-related information must comply with legal requirements as per the Foodstuffs Identification Ordinance (LKV). It is forbidden to market foodstuffs as having a therapeutic effect. Products with a therapeutic effect are medicines and must be approved by Swissmedic (see section 3.4.2).

For foodstuffs, parliament has passed a special resolution relating to the Cassis de Dijon principle: foreign foodstuffs that do not fully satisfy Swiss technical regulations must be approved by the Swiss Federal Office of Public Health (FOPH).

www.bag.admin.ch > Topics
Information from the Swiss Federal Office of Public Health (FOPH)
Languages: German, English, French, Italian

www.slmb.bag.admin.ch
Swiss Food Manual (SLMB)
Languages: German, French

3.4.2 Pharmaceutical Products

The manufacture and sale of medicines is subject to mandatory licensing in Switzerland. It takes around 11 months to license a new pharmaceutical product with Swissmedic, the Swiss Agency for Therapeutic Products (excluding the company's internal processing time), making Switzerland's registration process one of the fastest in the world. Normal evaluation of a license application for a human medicine with a new active ingredient costs CHF 70,000 (CHF 105,000 with the fast-track process).

The licensing requirements largely correspond to those in the EU, which makes it easier to apply for licensing in Switzerland and the EU simultaneously. Swiss registration enjoys high international standing, thanks to the country's exceptional scientific reputation, its strict criteria, and the large number of renowned hospitals for clinical testing. The fast-track process enables fast licensing decisions to be made (within 140 days, excluding the company's internal processing time) for vital medicines (e.g. to treat AIDS or Alzheimer's), despite rigorous testing.

www.swissmedic.ch

Swiss Agency for Therapeutic Products
Languages: German, English, French, Italian

3.4.3 Medical Devices

In Switzerland the regulation of medical devices is mainly based on the Federal Law on Medical Products and Medical Devices (HMG), the Medical Devices Ordinance (MepV) and the Ordinance on Clinical Tests with Therapeutic Products (VKlin). The same regulations for medical devices apply in Switzerland as in the EU. Bilateral contracts thereby enable free trade in medical devices produced by Swiss manufacturers within the European Union, EFTA member states, and Turkey. A medical equipment supplier that wishes to sell its product in Switzerland must be able to prove to the authorities that the product meets the fundamental requirements of EU directives and has undergone a suitable conformity assessment procedure in accordance with EU directives.

Medical devices bearing the CE mark from a recognized European test center are also deemed to comply with Swiss law, provided all the product information is provided in three languages (German, French and Italian). A manufacturer in Switzerland may use the CE mark on its medical devices and sell them on the Swiss market or export them to the EU, EFTA or Turkey. Some of these states also demand the registration of certain medical devices and their manufacturers with national authorities, in addition to the CE marking. Some non-EU states demand export certificates from the country of origin for medical devices. Swiss companies can order these certificates from Swissmedic.

www.swissmedic.ch > Medical products > Guideline & medical products-cycle

Guide to medical device regulation
Languages: German, English, French

“With regard to product safety, Switzerland has largely adopted the regulations of the EU, so that no major market barriers exist in this area for exports and imports to and from the EU.”

3.5 LAND USE PLANNING AND ENVIRONMENTAL PROTECTION

3.5.1 Building and Zoning

Thanks to progressive legislation on land use planning and environmental protection, densely populated economic areas can exist in harmony with rural and agricultural land. The high population density has always promoted both environmental awareness and building development. Service and industrial buildings are erected in special zones. Building and zoning regulations are governed by cantonal law, and a building permit must be obtained. The duration and scope of this process depend on the type of investment being planned. In the interests of occupational safety, industrial buildings, for example, require both planning consent and an operating license.

For straightforward building projects, such as commercial/industrial projects with no particular level of difficulty or requirement for supplementary investigations or special approvals, the process usually takes two to three months. This assumes that there are no grounds for appeal or protests. The process may vary from canton to canton.

The cantonal economic development agencies (see Section 15.2) provide information on commercial land development and available commercial buildings, as well as on the necessary administrative steps. They can also initiate and, where necessary, coordinate these steps.

www.are.admin.ch
Federal Office for Spatial Development (ARE)
Languages: German, English, French, Italian

3.5.2 Environment

Swiss environmental legislation largely conforms to EU rules. Environmental law and the protective measures this gives rise to are based on the principle of cooperation. In cooperation with the business community, solutions are developed to meet both economic and environmental considerations. The measures initiated are seen as exemplary around the world. When erecting and operating industrial and commercial sites, there are a variety of federal and cantonal decrees to consider. The federal laws on the protection of the environment, controlling water pollution, and natural and cultural heritage are especially important. The Federal Environmental Protection Act sets out regulations on air and soil contamination, noise, non-ionizing radiation, waste, and environmentally harmful substances. Based on the principles of “precaution” and “polluter pays”, this act requires environmental damage to be kept to a minimum and the costs of preventing damage to be borne by the polluter. Emissions are limited by means of thresholds and regulations on building, equipment, transport, and operations, although the technology to be employed is not prescribed. Companies are granted a specific period of time to undertake remedial action, thereby allowing them to determine how and when they make the necessary investments.

Environmental impact assessments (EIA) are conducted for projects involving the planning, erection or modification of installations that could have a serious impact on the environment. Although these assessments are a tool for protecting the environment, they only apply to specific projects as part of the regular building and planning consent process. Projects that require an environmental impact test are listed in the relevant ordinances. Such projects include transport systems, power generating plants and high-polluting industrial plants.

www.bafu.admin.ch
Federal Office for the Environment (FOEN)
Languages: German, English, French, Italian

www.bafu.admin.ch/uvp
Environmental Impact Assessment (EIA)
Languages: German, French, Italian



SWITZERLAND AND EUROPE

4

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Culturally and geographically, Switzerland lies at the heart of Europe. Although it is not a member of the European Union, it shares close economic and political ties with its European neighbors. Various bilateral agreements and a dynamic European policy form the basis for a deep-rooted political partnership and a substantial amount of economic integration, which benefit both the Swiss economy and the financial center, as well as the EU.

4.1 TRADE AND DIRECT INVESTMENTS

Switzerland and Europe share close economic ties. As the destination for 54% of Swiss exports and with a share of 72% of Swiss imports (as per 2015), the EU is by far Switzerland's most important trading partner. For its part, Switzerland was the EU's third-largest customer in 2015 (8.4% of all exports) after the USA and China, and the fourth largest supplier of goods (5.9% of all imports). At the end of 2014, Swiss direct investments in the EU totaled CHF 461 billion. That represents a share of 44% of all Swiss direct investments abroad.

With the exception of agricultural and food products, there are no restrictions on trade between Switzerland and the members of the EU. Goods with a certificate of origin from one of the 32 member states of the EU and EFTA (Switzerland belongs to the latter, along with Iceland, Liechtenstein, and Norway) can circulate freely without quotas and customs barriers.

www.ec.europa.eu/eurostat
Eurostat (European statistics office)
Languages: German, English, French

4.2 POLITICAL AND ECONOMIC COOPERATION

For numerous Swiss companies, including branches of foreign firms, the European market is very important. Various agreements to liberalize the market create almost equal access to the European single market. These agreements make it easier for companies from Switzerland to tap into a market of almost 500 million consumers. With the extension of these agreements to the new EU member states, Switzerland also has access to the growth markets of eastern Europe.

The bilateral agreements between Switzerland and the EU have been broadly expanded. Various barriers to market access were eliminated by the Free Trade Agreement of 1972 and the Bilateral Agreements I of 1999. Bilateral I includes agreements covering technical barriers to trade, public procurement, the free movement of persons, agriculture, research, and overland and air transport. Bilateral II, the second round of more extensive agreements of 2004, brought additional economic advantages as well as cross-border cooperation in other political areas. The following sections explain the most important agreements and their significance.

www.europa.admin.ch
Swiss Directorate for European Affairs
Languages: German, English, French, Italian

4.2.1 Free Movement of Persons

With the Swiss-EU Freedom of Movement Agreement (FZA), the basic rules for the free movement of persons, as they are applied in the EU, were gradually introduced in Switzerland vis-a-vis the EU. These same rules will be applied to new EU member states within a period of 9 to 12 years. Citizens of Switzerland and the EU states have the right to choose their place of work and residence within the territory of the contractual partners. The prerequisite is that they have a valid employment contract, are self-employed or - if they do not work - can provide evidence that they have adequate financial resources and have comprehensive medical insurance. The agreement also liberalizes the cross-border performance of services by individuals for up to 90 days per calendar year. Service providers can therefore perform their service in a guest country for a maximum of 90 working days. This free movement of persons is reinforced by the mutual recognition of vocational qualifications and the coordination of the national social insurance systems. The agreement makes it easier for Swiss businesses to recruit employees in the EU region, in areas where the Swiss economy is lacking, and take advantage of education and training opportunities there. This boosts the efficiency of the labor market and promotes the availability of highly qualified employees. The free movement of persons also works in the other direction, of course: Swiss nationals can work and take up residence freely in the EU, as well. At the moment around 460,000 Swiss people, around 60% of all Swiss abroad, live in the EU.

The agreement specifies transition periods. During these periods the immigration restrictions, such as priority for Swiss nationals and advance examinations of the wage and employment conditions, can be maintained and the number of residence permits can be limited (through quotas). After the expiry of the quota regulation the agreement also allows, based on a safeguard clause, the number of residence permits to be limited again for a period of time, if there is an undesirably large, above-average level of immigration. The transition regulations guarantee a gradual and controlled opening of the labor markets, while in addition the accompanying measures to counter wage and social dumping also apply.

- Since June 1, 2007, citizens of both the "old" EU states incl. Cyprus and Malta (the EU-17) and the EFTA states have benefited from free movement of persons. Since May 1, 2011, EU-8 citizens have also benefited from full freedom of movement as have citizens of Bulgaria and Romania since June 1, 2016.
- For Croatia, which joined the EU in 2013, special quotas apply, which are independent of third-country quotas. Switzerland and the EU agree, however, that an amicable solution should be sought for a common interpretation of the existing safeguard clause.

For more information about residence and employment for EU/EFTA citizens, see section 6.4.2

www.swissemigration.ch > Emigrating > Working abroad > Mobility in Europe
Employment mobility in Europe
Languages: German, English, French, Italian

Information about the Mass Immigration Initiative

On February 9, 2014, the Swiss electorate accepted the popular initiative "Against mass immigration", opposing the free movement of persons between Switzerland and the EU/EFTA and supporting a change in Swiss migration policy. The new constitutional text obliges the Federal Council and parliament to introduce a new permit system for all foreign nationals within three years that limits the number of migrants by means of maximum levels and quotas.

The Federal Council immediately began working to implement the new constitutional provisions relating to migration. On June 20, 2014, the concept for the implementation of the new migration policy was presented. On March 4, 2016, the Federal Council passed several legislative proposals for parliament on the implementation of the new constitutional provisions on migration.

Until the corresponding legislation comes into force, the free movement of persons will continue to apply between EU and EFTA member states and Switzerland. Nationals of third countries are not affected by the popular initiative and remain subject to the same regulations as before.

www.sem.admin.ch > Entry & Residence > Free movement of persons Switzerland – EU/EFTA and www.ejpd.admin.ch > Topics > Migration management > Implementation of new constitutional provisions on migration
Up-to-date information about free movement of persons

4.2.2 Schengen Agreement

The Schengen cooperation has made travel easier by abolishing identity checks at the borders between Schengen countries (internal borders). At the same time a range of measures has improved international cooperation between courts and the police in the fight against crime. This cooperation includes security measures such as strengthened controls on the Schengen external borders, increased cross-border police cooperation, for example through the European search system SIS, and more efficient cooperation between judicial authorities. The Schengen visa is also valid for Switzerland. Tourists from India, China, Russia or other countries that require a visa no longer need an additional Swiss visa for a short visit to Switzerland during their travel through Europe, which increases Switzerland's attractiveness as a vacation destination.

4.2.3 Elimination of Technical Barriers to Trade

For most industrial products, conformity evaluations - such as tests, certificates, and product approvals - are mutually recognized. Re-certification upon export to the EU is no longer necessary because product inspections by Swiss testing institutes recognized by the EU are sufficient. Accordingly, double inspection according to Swiss and EU requirements is eliminated. In areas where EU and Swiss regulations differ and two conformity certificates are still required, both can be issued by the Swiss testing institute. This process simplifies administrative procedures, reduces costs, and strengthens the competitive position of the export industry.

4.2.4 Research

Since 2004, bilateral agreements have enabled Swiss research institutes, universities, companies, and individuals to participate in the EU's framework research programs on an equal footing with EU research institutions.

A similar agreement is to be negotiated with the EU for the eighth such program, Horizon 2020. Negotiations have been suspended for the time being due to the acceptance of the mass immigration initiative on February 9, 2014. At present, Switzerland therefore has third-country status in Horizon 2020. The Federal Council seeks Switzerland's full association with Horizon 2020 starting in 2017. However, with some exceptions, researchers in Switzerland can still participate in the funding instruments of the framework program and submit project proposals.

www.euresearch.ch > Swiss Participation in Horizon 2020
Up-to-date information on Switzerland's status in Horizon 2020
Languages: English

This does not jeopardize support for research in Switzerland. The Temporary Backup Schemes of the Swiss National Science Foundation (SNF) provide researchers with a temporary substitute for the funding instruments of the European Research Council (ERC). The Federal Council aims to ensure that Swiss researchers can once again participate in EU framework research programs.

4.2.5 Rail, Road, and Air Transport

The land transport agreement between Switzerland and the EU has regulated the mutual opening of passenger and freight transport by road and rail. Network access in the EU is increasing the competitiveness of the railways and opening up new market opportunities for Swiss transport companies. Swiss airlines have access to the liberalized European air transport market, on the basis of reciprocity, putting them on a more or less equal footing with their European counterparts. Duty-free sales at Swiss airports or on flights to and from Switzerland are still available.

4.2.6 Public Procurement

In accordance with the GPA, the multilateral agreement on public procurement between the 45 current member states of the World Trade Organization (WTO), certain clients must make an international request for a proposal for the procurement of goods and services and construction projects over a certain amount - termed the threshold value - in order to promote transparency and competition within public procurement. On the basis of the GPA, the scope of application of the WTO rules has been extended. This now comprises procurement by districts and communities, procurement by public and private clients in the rail transport, gas and heat supply sectors, and procurement by private companies that operate on the basis of a special or exclusive right granted by an authority in the sectors of drinking water and power supply, municipal transportation, airports, or river and maritime shipping.

The agreement provides for the option of removing procurement or contracting in certain sectors, in which there is verifiable competition, from the scope of application. Accordingly, the telecommunication sector was removed in 2002.

The rules for contracting are based on three principles:

- Equal treatment of all providers (non-discrimination)
- Transparency of the process
- Right of recourse against decisions within the scope of the tender and awarding process (above certain threshold values).

The public sector and affected companies are obliged to issue and carry out tenders for procurement and orders, which exceed a certain threshold level, in accordance with WTO regulations. In principle the most economical or best-value offer must be selected, as long as the offered goods or services are of a comparable quality level. The selection criteria can, however, also be the lead times, the quality of service or environment-friendliness. The client can also define requirements for the observance of regional or sector-wide wage and working conditions. Public tenders by the federal government and cantons are posted on an electronic information system. With regard to the considerable public expenditure in the EU and Switzerland, this further opening of the procurement market creates opportunities for the export industry (e.g. mechanical engineering) and the services sector (e.g. engineering and architecture companies). Furthermore, the increased competition among providers leads to reduced prices and thus considerable savings for the public bodies placing the contracts.

www.europa.admin.ch > Topics > Bilateral agreements > Public procurement markets
Public procurement in Switzerland
Languages: German, English, French, Italian

www.simap.ch
Information-sharing platform for public contract awarding bodies and providers
Languages: German, English, French, Italian

4.2.7 Trade in Agricultural Products

The agreement on processed agricultural products governs trade in products from the foodstuffs industry (e.g. chocolate, cookies, and pasta). The EU does not impose import or export duties on trade with Switzerland. In response, Switzerland has reduced its import and export duties accordingly. There is free trade of sugar and of products which do not contain any raw materials besides sugar, which are relevant to agricultural policy. The simplification of technical regulations is beneficial to consumers and increases opportunities for exporting quality agricultural products. A comprehensive agreement on the agricultural and foodstuffs sector, intended to fully open the markets for agricultural products and foodstuffs for both sides, is still being negotiated. The agreement would lift both tariff barriers to trade (such as duties and quotas) as well as non-tariff barriers (such as various product regulations and import requirements). This opening-up of the market will confront the agriculture sector with considerable challenges. To ensure that the new market opportunities are seized and the affected sectors can be supported in the new market situation, free trade should be introduced gradually and supported by accompanying measures.

4.2.8 Taxation of Savings Income

Switzerland supports the EU system of taxing cross-border interest payments to individuals under the Savings Tax Agreement. Swiss banks operate a system of tax retention (similar to Swiss withholding tax) which is deducted at a rate of 35% on interest income earned in Switzerland by persons subject to EU taxation. This system of tax retention ensures that the EU interest taxation system cannot be evaded by switching to Switzerland, while at the same time ensuring that Swiss laws and banking secrecy are upheld. Related companies with their principal base in Switzerland, as well as subsidiaries in EU member states, no longer pay withholding tax on payments of dividends, interest, and license fees. This increases Switzerland's appeal as a business location.

In May 2015, Switzerland and the EU signed an agreement on the automatic exchange of information on tax matters. The new global standard will supersede the Savings Tax Agreement as of 2017/2018.

www.efd.admin.ch > Topics > Taxes > Taxation of savings agreement

Up-to-date information about the taxation of savings income

Languages: German, English, French, Italian

4.3 THE EURO

Even though the official currency of Switzerland is the Swiss franc, the euro is an accepted form of payment at practically all hotels and in many businesses. Swiss banks offer euro accounts, and cash withdrawals in euros are possible at most ATMs. The globalized Swiss financial center is set up to conduct all bank transactions in euros. Even public telephones accept euros. Due to its location in the heart of the European Monetary Union and the fact that the EU is its largest trading partner, the euro is extremely important for Switzerland. This is particularly the case in the tourism sector and for companies active in the import/export business.



ESTABLISHING AND MANAGING A COMPANY

5

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Establishing a company can be done quickly and easily.

Numerous official and private organizations assist entrepreneurs in selecting the appropriate legal form for their company and can provide advice and support. The federal government's various websites offer a wide range of information on all aspects of the company formation process – from business plan to official registration.

5.1 CORPORATE STRUCTURES

Economic freedom, which is guaranteed under the Swiss Constitution, allows anyone, including foreign nationals, to operate a business in Switzerland, to form a company or to hold an interest in one. No approval by the authorities, no membership of chambers of commerce or professional associations, and no annual reporting of operating figures are required to establish a business. However, foreign nationals must have both work and residence permits in order to conduct a business personally on a permanent basis.

Swiss law distinguishes between the following types of business entities: partnership-type unincorporated companies (sole proprietorship, limited partnership or general partnership) and capital-based incorporated companies (stock corporation or AG, limited liability company or GmbH). The “limited partnership for collective investment” (KKK) corresponds to the “limited partnership” form common in English-speaking countries. The legal form referred to as GmbH & Co. KG, which is common in Germany and Austria, does not exist in Switzerland. The appropriate form of business entity for a foreign company establishing a location in Switzerland depends on many factors, including the nature and time horizon of the business, general legal and tax conditions, and the strategic goals of management (headquarters, production facility, sales office, financial or service company, etc.). Companies and private individuals from foreign countries are allowed to determine the legal form that is right for their business. This requires careful evaluation, in which tax considerations play a crucial role. It is therefore advisable to engage an advisor or consultant familiar with the Swiss legal and tax system at an early stage in the process.

The following basic options are available for establishing a business in Switzerland:

- Forming an unincorporated or incorporated company
- Setting up a branch office
- Acquiring an existing company in Switzerland (either unincorporated or incorporated)
- Formation of a joint venture (unincorporated or incorporated company)
- Forming a strategic alliance with or without an equity interest

The most common choices for a foreign company located in Switzerland are subsidiaries (in the form of a stock corporation or limited liability company, i. e. an AG or GmbH) and branch offices. The newly created limited partnership for collective investment is also an attractive option for risk capital.

The following criteria are crucial when selecting the right form of business entity:

- Capital: organization or incorporation expenses, capital needed and minimum capital required
- Risk/liability: the higher the entrepreneurial risk or financial investment, the more advisable it is to select a limited liability form of company
- Independence: freedom of action may be restricted depending on the corporate structure
- Taxes: the business income and assets of the company and the owner are taxed either separately or together, depending on the corporate structure
- Social security: certain social insurance plans are obligatory, voluntary or non-existent, depending on the legal form

www.kmu.admin.ch
Official portal for SMEs
Languages: German, French, Italian

5.1.1 Stock Corporation (AG)

The stock corporation - Aktiengesellschaft (AG) in German - is the most important and most common type of corporate structure in Switzerland. In addition, it is often chosen by foreign companies as the legal form for their Swiss subsidiaries. The AG is a distinct legal entity (with its own legal personality), and its liability is limited to the company assets. The share capital is determined in advance and subdivided into shares. The AG is an appropriate legal form not just for large companies but also for small and medium-sized enterprises. It is the customary legal form for holding companies and financial enterprises.

A stock corporation can be founded by one or more individuals or legal entities; at least one person has to be a shareholder. The share capital must be at least CHF 100,000. In order to found a stock corporation, at least CHF 50,000 must have been paid in, while the increase in stock capital to at least CHF 100,000 has to be paid in fully at a later date.

The AG's supreme body is the board of directors. It consists of one or more members, who are not required to be shareholders. There are no requirements regarding the nationality or legal residence of the directors. At least one member (of the board of directors or the executive board) authorized to represent the company must reside in Switzerland. The compensation paid to the members of an AG's board of directors varies widely depending on the industry, size of the company and sales revenue. The average fee in Switzerland for a member of the board of directors in companies with up to 1,000 employees is about CHF 25,500 per annum. The most common forms of compensation are annual lump-sum payments and reimbursement of expenses. On average the board of directors in this type of company consists of 3.6 people.

5.1.2 Limited Liability Company (GmbH)

A limited liability company (GmbH) is a separate business entity with its own legal personality. It can be formed by one or more individuals or commercial companies, and its stated capital (nominal capital) is specified in advance. Each shareholder has an interest in the nominal capital in the form of one or more nominal shares having a nominal value of at least CHF 100. The nominal capital must total at least CHF 20,000 and must be fully paid in. A nominal share can be easily transferred in writing. The owner of the invested capital must, however, be entered in the commercial register.

Essentially all shareholders are entitled to joint management of the company; at least one of them must have their place of residence in Switzerland.

The GmbH is an attractive alternative to the stock corporation, in particular for small and medium-sized enterprises. Due to the fact that a board of directors is not required, the structural costs of a GmbH can be kept comparatively low. On the other hand this means that full responsibility is concentrated on the managing director. Depending on the size, there is only a limited auditing obligation. In addition, the GmbH has the advantage of less share capital compared to an AG, but the disadvantage of the lack of anonymity: all shareholders, including those who join the company at a later date, are disclosed.

5.1.3 Branch Office

Instead of founding a subsidiary in Switzerland, a foreign company can also set up a branch office (which is the third most common corporate structure for foreign companies in Switzerland). These branch offices have a certain organizational and financial independence from the parent company. From a legal point of view the branch office is a part of the foreign company, although it can conclude contracts on its own behalf, perform transactions and also appear in court at its place of business as a plaintiff and defendant. As soon as a branch office is formed, it must be registered in the commercial register. As far as licensing, registration, taxation, and accounting records are concerned, a branch office is treated like any Swiss company. In order for a foreign company to establish a branch office in Switzerland, it must have an authorized representative whose legal residence is in Switzerland.

5.1.4 Limited Partnership for Collective Investment

The limited partnership for collective investment (abbreviated as KKK in German) corresponds to the limited liability partnership (LLP) common in English-speaking countries. As an instrument for risk capital investment, this form of company is reserved exclusively for qualified investors. In contrast to the provisions of the Swiss Code of Obligations regarding limited partnerships, according to which the partner with unlimited liability must be an individual, the fully liable partner in a limited partnership for collective investment must be a stock corporation.

This legal form has existed in Switzerland since 2006. For investors and limited partners, it is an alternative to setting an LLP in Luxembourg, Ireland or the Channel Islands (specifically Jersey and Guernsey). This has strengthened Switzerland's status as a financial center and created the conditions for an increase in professional services for specialized risk capital, private equity, and hedge fund managers in Switzerland.

Legal Forms at a Glance

(FIG. 15)

	SOLE PROPRIETORSHIP	GENERAL PARTNERSHIP	AG	LIMITED LIABILITY COMPANY (GMBH)	BRANCH OFFICE
Establishment/formation requirements	Commencement of independent economic activity with the aim of ongoing profit	Signing of a partnership agreement (no particular form). If no business activity is being carried out yet, the company comes into being when it is entered in the commercial register	Public authentication of formation, approval of the statutes, selection of the board of directors and (in the absence of dispensation under OR 727a II) the auditors, entry in commercial register	Public authentication of formation, approval of the statutes, if applicable appointment of management, representatives, and (in the absence of dispensation under OR 727a II) auditors, entry in commercial register	Entry in commercial register
Purpose	Small business, personal activity (e.g. artist)	Smaller, ongoing, mainly personal businesses	Suitable for almost all types of profit-oriented business	Smaller, mainly personal businesses	Operation that is legally part of a larger company but has a certain amount of economic autonomy
Last name	– Owner's last name (with or without first name) – Possible additions: type of activity, invented name	– Last name of at least one shareholder with wording indicating the partnership status – Possible additions: type of activity, invented name	– Any name (personal name, type of activity, invented name) – The legal form must be indicated in the company name	– Any name (personal name, type of activity, invented name) – The legal form must be indicated in the company name	– Same name as main company – Special additions permitted – If the main company is foreign: location of main company, location of branch office – Indication of legal form
Legal nature	Sole property of company owner	Unincorporated company	Legal entity	Legal entity	Legal entity
Entry in the Commercial Register	Commercial operations must be registered (otherwise, registration is possible but not mandatory)	Commercial operations must be registered	Comes into existence upon entry in commercial register	Comes into existence upon entry in commercial register	Mandatory entry in commercial register
Founder	An individual is the sole proprietor	Two or more individuals	At least one shareholder (individual or legal entity)	At least one partner (individual or legal entity)	Main company
Bodies	None	Partners	– General meeting – Board of directors (at least 1 member)	– General partners' meeting – Executive board (at least 1 member)	– Bodies of main company – Managed by own executives; authorized representative resident in Switzerland
Auditor	May be used	May be used	Yes, in the absence of dispensation under OR 727a II, depending on size – attainment of two of the three following parameters in two successive fiscal years: – total assets of CHF 20 million – sales of CHF 40 million – average headcount over the year of 250 employees or more		
Liability	– Unlimited liability of owner with personal assets	– Primary liability of company assets; subsidiary unlimited and joint liability of each partner with personal assets	– Sole liability of company assets; only obligation of shareholders to full payment of share capital	– Sole liability of company assets; facultative limited obligation to pay additional contributions as per statutes; liability only for additional contributions tied to own nominal shares	– Main company

Source: State Secretariat for Economic Affairs (SECO), Swiss Code of Obligations (OR)

	SOLE PROPRIETORSHIP	GENERAL PARTNERSHIP	AG	LIMITED LIABILITY COMPANY (GMBH)	BRANCH OFFICE
Minimum capital	- No requirements	- No requirements	- Minimum CHF 100,000, minimum partial payment CHF 50,000	- Minimum CHF 20,000, fully paid	- No capital required (endowment capital of foreign parent company is sufficient)
Costs of consulting, establishment, notary	- CHF 700–1,200	- CHF 2,400–4,400	- From CHF 1,900 (electronic) - From CHF 7,000 (traditional) (see 5.4.3.)	- From CHF 1,800 (electronic) - From CHF 7,000 (traditional) - (see 5.4.3)	- From CHF 1,000
Advantages	<ul style="list-style-type: none">- Simple and low-cost formation process- Few formal requirements- Proprietor/partners can perform roles of corporate bodies- Double taxation of profit is avoided (only the proprietor's/partners' income is taxed because the company is not a legal entity)- Suitable for very small businesses		<ul style="list-style-type: none">- Limited liability and risk capital- Easier transferability of shares- Regulated representation rights- Foreigners can own all shares/nominal shares (but there must be at least one person resident in Switzerland who can handle all legal business)- Easy access to the capital market- Suitable for businesses with more capital- Swiss character of company		<ul style="list-style-type: none">- No separate capital required- Simpler and cheaper to set up than an incorporated company (no stamp duty or withholding tax on profit transfer)- Parent company can exert direct influence- Low tax burden- Tax exemption for Swiss profits in parent company's country under numerous double taxation agreements
			<ul style="list-style-type: none">- Partner anonymity – no disclosure obligation- Unlimited share capital- Limitation of partners' contribution obligations- Simple inheritance laws for succession- Annual financial statements only published if the AG has outstanding obligations or is listed	- Lower minimum capital	
Disadvantages	<ul style="list-style-type: none">- Unlimited liability of proprietor/partners- Ownership interests difficult to transfer- Lack of anonymity; proprietor/partners must be listed by name in the commercial register- More difficult access to the capital market- Social insurance obligation		<ul style="list-style-type: none">- In some cases, double tax burden (taxation of company profit and dividends)- More complex and expensive formation process, professional advice recommended		<ul style="list-style-type: none">- Foreign parent company shares liability for branch office- Changing to a subsidiary later difficult from a tax point of view- No Swiss character
			<ul style="list-style-type: none">- Amount of share capital	- No shareholder anonymity	

Source: State Secretariat for Economic Affairs (SECO), Swiss Code of Obligations (OR)

“Establishing a company in Switzerland can be done quickly and easily.”

5.1.5 Sole Proprietorship

The sole proprietorship or single-owner company is the most popular corporate structure for small businesses. It exists legally whenever an individual conducts commercial activities alone or, in other words, operates a business or a company. The owner of the sole proprietorship bears the entrepreneurial risk and is liable for that risk with his or her entire private and business assets. On the other hand, the owner also has the sole power to determine business policy. If the business is successful, it can be easily transformed into a corporation. If it fails, liquidation is easier than for other legal forms. The sole proprietorship does not need to be registered in the commercial register unless annual sales exceed CHF 100,000.

5.1.6 General Partnership

If two or more individuals come together to operate a business under a joint name in accordance with standard commercial practice, this type of operation is called a general partnership. A general partnership is created by a partnership agreement between the participants. Since it (like a sole proprietorship) is not a distinct legal entity, it is not required to pay taxes. Taxes are paid by the individual partners. The partners have unlimited joint liability for any business debts or obligations of the partnership to the extent of their own assets. Entry in the commercial register is required.

5.1.7 Joint Venture

The joint venture is becoming more and more important as a form of partnership. It is not regulated by law and is an appropriate form for a joint activity with a Swiss partner. A joint venture is often operated as a joint investment in a newly formed corporation (a foreign supplier, for example, establishes a manufacturing or sales company together with the Swiss seller). Joint ventures can also be operated as an ordinary partnership in the case of small projects (e.g. a research project for a limited time period).

5.1.8 Ordinary Partnership

The ordinary partnership is a contractual association of several individuals or legal entities for a business purpose that is not required to be entered in the commercial register. Anonymity is preserved but each partner is jointly and personally liable for the joint project.

5.2 ACCOUNTING

The general accounting regulations in Switzerland are brief and to the point. The accounts required for the type and scope of business must be kept in an orderly manner and allow identification of business assets and of receivables and payables associated with business operations as well as operating results (profit or loss) in each business year. The law requires that the income statement (profit and loss account) and the balance sheet be drawn up annually according to generally accepted accounting principles and that they be complete, clear and easily understood. This means that the accounting system can be based on any internationally accepted standards (such as US GAAP, IFRS or Swiss GAAP FER).

Corporations (AGs) must meet detailed minimum requirements concerning the structure of the annual financial statements in order to increase transparency. They must include, as a minimum, a balance sheet and an income statement with previous-year comparisons and explanatory notes. The annual financial statements of group companies must be consolidated in a single set of consolidated financial statements if two of the following parameters are present in two successive fiscal years:

- Total assets of CHF 10 million;
- Annual sales of CHF 20 million;
- An average headcount over the year of 200 employees.

5.3 AUDITING

Annual financial statements are audited for correctness and accuracy by people and companies, which have the required state license. Normally they are fiduciaries, fiduciary companies or auditing companies. The auditing obligation depends on the size and economic importance of the corporation (AG) or limited liability company (GmbH). Regular audits apply to companies that are required to prepare consolidated financial statements, or if two of the three parameters below are present in two successive fiscal years:

- Total assets of CHF 20 million;
- Annual sales of CHF 40 million;
- An average headcount over the year of 250 employees or more

If these conditions are not met, then the annual financial statements are only subject to a limited audit (questioning of management, appropriate detailed checks, analytical audit procedures, etc.). The audit may also be dispensed with entirely, subject to the approval of the shareholders, if the company has no more than an average of ten full-time positions over the year.

www.treuhandsuisse.ch
Swiss Fiduciary Association
Languages: German, English, French, Italian

www.treuhand-kammer.ch
Fiduciary Chamber
Languages: DE, FR

5.4 ESTABLISHING A COMPANY

5.4.1 Process

Parties who intend to establish a company in Switzerland can move more quickly from the planning stage to implementation if a clear and concrete business strategy has been worked out in advance. Once the decision to locate in Switzerland has been made, the economic development agency of the selected canton can help to coordinate the project locally until the start of operations. Banks, consulting companies, fiduciary companies and attorneys specializing in company law are also available to answer specific questions.

The formation of a company takes two to four weeks from the submission of required documents to the date when the company is considered legally established (when it has legal effect with respect to third parties). The time required can be less in simple cases and depending on the canton.

The State Secretariat for Economic Affairs (SECO) provides an online desk for founding companies called “StartBiz” With this eGovernment solution, sole proprietorships, limited liability companies, stock corporations, general partnerships and limited partnerships can register with OASI offices, VAT authorities and accident insurance companies.

It is also possible for sole proprietorships, general partnerships, and limited partnerships to be entered into the commercial register, so that the complete foundation of these companies can be carried out via “StartBiz”. Normally, foreign companies in Switzerland are founded with the legal form of an incorporated company (GmbH or AG). Furthermore, the foundation of a stock corporation or a limited liability company (AG or GmbH) requires entry in the commercial register, which has to be done by a public notary (this can also be done online).

www.s-ge.com/company-foundation
Facts and figures on establishing a company in Switzerland
Languages: German, English, French, Italian, Spanish, Portuguese, Russian, Chinese, Japanese

www.startbiz.ch
Electronic registration and creation of new companies
Languages: German, English, French, Italian

www.kmu.admin.ch > Practical knowledge > Establish an SME
Online public notary service for establishment of new companies (AG/GmbH)
Languages: German, French, Italian

www.startups.ch
Private platform for the establishment of new companies
Languages: German, English, French, Italian

Process of Establishing a Company (AG, GmbH)

(FIG. 16)

STEP	TIME REQUIRED IN WEEKS					
	1	2	3	4	5	6
Preliminary examination, registration, and approval of company (name)	■					
Preparation of necessary documents: corporate charter or articles of incorporation, statutes, application, etc.		■				
Payment of the company capital into a specified bank The payer must prove their identity. For foreigners it may be worth bringing references from Swiss partners			■	■		
Establishment and preparation of corporate charter or articles of association: statutes, auditor's declaration of acceptance, confirmation of a recognized bank that the share capital has been paid in and is at the free disposal of the company; if the company does not have its own offices after being formed: declaration of adoption of domicile			■	■		
Publication in official journal of the canton					■	
Entry of responsible person(s)/entities in the appropriate registers (commercial register, land register)						■
Registration as company liable to tax						■

Source: Documentation of cantonal economic development agencies

5.4.2 Entry in the Commercial Register

The commercial register includes all commercial enterprises doing business in Switzerland. It specifies each company's extent of liability and its authorized representatives. Its central focus is its public disclosure role. Accordingly, the Central Business Names Index, Zefix, which is maintained online by the Federal Commercial Registry Office, is open to anyone for consultation and can also respond to inquiries as to whether a company name is available. All entries in and deletions from the commercial register are published in the Swiss Official Gazette of Commerce.

As a rule, any trading, manufacturing or other form of commercial enterprise is required to be registered in the commercial register. Registration guarantees that the company name is protected. It is only after registration in the commercial register that legal entities receive their own legal personality and status. The company or business name under which a commercial enterprise is operated can be freely chosen, as long as it complies with legal regulations. Stock corporations (AGs) and limited liability companies (GmbHs) must specify the legal form as part of the company name. If the company name of a general partnership does not list all partners by name, it must contain the last name of at least one partner along with wording that indicates the relationship between partners. The company name of a sole proprietorship must include the owner's last name but may not contain any additional wording indicating a relationship between partners or associates. Application for registration in the commercial register can be done electronically via the company formation portal for all legal company forms, provided that the applicable requirements are met.

www.zefix.ch
Central Business Names Index
Languages: German, English, French, Italian

www.shab.ch
Swiss Official Gazette of Commerce
Languages: German, English, French, Italian

5.4.3 Costs of Forming a Company

The costs for forming a stock corporation (for a limited liability company the fees and consulting costs are slightly lower) comprise various fees, the costs varying depending on whether the process is carried out traditionally or via an electronic platform operated by the SECO (see 5.4.1).

The purpose of the securities issue tax is the non-gratuitous or free foundation and increasing of the nominal value of participation rights. The tax is levied at 1% of the amount accruing to the company as consideration for the participation rights but at least 1% of the nominal value, with an exemption for the first CHF 1 million. This exemption applies generally to the formation of corporations and to capital increases up to CHF 1 million. Existing companies may therefore increase their capital to CHF 1 million without owing any securities issue tax.

Excluding the securities issue tax, the fixed formation costs therefore total CHF 6,000 to CHF 8,000 for the traditional process and approximately CHF 2,000 for the electronic process. For a small business that does not need to provide extensive documentation, the foundation costs are a maximum of CHF 2,000. The total costs for forming a company, including professional consulting fees, vary depending on the share capital. Establishing a corporation is more time-consuming and generally costs more than forming a partnership.

www.kmu.admin.ch > Practical knowledge > Establish an SME > Legal form
Costs of forming a company with different legal forms
Languages: German, French, Italian

Costs of Forming a Stock Corporation (AG)

(CHF)

(FIG. 17)

COSTS OF FORMING A COMPANY	TRADITIONAL	ELECTRONIC
Share capital	100,000	100,000
Consulting services (corporate charter or articles of association, taxes, commercial register, share certificates, establishment documents, founding assembly, etc.)	5,000 – 7,000	300 – 850
Commercial register fee	600	600
Certification fees	1,000	600
Securities issue tax	–	–
Total costs	7,000 – 9,000	7,000 – 9,000

Source: startups.ch)

Costs of Forming a Limited Liability Company (GmbH)

(CHF)

(FIG. 18)

COSTS OF FORMING A COMPANY	TRADITIONAL	ELECTRONIC
Nominal capital	20,000	20,000
Consulting services (corporate charter or articles of association, taxes, commercial register, share certificates, establishment documents, founding assembly, etc. – depending on complexity)	4,000 – 6,000	200 – 550
Commercial register fee	600	600
Certification fees	1,000	600
Stamp duty	–	–
Total costs	6,000 – 8,000	1,800 – 2,150

Source: startups.ch



VISAS, RESIDENCE PERMITS, AND WORK PERMITS

6

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Switzerland's prosperity is partly due to the immigration of foreign workers. Not only do they boost the economy, they also enrich the culture. Residence in Switzerland is now easier for EU/EFTA citizens thanks to bilateral agreements between Switzerland and the EU. In the labor market they have the same rights as Swiss workers. For people from other countries who wish to live and work in Switzerland, certain provisions apply.

6.1 ENTERING THE COUNTRY AND VISAS

To enter Switzerland for up to 90 days in a 180-day period, you require a valid travel document that is recognized in Switzerland. In some cases a visa and letter of invitation are also required. A visa is generally required for longer stays. The Federal Office for Migration publishes the current requirements on its website.

www.sem.admin.ch

State Secretariat for Migration (SEM)
Languages: German, English, French, Italian

6.1.1 Visa Requirements

Foreigners who require a visa must obtain an entry visa from the Swiss representation in the country where they live before they enter Switzerland. The Swiss representation abroad can only issue the visa if it has been authorized to issue visas by the responsible federal or cantonal office in Switzerland. The type of visa and the documents required depend on the purpose of the visit. One of the visa requirements is that applicants must prove that they have enough funds available or can legally obtain them to pay for living expenses during their trip through or stay in Switzerland. The Swiss representation abroad may require the submission of a letter of sponsorship before it issues the visa if the applicant does not have sufficient financial funds or if there is some doubt on this point. The relevant authorities will require that travel insurance be concluded regardless of whether a letter of sponsorship has been submitted. The minimum coverage for this insurance is EUR 30,000.

www.eda.admin.ch

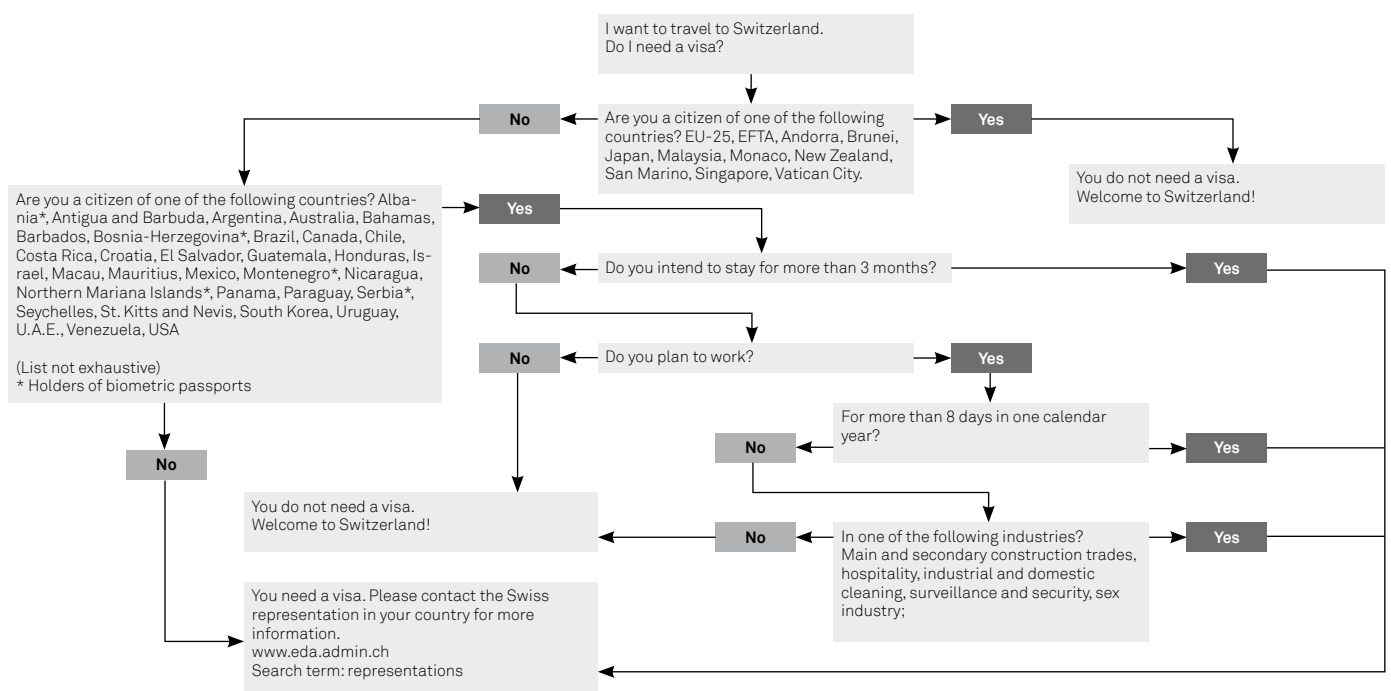
Swiss representations abroad
Languages: German, English, French, Italian

www.sem.admin.ch >Entry & Residence

Information about entering Switzerland
Languages: German, English, French, Italian

Do I need a visa?*

(FIG. 19)



* Information is for guidance only: please also consult the responsible Swiss representation.
Source: compiled by the author (data from the State Secretariat for Migration (SEM), 2016)

Visa Requirements for Different Countries

(FIG. 20)

COUNTRY	VISA REQUIRED FOR STAY OF UP TO THREE MONTHS	VISA REQUIRED FOR STAY OF MORE THAN THREE MONTHS	EXCEPTIONS/REMARKS	
Brazil	No (V1)	Yes (F: D, S, OP)	V1	<p>Visa required for employment:</p> <ul style="list-style-type: none"> – in main and secondary construction trades, hospitality, industrial and domestic cleaning, surveillance and security, sex industry; – of another kind if for more than 8 days in one calendar year. <p>No visa required for employment:</p> <ul style="list-style-type: none"> – holders of a long-term residence permit issued by a Schengen member state or a valid category D visa if they possess a valid travel document. <p>F: D, S, OP Holders of diplomatic, service and special passports traveling to Switzerland for work-related purposes are exempt from visa requirements.</p>
PR China	Yes (V) (M: D)	Yes (F: D)	V	Nationals of third countries with a valid permanent residence title from a Schengen member state or a valid category D visa do not require a visa if they possess a valid travel document.
			M: D	Holders of diplomatic passports do not require a visa for the following travel purposes: official mission and other reasons for travel, without employment.
			F: D	Holders of diplomatic passports do not require a visa if traveling to Switzerland for work-related purposes.
EU-25/EFTA	No	No		
India	Yes (V)	Yes	V	Nationals of third countries with a valid permanent residence title from a Schengen member state or a valid category D visa do not require a visa if they possess a valid travel document.
Japan	No	No		
Canada	No (V1)	Yes	V1	<p>Visa required for employment:</p> <ul style="list-style-type: none"> – in main and secondary construction trades, hospitality, industrial and domestic cleaning, surveillance and security, sex industry; – of another kind if for more than 8 days in one calendar year. <p>No visa required for employment:</p> <ul style="list-style-type: none"> – holders of a long-term residence permit issued by a Schengen member state or a valid category D visa if they possess a valid travel document.
Russia	Yes (V) (M: D)	Yes	V	Nationals of third countries with a valid permanent residence title from a Schengen member state or a valid category D visa do not require a visa if they possess a recognized travel document.
			M: D	Holders of diplomatic passports do not require a visa if traveling to Switzerland on an official mission.
Kazakhstan	Yes (V) (M: D)	Yes (F: D)	V	Nationals of third countries with a valid permanent residence title from a Schengen member state and a recognized travel document do not require a visa.
			M: D	Holders of diplomatic passports do not require a visa if traveling to Switzerland on an official mission.
			F: D	Holders of diplomatic passports do not require a visa if traveling to Switzerland for work-related purposes.

Source: State Secretariat for Migration (SEM), 2016

COUNTRY	VISA REQUIRED FOR STAY OF UP TO THREE MONTHS	VISA REQUIRED FOR STAY OF MORE THAN THREE MONTHS	EXCEPTIONS/REMARKS
Hong Kong	No (V16)	Yes	V16 <p>The visa exemption only applies to holders of the Hong Kong Special Administrative Region People's Republic of China Passport (HKSAR).</p> <p>A visa is required:</p> <ul style="list-style-type: none"> – for holders of the Document of Identity for Visa Purposes with entry "Chinese" under "Nationality." In this case the document is a Chinese passport (V). <p>Visa required for employment:</p> <ul style="list-style-type: none"> – in main and secondary construction trades, hospitality, industrial and domestic cleaning, surveillance and security, sex industry; – of another kind if for more than 8 days in one calendar year. <p>No visa required for employment:</p> <ul style="list-style-type: none"> – holders of a long-term residence permit issued by a Schengen member state or a valid category D visa if they possess a valid travel document.
USA	No (V1)	Yes	V1 <p>Visa required for employment:</p> <ul style="list-style-type: none"> – in main and secondary construction trades, hospitality, industrial and domestic cleaning, surveillance and security, sex industry; – of another kind if for more than 8 days in one calendar year. <p>No visa required for employment:</p> <ul style="list-style-type: none"> – holders of a long-term residence permit issued by a Schengen member state or a valid category D visa if they possess a valid travel document.
Taiwan	No (V14)	Yes	V14 <p>A visa is required:</p> <ul style="list-style-type: none"> – for holders of a passport without a personal identification number (see V); – for employment (even if for less than 8 days in one calendar year). <p>No visa required for employment:</p> <ul style="list-style-type: none"> – holders of a long-term residence permit issued by a Schengen member state or a valid category D visa if they possess a valid travel document
Ukraine	– Yes (V) – (M: D, S)	– Yes (F: D, S, SP)	V <p>Nationals of third countries with a valid permanent residence title from a Schengen member state or a valid category D visa do not require a visa if they possess a valid travel document</p> <p>M: D, S Holders of diplomatic and service passports do not require a visa for the following travel purposes: official mission and other reasons for travel, without employment.</p> <p>F: D, S, SP Holders of diplomatic, service, and special passports traveling to Switzerland for work-related purposes do not require a visa.</p>

Source: State Secretariat for Migration (SEM), 2016

6.1.2 How to Obtain a Visa

- 1. Persons requiring a visa must submit the visa application to the Swiss representation responsible for their place of residence. Travel documents and any other requested documents which explain the reason for the journey must be submitted along with the application. The representation’s website will provide detailed information about the required documents and the relevant application forms. All documents, letters or certificates that are not in German, French, Italian or English must be submitted with a translation.
- 2. If the representation requires a letter of sponsorship, the foreign visitor must complete the relevant form and submit it to the sponsor.
- 3. The sponsor completes and signs the form and submits it along with the required documents to the relevant cantonal or municipal authorities.
- 4. The letter of sponsorship is checked by the relevant cantonal or municipal authorities and is entered into the Central Migration Information System.
- 5. The result of the check is communicated without delay to the representation abroad, which decides whether or not to issue the visa.

If the visa is denied, the applicant may, for a fee, request a decision from the State Secretariat for Migration and submit an appeal to the Federal Administrative Court in Bern within 30 days after notification.

www.sem.admin.ch > Entry & Residence
Visa application form
Languages: German, English, French, Italian, Spanish, Portuguese, Russian, Chinese, Arabic, Turkish, Serbian, Albanian, Indonesian

Types of Permit

(FIG. 21)

Permit B Residence permit	For temporary residents (foreigners visiting Switzerland for a specific purpose for a longer period with or without employment).
Permit C Permanent residence permit	For permanent residents (foreigners who have been granted permanent residence after living in Switzerland for 5 or 10 years. Unlimited right to stay in Switzerland).
Permit Ci Residence permit with employment	This document is issued by the cantonal authorities for the employed spouses and children of employees of foreign representations or intergovernmental organizations (IO).
Permit G Cross-border commuter permit	For cross-border commuters (foreigners who live in the border zone of a neighboring country and work in the adjacent border zone in Switzerland).
Permit L Short-term residence permit	For short-term employment and other short stays.
Permit F Provisionally admitted foreigners	For provisionally admitted foreigners. This permit is issued by the cantonal authorities on the instruction of the Federal Office for Migration.
Permit N (asylum seekers)	For asylum seekers. This permit is issued by the cantonal authorities following a decision by the Federal Office for Migration.
Permit S (persons in need of protection)	For persons in need of protection. This permit is issued by the cantonal authorities following a decision by the Federal Office for Migration.

Source: State Secretariat for Migration (SEM), 2016

6.2 TEMPORARY AND PERMANENT RESIDENCE

Temporary and permanent residence permits are issued by the cantonal migration offices. Stays of up to three months do not require a permit, while stays of over three months do require one. It may be possible to work depending on the type of permit issued. Foreigners who reside in Switzerland receive a residence permit indicating which type of authorization has been granted (Fig. 21).

www.sem.admin.ch > About Us > Contact > Cantonal Authorities
Cantonal migration and labor market authorities
Languages: German, English, French, Italian

www.ch.ch > Foreign nationals in Switzerland
Information for foreign nationals in Switzerland
Languages: German, English, French, Italian

www.sem.admin.ch > Entry & Residence
Information about residence
Languages: German, English, French, Italian

6.2.1 Family Reunification

Citizens of Switzerland and EU/EFTA citizens with a residence permit or a short-term EU/EFTA residence permit are allowed to have their families join them, regardless of their nationality. The following are classified as family:

- Spouses and children who have not yet reached the age of 21 or who are entitled to maintenance;
- Parents and parents of the spouse, who are provided with maintenance.

Students are only allowed to be joined by their spouses and children who are entitled to maintenance.

People from third countries with permanent residence permits (permit C) have the right to allow their children and husband/wife to join them. People with residence permits (permit B) have no legal right to this. The cantonal migration authorities can, however, permit the move, if people from third countries can prove that they have a suitable place to live, sufficient income, and an established residence (a residence which has not caused any complaints). Husbands, wives and children of Swiss nationals and people with permanent residence permits or residence permits can take up self-employed or employed work all over Switzerland.

www.ch.ch > Foreign nationals in Switzerland
Family reunification - third countries
Languages: German, English, French, Italian

www.ejpd.admin.ch > Topics > Migration > Implementation of the new constitutional provisions on migration
Languages: German, English, French, Italian

“Temporary Residence and permanent residence permits are issued by the cantonal migration offices.”

6.3 RESIDING IN SWITZERLAND WITHOUT GAINFUL EMPLOYMENT

6.3.1 Stays of up to 3 Months

Switzerland has been an associate member of the Schengen Agreement, and thus part of the Schengen Area, since December 12, 2008. The provisions of the Schengen Agreement govern entry into Switzerland and stays of up to three months that do not require a permit.

Generally, staying in Switzerland without employment (e.g. for a visit, tourism) for up to three months does not require a permit. However, a visa is necessary for nationals of certain countries. Foreigners may stay in Switzerland for no more than three months within a six-month period calculated from the first time of entry. Persons requiring a visa must comply with the amount of time they are permitted to stay as stipulated on their visa.

To enter the country, foreigners must have a valid travel document that is recognized by Switzerland. For persons requiring a visa, Switzerland issues Schengen visas, which are generally valid for the entire Schengen Area for stays of up to three months.

6.3.2 Longer Stays

Stays of more than three months also require a permit for persons who are not gainfully employed (retirees, students, job seekers and others). Permits are issued by the cantonal migration offices. A distinction is made between short stays (less than one year), temporary stays (of limited duration) and permanent stays (of unlimited duration).

Non-EU/EFTA nationals must submit the application for a residence permit (together with the visa application) to the relevant Swiss representation before entering Switzerland. Different documents will be required depending on the purpose of the stay (studying, retirement, medical purposes, etc.). If the conditions for a permit are fulfilled, then either a short-term permit will be issued (for a stay of less than one year) or a residence permit (permit B) valid for one year if the applicant is to stay longer than one year. After entering the country, the permit holder must register with the relevant municipality.

EU/EFTA nationals who are not gainfully employed are granted the right to stay in Switzerland based on the free movement of persons agreement. After arrival, a residence permit must be applied for in the municipality at the same time as registration and will be granted if the following requirements are met:

- The unemployed person must have sufficient financial funds to prevent them from becoming dependent on state aid so they do not become a burden on their new country of residence.
- They must have health insurance that covers all risks (including accidents).

The EU/EFTA residence permit is valid throughout Switzerland for five years and is automatically extended by the relevant authorities if the above-mentioned requirements continue to be met. Unemployed persons may be joined at a later date by their families if they have sufficient financial funds to maintain them.

6.3.3 Special Case: Students

The procedure described in 6.3.2 also applies to students. The following conditions also apply:

Students who are citizens of EU or EFTA states, the U.S., Canada, Australia or New Zealand must generally provide credible proof that they will not become a welfare case during stays of more than three months (at the relevant Swiss representation or municipality upon registration). Students must also prove that they are enrolled at a recognized educational institution in Switzerland and will be attending a course of general, vocational or professional education. If these requirements are met, the student will receive a residence permit for the duration of their studies or for the period of one year if their studies last longer than one year. The permit will be extended until the student has completed their studies if the requirements for the permit continue to be met.

Students who are not citizens of EU or EFTA member states, the U.S., Canada, Australia or New Zealand must also include the following documents together with their personal entry application, which they submit to the relevant Swiss representation:

- Letter of acceptance from the institution
- Proof of payment of tuition fees
- Proof of sufficient financial funding for living expenses for the duration of the course of study
- Diplomas/school certificates
- Written agreement to leave Switzerland after completion of studies
- Additional sheet documenting language proficiency. Language proficiency is judged based on a short interview at the consulate or other representation.

The Swiss representation sends the entry application, including documentation and assessment of language proficiency, to the relevant cantonal migration authorities for their approval.

6.4 RESIDING IN SWITZERLAND WITH GAINFUL EMPLOYMENT

People working in Switzerland during their stay in the country or people staying for more than three months need a permit from the cantonal migration office. A distinction is made between short stays (less than one year), temporary stays (of limited duration) and permanent stays (of unlimited duration).

The employer is responsible for obtaining a work permit from the cantonal migration office.

Since the bilateral agreements on the free movement of persons and the revised EFTA convention entered into force, different conditions have applied to EU-25/EFTA citizens than to people from other countries. EU-25/EFTA citizens are on an equal footing with Swiss employees. Other countries, Croatia, and until May 31, 2016, at the latest Romania and Bulgaria, are subject to immigration restrictions and the rule of priority for Swiss nationals. Foreign asylum seekers may stay in Switzerland in accordance with the provisions of asylum legislation.

The cantons are responsible for deciding on whether foreigners may stay and reside in the country. However, the federal government has the right of veto. The cantonal migration authorities are responsible for the control of aliens. Foreigner nationals must register with the Residents' Registration Office in the municipality in which they reside within eight days.

For anyone intending to relocate to Switzerland, it can be advantageous to bundle the permit applications and to discuss them beforehand. The cantonal economic development agencies provide advice on how to proceed and how long the process takes.

6.4.1 Recognition of Foreign Qualifications

Certain professions, particularly in the health, teaching and technical sectors and in the administration of justice, are regulated. To practice these professions it is necessary to possess a qualification, certificate or certificate of competence. Foreign qualifications have to be recognized by the responsible authorities. Different authorities may be responsible for recognition, depending on the profession. Normally the authorities which regulate training for a particular profession are also responsible for the recognition of foreign qualifications.

Within the scope of the agreement on the free movement of persons, Switzerland works closely with the EU and participates in the European qualification recognition system. People from third countries also have the opportunity to have their qualifications recognized in Switzerland.

www.sbf.admin.ch > Topics

Regulated professions / recognition of foreign qualifications
Languages: German, English, French, Italian

www.crus.ch > Recognition / Swiss ENIC > Regulated Professions

Regulated professions / recognition of foreign qualifications
Languages: German, English, French

Work and Residence Permits: Rules and Procedures

(FIG. 22)

RULES FOR EU/EFTA CITIZENS		RULES FOR CITIZENS OF NON-EU/EFTA COUNTRIES
EU-25/EFTA	EU-2: ROMANIA AND BULGARIA	
Short-term residence permit (Permit L-EU/EFTA) <ul style="list-style-type: none"> - Entitlement as long as proof is provided of employment in Switzerland lasting between 3 months and 1 year (for employment of less than 3 months in one calendar year: registration only). - Family reunification possible. 	Short-term residence permit (Permit L-EU/EFTA) <ul style="list-style-type: none"> - Entitlement as long as proof is provided of employment lasting up to 1 year. Renewal after 1 year if secure employment is obtained, subject to quota. - Annual quota of 9,090 permits (2014/2015), then 11,664 permits (2015/2016). - Priority for Swiss workers, inspection of remuneration and working conditions. - Family reunification possible. 	Short-term residence permit (Permit L) <ul style="list-style-type: none"> - For key positions (forming a company, training of new employees, specialists working for international companies): 12 months, can be extended to 24 months. - Family reunification possible. - Annual quota of 5,000 permits. - Trainees / interns: valid for 12 - 18 months, no provision for family reunification.
Cross-border commuter permit (Permit G-EU/EFTA) <ul style="list-style-type: none"> - Unrestricted geographical mobility. - Holder must return to main residence in an EU/EFTA country every week. - Self-employment possible. - Period of validity depends on employment contract, but 5 years maximum, with possibility of extension. 	Cross-border commuter permit (Permit G-EU/EFTA) <ul style="list-style-type: none"> - Geographical mobility within all Swiss border zones. - Priority for Swiss workers, inspection of remuneration and working conditions. - Otherwise as EU-25. 	Cross-border commuter permit (Permit G) <ul style="list-style-type: none"> - Valid for 12 months for border zone of canton in which permit issued; annual renewal required. - Applicant has been resident for at least 6 months with permanent residence permit in border zone of a neighboring country. - Weekly return to this place of residence. - Change of job or place of work possible with permission.
Residence permit (Permit B-EU/EFTA) <ul style="list-style-type: none"> - Valid for 5 years, after presentation of a certificate of employment with duration of 1 year or more or unlimited duration. - Full-time residence for specific purpose with main residence in Switzerland. - Family reunification possible. - Entitlement to work in self-employed capacity 	Residence permit (Permit B-EU/EFTA) <ul style="list-style-type: none"> - Annual quota of 1,046 permits (2014/2015), then 1,207 (2015/2016) permits. - Permission required to become an employee. - Priority for Swiss workers, inspection of remuneration and working conditions. - Family reunification possible. - Otherwise as EU-25. 	Residence permit (Permit B) <ul style="list-style-type: none"> - Full-time residence in Switzerland for work purposes with main residence in Switzerland. - Priority for Swiss workers, inspection of remuneration and working conditions. - Family reunification possible. - Annual renewal of permit is a formality. - Annual quota of 3,500 permits.
Permanent residence permit (Permit C-EU/EFTA) <ul style="list-style-type: none"> - Normally issued on the basis of permanent residence agreements or agreements based on reciprocal rights once a person has resided in Switzerland for 5 years. - Holders have the same rights as Swiss workers on the labor market. 	Permanent residence permit (Permit C-EU/EFTA) <ul style="list-style-type: none"> - As EU-25. 	Permanent residence permit (Permit C) <ul style="list-style-type: none"> - Can usually be applied for after 10 years' uninterrupted residence in Switzerland (five years for U.S. citizens). - Holders are no longer subject to employment restrictions. Entitlement to work in self-employed capacity.

Source: State Secretariat for Migration (SEM), 2016

6.4.2 Residence and Employment for EU/EFTA Citizens

EU/EFTA nationals are treated the same as Swiss nationals in the labor market as a result of the free movement of persons agreement. Job seekers may remain in Switzerland for three months without a permit. Citizens of the EU-25 member states already enjoy completely free movement – citizens of Romania and Bulgaria are still subject to restrictions until the permanent transition on May 31, 2016 (priority of Swiss nationals, controls, quotas). These permits can be extended if needed. Quotas also apply to Croatia, but negotiations on the implementation of the free movement agreement with Croatia have been abandoned for the time being due to the mass immigration initiative. Anyone who enjoys full freedom of movement (EU-25) no longer requires a work permit but is still required to obtain a residence permit. This will be issued by the cantonal migration authorities upon presentation of an employment contract and/or confirmation of employment. No permit is needed for stays of less than 90 days, but these workers are still required to register. Self-employed service providers based in the EU or EFTA region no longer require a license for activities in Switzerland lasting less than 90 days per calendar year. They simply need to register, which can be done via the Internet. Exceptions to this are Romanian and Bulgarian providers in the fields of construction, landscaping, cleaning and surveillance/security, who still require a license.

The introduction of the free movement of persons is being accompanied by a series of measures designed to prevent wage and social dumping, as well as by the mutual recognition of professional qualifications and the coordination of social insurance issues. This simplifies the recruitment of employees from EU/ EFTA countries and the attendance and use of educational institutions in these countries, which boosts the efficiency of the labor market and increases the availability of highly qualified workers.

For more information about the free movement of persons, see 4.2.

www.sem.admin.ch > Entry & Residence

Free movement of persons between Switzerland and EU/EFTA
Languages: German, English, French, Italian

www.europa.admin.ch > Services > Publications

Brochure: "European Nationals in Switzerland"
Languages: German, English, French, Italian

6.4.3 Residence and Employment for Non-EU/EFTA Citizens

Citizens from countries outside the EU/EFTA require a work and a residence permit. Holders of a long-term residence permit are free to change jobs and place of employment, and to be self-employed anywhere in the country without requiring special permission. In important cases, holders of a short-term residence permit may also work for an employer in another canton.

Priority is given to highly qualified and specialized professionals, as well as to entrepreneurs and executives, recognized scientists and persons involved in cultural affairs, employees of internationally active corporations and key persons with international business relations. This approach aims to promote economic, scientific, and cultural exchanges and to support the transfer of decision-makers and specialists of international companies. In particular, it is designed to give qualified scientists the opportunity to continue working in Switzerland after completing their studies. It is ultimately in the interest of the Swiss economy that foreigners temporarily working in Switzerland be permitted to bring their family to Switzerland, and that partners and children of holders of a long-term residence permit have the right to be employed or self-employed in Switzerland.

Key regulations:

- Residence permit B: generally valid for one year. Option to change jobs and cantons with permission, tax at source, quotas. (Some exceptions: e.g. spouses of Swiss citizens have the same rights as Swiss citizens.)
- Permanent residence permit C: same rights as Swiss nationals in labor market, no tax at source.
- Cross-border commuter permit: possible to change jobs with permission, not possible to change cantons, tax at source.
- Short-term residence permit L: not possible to change jobs or cantons, tax at source.
- Trainee permit: maximum of 18 months, only for training purposes for young professionals.
- Asylum seekers: work permit one month following submission of application for asylum. Possible to change jobs with permission, not possible to change cantons. Tax at source, 10% of salary is retained as security.
- Transfer of managerial staff: essential management staff may reside in Switzerland for three years in accordance with the General Agreement on Trade in Services (GATS). The permit can be extended for one year.

The employer is responsible for checks and due diligence, as well as for ensuring that a foreign employee has permission to assume the position. In order to obtain an entry visa, the employer must prove that it was not possible to find a suitable candidate in Switzerland and that the training of a suitable employee within a reasonable period was not possible.

www.sem.admin.ch > Entry & Residence > Work / Work permits

Employment for non-EU/EFTA citizens
Languages: German, English, French, Italian

6.4.4 Trainees/Interns

Switzerland has negotiated agreements with numerous countries on the exchange of trainees/interns. These agreements make it easier to obtain residence and work permits of limited duration. Trainees or interns from countries which have no special agreement with Switzerland must follow the normal application procedure for work and residence permits.

Trainees/interns are defined as people who can provide evidence of being engaged in professional training or a course of study. The age limit is 35 years (exceptions: Australia, New Zealand, Poland, Russia and Hungary: 30 years). The job must be in the profession learned or in the area of study/training and may last no more than 18 months. Canadian students who would like to complete an internship as part of their education are also admitted, while for Japanese students only university graduates are permitted. There are special quotas for trainees/interns, and national legislation giving priority to Swiss nationals does not apply. There is no provision for trainees/interns to bring their families with them.

As a result of the free movement of persons between Switzerland and the EU, nationals of the EU-25 and EFTA states no longer require work or trainee permits. Anyone residing in Switzerland for more than four months has to officially register with the cantonal labor market office in order to work.

www.swissemigration.ch provides a guide for foreign trainees/interns and potential employers, as well as addresses, a standard employment contract, and an application form.

www.sem.admin.ch > Entry & Residence > Work/Work permits > Young professionals (trainees)
Guide for foreign trainees/interns and Swiss employers
Languages: German, English, French, Italian

6.5 NATURALIZATION

The naturalization process consists of three stages. It is possible to apply for Swiss citizenship in your municipality or canton. Each municipality and canton has its own requirements for naturalization in addition to those imposed by the federal government (see below).

The following requirements must be met to become a naturalized Swiss:

- Resident for 12 years in Switzerland (years of residence between ages 10 and 20 count double)
- Integration into Swiss life
- Familiarity with the Swiss lifestyle, customs and traditions
- Observance of Swiss laws
- No threat to the domestic or international security of Switzerland

Foreign spouses of Swiss citizens benefit from a simplified naturalization process (after five years of residence in Switzerland and after three years of marriage), as do children of a Swiss parent who are not yet Swiss citizens.

www.sem.admin.ch > Entry & Residence
Swiss citizenship / naturalization
Languages: German, English, French, Italian

www.ch.ch > Foreign nationals in Switzerland
Naturalization: information
Languages: German, English, French, Italian



REAL ESTATE



7.1	Looking For the Right Property	77
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7.5	Legal Aspects: Purchase of Real Estate by Persons Abroad	84

Although Switzerland has many different types of real estate available for commercial purposes, there is a shortage of residential real estate, especially in city centers, much like in other international cities. People looking for suitable properties to rent or buy will find the Internet and newspapers very useful. Even individuals resident in foreign countries can purchase commercial real estate in Switzerland without prior authorization. When it comes to residential property, however, they are subject to certain restrictions.

7.1 LOOKING FOR THE RIGHT PROPERTY

7.1.1 Residential and Commercial Real Estate

The Internet and newspapers are the most important sources of information when you are searching for a suitable property. Local acquaintances can also be a big help. The range of real estate on offer includes apartments, single-family and multi-family residences, offices and commercial properties, and even parking lots and garages - for renting or buying.

Another good source of information are the websites of real estate fiduciary agencies. You can find them through real estate search portals or via the website of the Swiss Real Estate Association SVIT, for example. Municipalities' websites are also useful: many of them now include information about future building projects, including both rental properties and properties for sale.

The cantonal economic development agencies support investors in all administrative matters and offer assistance in finding construction sites or other real estate.

www.svit.ch
Swiss Real Estate Association (SVIT)
Languages: German, English, French, Italian

www.alles-immobilien.ch
www.homegate.ch
www.immoscout24.ch
www.comparis.ch > Property
Residential properties
Languages: German, English, French, Italian

www.s-ge.com/realestate
Commercial properties (in cooperation with Swiss Circle)
Languages: German, English

7.1.2 Temporary Accommodation / Furnished Apartments

The range of available hotels and vacation accommodation in every price category is very broad in Switzerland, due to the fact that Switzerland is a tourist destination. The best starting point for anyone searching for appropriate accommodation is again the Internet. The Switzerland Tourism website "MySwitzerland.com" gives you a good overview.

Furnished and serviced apartments are expensive. There are real estate providers and firms specializing in expatriate services that can offer assistance. There is no nationwide overview of all providers, so it is a good idea to search online using keywords such as serviced apartments, furnished, studio, apartments, temporary housing, or holiday or vacation apartments.

www.myswitzerland.com > Accommodation
Hotels and vacation apartments
Languages: German, English, French, Italian, Spanish, Russian, Chinese, Japanese

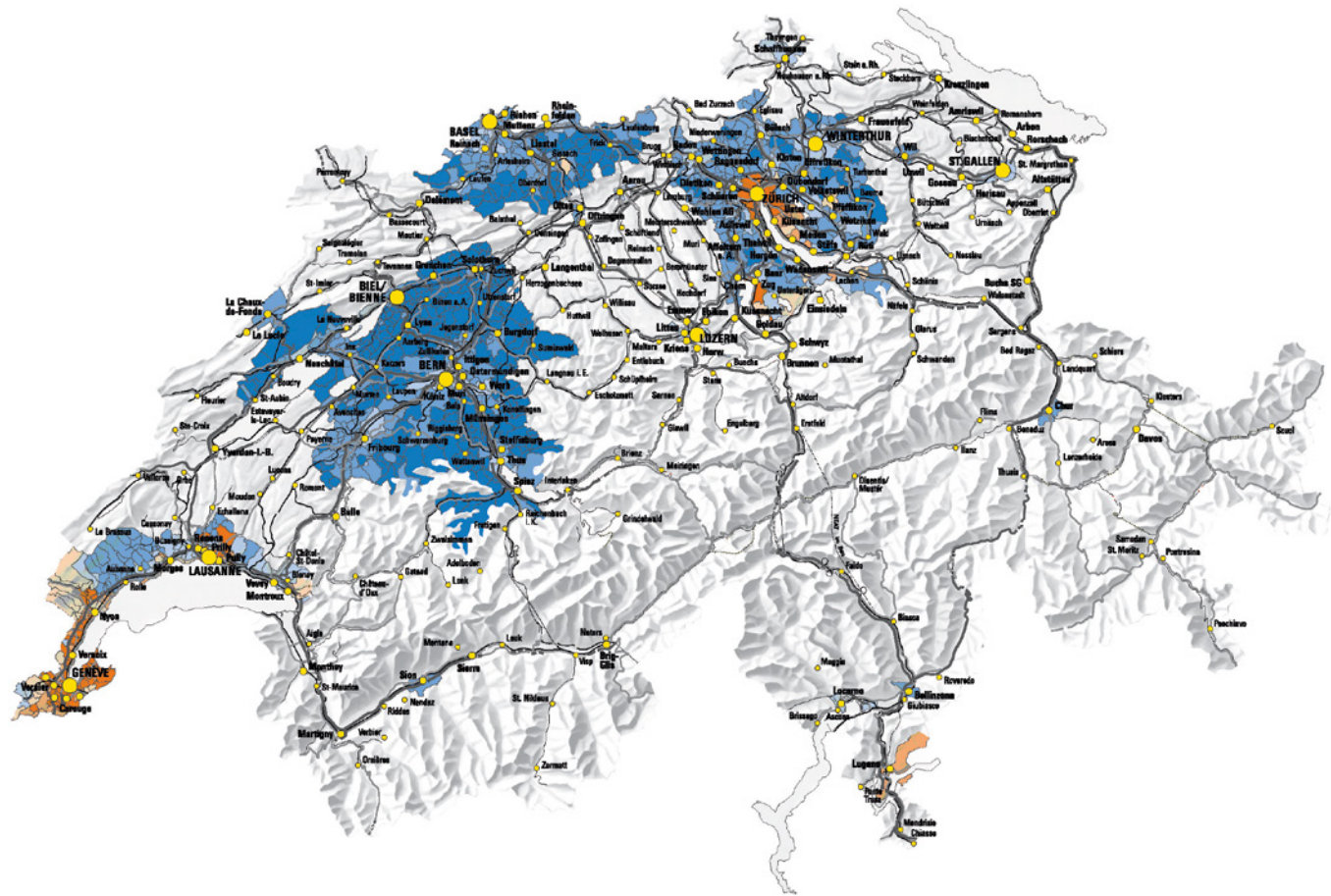
www.xpatxchange.ch > Moving
Relocation agencies, providers of furnished and serviced apartments
Language: English

7.2 COMMERCIAL REAL ESTATE

7.2.1 Renting

Market Prices for Office Space, 4th Quarter 2015

(FIG. 23)



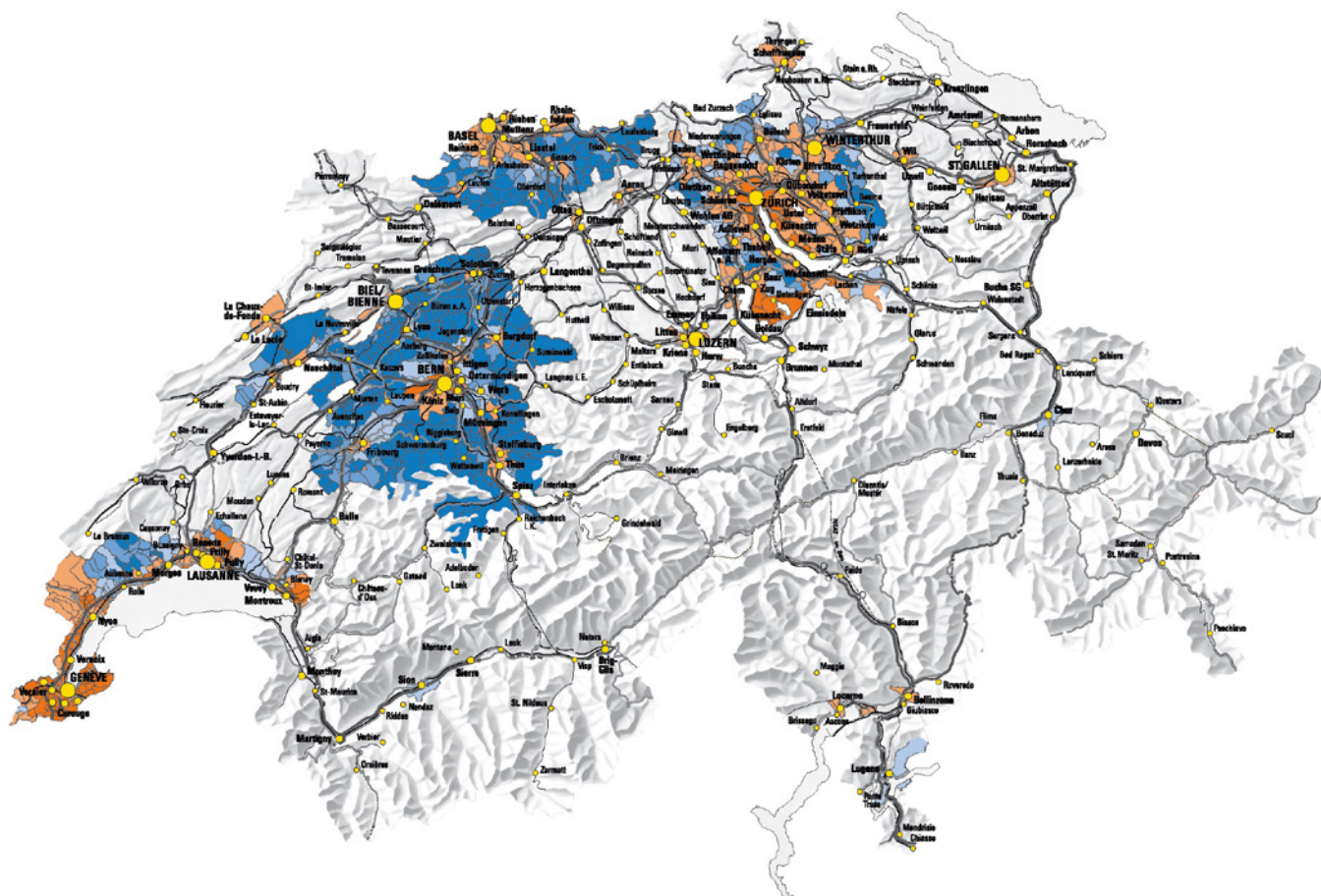
Source: Wüest & Partner AG

Net rent (CHF) per square meter of useful space and year (median)
Cities: data for whole city

- Over 320
- 280 – 320
- 250 – 280
- 200 – 250
- 150 – 200
- Under 150

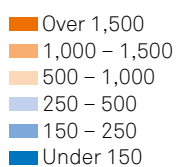
Building Land: Market Prices for Commercial Property, 4th Quarter 2015

(FIG. 24)



Source: Wüest & Partner AG

In CHF per square meter
(average location, undeveloped, with roads and services)



7.2.2 Buying

Individuals residing in other countries may purchase commercial real estate in Switzerland. EU/EFTA citizens who are resident in Switzerland have the same rights as Swiss nationals in terms of the purchase of real estate and do not require permission. Nationals of third countries and persons who are resident abroad may purchase real estate with some restrictions.

A Purchase Transaction

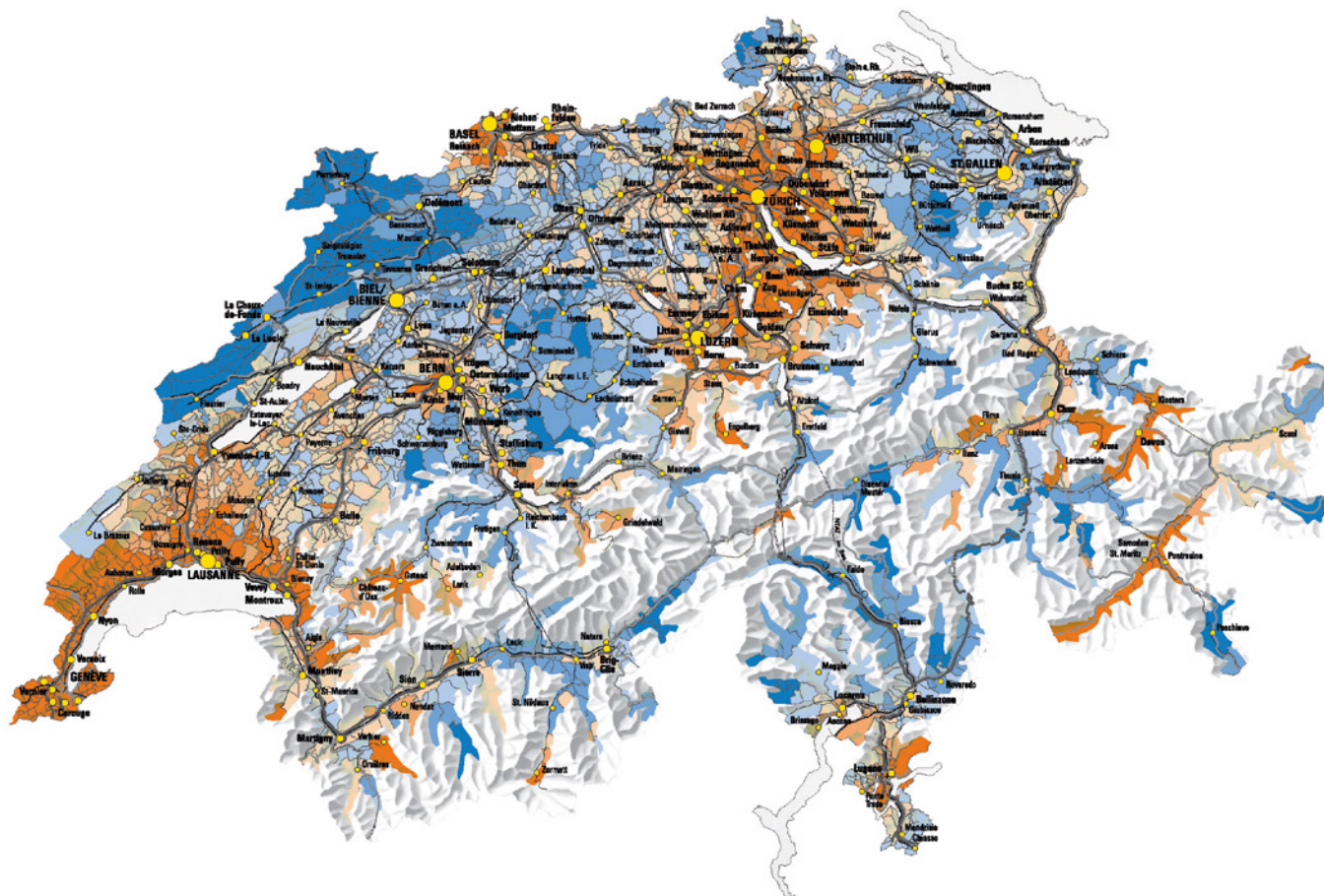
(FIG. 25)

Preliminary assessment: legal circumstances (public and private law)	<ul style="list-style-type: none">- Legal situation- Statistical analysis- Cadastre of polluted sites- Road projects- Trade licenses- Air action plan- Noise sensitivity level- Taxes- Examination of all land register entries (easements, reservations, notes)- Cadastral map- Building insurance- Valuation- Finance- Personal check of seller- Letting and leasing arrangements
Completion of sales negotiations	<ul style="list-style-type: none">- Precise definition of property for sale- Determination of price- Taking possession- Specification of finance- Financial securities
Notarization at the relevant location	<ul style="list-style-type: none">- Signing of contract in the presence of a notary- Payment of financial securities if applicable
Official completion in the relevant land register district	<ul style="list-style-type: none">- Exchange: handover of property against payment- (Signing of land register entry)

Source: Buying and selling real estate. Bürgi Nägeli Rechtsanwälte, www.schweizerische-immobilien.ch

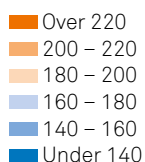
Market Prices for Rented Accommodation, 4th Quarter 2015

(FIG. 26)



Source: Wüest & Partner AG

Net rent (CHF) per square meter
Main useful space and year (median)



7.3 RESIDENTIAL REAL ESTATE

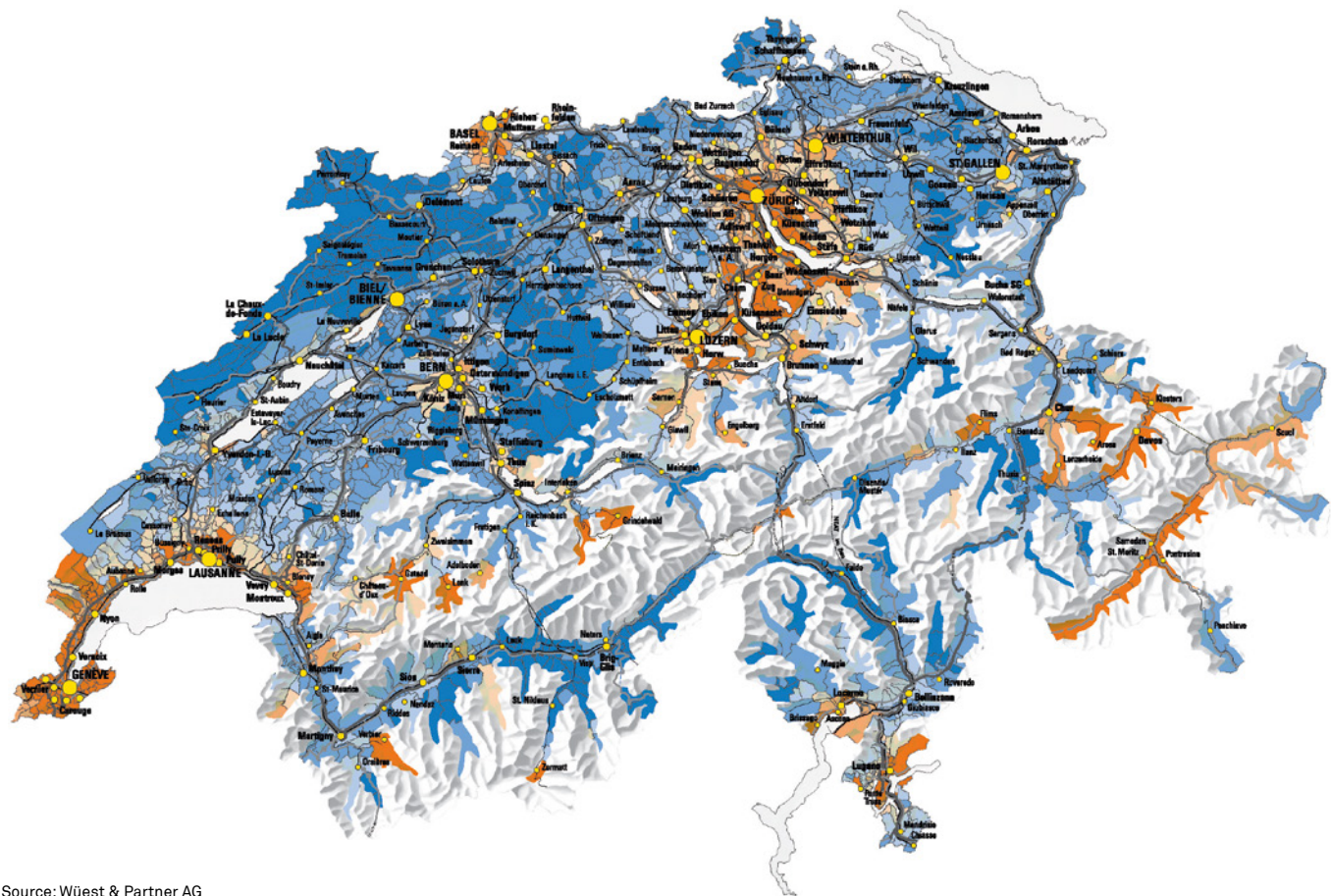
7.3.1 Renting

Two out of three people in Switzerland live in rented accommodation. Demand is high and availability scarce, especially in cities and large urban areas. Since 2003, the vacancy rate has been varying around the 1% mark (June 1, 2016: 1.30%). It therefore takes some patience and luck to find the right place to live.

A number of factors can affect rents. The cantons with the highest rents are usually prime locations within reach of major urban centers. Another factor that explains high rents is a low tax burden.

Market Prices for Owner-Occupied Accommodation, 4th Quarter 2015

(FIG. 27)



Source: Wüest & Partner AG

In CHF per square meter
(average location, undeveloped, with roads and services)

- Over 5,500
- 5,000 – 5,500
- 4,500 – 5,000
- 4,000 – 4,500
- 3,500 – 4,000
- Under 3,500

7.3.2 Buying

The acquisition of residential property by individuals resident abroad is subject to certain legal restrictions (see 7.5). In 2012, the home ownership rate in Switzerland was about 37.2%. It is especially high among families with children, older people, and people with higher incomes.

Once the right property has been found, the next step is to sign a contract of sale. This contract forms the basis for any real estate acquisition and must be drawn up and notarized by a notary. It obliges the seller to transfer the property and the buyer to pay the agreed purchase price. The contract also describes the property and stipulates the date on which the property will be handed over and the securing of any capital gains tax on the property.

Before signing the contract, it is advisable to check the land register to see whether any rights and encumbrances are associated with the land on which the property stands or will be built. By providing proof of interest, you can obtain detailed information in the form of an extract from the land register, for which there is a fee. The information recorded in the land register can be complex. Although a right-of-way is easy for the layperson to understand, the situation is much more complicated when it involves building law or regulations applying to condominiums. In these cases, it may be advisable to consult an expert. The notary who handles the sale can also provide further information. The contract of sale, which must always be publicly notarized, represents the actual underlying transaction and is required for subsequent registration in the local land register. Ownership actually passes to the buyer when the land register entry is made. There is no centralized land register for all of Switzerland; each canton maintains its own register under the supervision of the Federal Office of Justice.

www.ch.ch > Home ownership > Finding out about building ground or plots of ground
Information about the land register
Languages: German, English, French, Italian

www.grundbuchverwalter.ch
Swiss Land Register Administrators Association
Languages: German, French, Italian

www.hausinfo.ch > Finance and taxes > Buying and selling
Additional costs for condominiums
Languages: DE, FR

7.4 LEGAL ASPECTS: BUILDING PERMITS

Buildings and structures may only be erected or altered with the consent of the appropriate authorities. The construction project must first comply with the municipality's zone use plan, and then must also meet other requirements based on planning law and environmental regulations (water, air, waste, and noise) or requirements in the interests of public health and safety.

The building permit process takes an average of three months. Submitting a planning application (application for a building permit) is basically a standardized process. In addition to the project plans, a number of other forms and types of evidence must be submitted, depending on the particular project. It is in the owner's interest to obtain a legal building permit as quickly as possible since the owner must bear the financing costs during the planning and building permit phases. The typical building permit process has four stages:

- a) Notification of the authorities, consultation
- b) Submission of planning application, preliminary examination, additional investigation (environmental impact assessments, historic preservation, etc.)
- c) Examination of the application, public notification (publishing a notice and staking out the extent of the structure), issue of the building permit (including conditions and deadlines)
- d) Period in which objections to the project can be submitted; construction approval

The purchase of land for residential construction is subject to the provisions described in 7.5.

www.ch.ch > Homeownership > Planning application and building permit
Planning applications and building permits
Languages: German, English, French, Italian

7.5 LEGAL ASPECTS: PURCHASE OF REAL ESTATE BY PERSONS ABROAD

The acquisition of real estate in Switzerland by persons abroad is restricted by law and may require a permit. However, the permit requirement basically applies only to the purchase of vacation homes and residential property that will not be used directly by the party in question. As such, foreign nationals resident in Switzerland may purchase both residential and commercial properties.

7.5.1 No Permit Required

No permit is required for real estate that is used for the pursuit of a business activity, i.e. a professional, commercial or industrial activity (with the exception of land for the construction, trade or letting of housing). The concept of business activity is very broad. It applies not only to the classic forms of trade, industry, and commerce but also to the financial and services sector. It therefore covers self-employed professionals such as IT specialists or hotel owners, as well as the operation of a trade or service center and even industrial production. The acquisition of an interest in real estate companies engaged in the buying and selling of such properties is also possible. Residential property can also be acquired under the “business establishment” heading if it is necessary for business purposes (such as accommodation for caretakers or technicians whose permanent on-site presence is required) or if separation from the business property would be impractical or unreasonable.

7.5.2 Permit Required

A permit is required for the purchase of non-commercial real estate by the following groups:

- Foreign nationals resident outside Switzerland
- Non-EU/non-EFTA nationals resident in Switzerland who do not have a permanent residence permit.
- Companies with their head office outside Switzerland (even if the owner is a Swiss citizen).
- Companies that have their legally registered and actual head office in Switzerland but are controlled by non-Swiss nationals resident outside Switzerland. This is the case if foreign nationals hold more than one third of the company capital, have more than one third of the voting rights or have provided significant loans.
- Buyers who purchase a piece of property for the account of a person abroad (fiduciary transaction).

The permit requirements apply not only to the transfer of real estate ownership requiring land register entries but also to any legal transaction that gives a non-resident actual control over any real estate for which a permit is required. For this reason, these groups are not allowed to invest directly in the housing market or conduct real estate dealings involving residential properties.

Permit Requirements For Different Groups

(FIG. 28)

GROUP	NO PERMIT REQUIRED FOR PURCHASE OF...
All persons	Commercial real estate
Citizens of member states of the European Union (EU) and the European Free Trade Association (EFTA) whose main residence is in Switzerland (usually with EU/EFTA B residence permit or EU/EFTA C permanent residence permit)	All types of real estate and property
Non-EU or non-EFTA citizens who have the right to permanently reside in Switzerland (with a C permit)	All types of real estate and property
Non-EU or non-EFTA citizens whose main residence is in Switzerland, who do not yet have the right to permanently reside in Switzerland (usually with a B permit)	Main residence
Companies headquartered in Switzerland controlled by persons who do not require a permit	All types of real estate and property
EU and EFTA cross-border commuters (with EU/EFTA G permit)	Second home in the area of employment

Source: Federal Office of Justice (FOJ), 2016

7.5.3 Reasons for Permit

Permission for the acquisition of properties for which a permit is required may be granted in the following cases on the grounds provided for by law:

- Banks and insurance companies licensed in Switzerland for acquiring real estate in compulsory enforcements and liquidation proceedings if the real estate is encumbered with a mortgage in their favor.
- Insurance companies for actuarial reserves for domestic business.
- The real estate acquisition is used by a Swiss company for the purposes of retirement plans for employees working in Switzerland.
- The property will be used specifically for a charitable purpose.
- Heirs or legatees must sell the property within two years (unless there are close ties with the property meriting protection).
- Hardship: a permit may be granted for a vacation home or a hotel condominium unit if the seller is in financial difficulty and has offered the property without success to individuals who are not required to obtain a permit.
- Certain cantons only: the acquisition of a vacation home by an individual abroad in a tourist resort.
- Certain cantons only: an individual not resident in Switzerland may receive a permit to purchase a second home in a location with which he/she has close economic, scientific/academic or cultural ties.
- Certain cantons only: acquisition of real estate for the construction of subsidized housing.

7.5.4 Enforcement

Enforcement of the law is primarily the responsibility of the canton in which the real estate is located. The authority designated by the canton decides whether or not a transaction requires a permit and whether or not a permit should be granted. Under certain conditions, persons abroad can also be permitted to purchase a vacation home. However, ownership of real estate in Switzerland does not entitle a foreign owner to a residence permit.

“Foreign nationals resident in Switzerland may purchase both residential and commercial properties.”



LABOR MARKET AND LABOR LAW

8

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Switzerland has one of the most productive workforces of any national economy. Its labor market is characterized by liberal legislation, light-touch regulation and exceptional social stability. Labor disputes are solved by the social partners. Strikes are rare. The social insurance system for workers is based on the principles of solidarity and personal responsibility. High salaries attract qualified workers, and employers benefit from competitive unit labor costs thanks to low social security contributions.

8.1 EMPLOYMENT AND UNEMPLOYMENT

Switzerland has about 4.7 million employed people (as at Q2 2016), about 2.2 million of whom are women. The labor force participation rate (people in or seeking work as a percentage of the population aged 15 and over) is 69.2%, one of the highest in the whole of Europe. Foreigners account for 25% of the employed population. 37% of employed people work part-time. 58% of women work part-time, compared to just 17% of men. Switzerland has consistently had low unemployment, which has remained between 1% and 4% over the past ten years (2015: 3.3%)

The Swiss workforce is highly qualified, about 40% having undergone tertiary training. Swiss employees are famous world-wide for their multilingualism, and Swiss managers have above-average international experience. Switzerland was placed top of the 2016 IMD ranking.

International Experience by Managers, 2016

1 = Low, 10 = High

(FIG. 29)

1	Switzerland	8.03
2	Hong Kong	8.00
3	United Arab Emirates	7.52
4	Belgium	7.40
5	Luxembourg	7.38
6	Singapore	7.33
7	The Netherlands	7.27
9	Qatar	6.87
10	Ireland	6.84
11	Denmark	6.72
14	Germany	6.54
15	United Kingdom	6.14
32	USA	5.48
37	India	5.06
41	Italy	4.88
43	France	4.80
55	Russia	4.38
56	Brazil	4.34
58	China	4.02
61	Japan	2.77

Source: IMD World Competitiveness Yearbook 2016

In terms of motivation to work, the Swiss rank second worldwide behind Denmark (Fig. 30). Swiss employees identify very strongly with their companies, partly because most companies are small or medium-sized.

International Comparison of Motivation to Work, 2016

1 = Low, 10 = High
(FIG. 30)

1	Denmark	8.06
2	Switzerland	8.06
3	Norway	7.74
4	Austria	7.62
5	Germany	7.59
6	Ireland	7.58
8	Hong Kong SAR	7.41
9	The Netherlands	7.40
10	Japan	7.08
17	USA	6.70
23	Singapore	6.42
24	Belgium	6.42
25	United Kingdom	6.34
36	India	5.78
37	China	5.76
39	Italy	5.47
41	Brazil	5.25
41	France	5.25
55	Russia	4.56

Source: IMD World Competitiveness Yearbook 2016

8.2 COST OF LABOR

8.2.1 Wages

Salaries are relatively high in Switzerland, reflecting the country’s high levels of prosperity and output. Generous salaries are a symbol of success and make the country attractive to qualified workers. Compared to other cities (in 2015), gross wages in Zurich and Geneva are highest overall, ahead of those paid in Luxembourg and New York (Fig. 31). Due to the lower deductions (taxes, social insurance) compared to other countries, Switzerland also holds first place when it comes to net income.

Regular official surveys of wage levels and structures show considerable differences both within and between the individual sectors.

www.lohnrechner.bfs.admin.ch
Individual salary calculator
Language: German, French, Italian

www.bfs.admin.ch > Topics > Work and income
Salaries and wages
Language: German, English, French, Italian

International Comparison of Salaries, 2015

Gross pay, New York City = Index 100
(FIG. 31)

Zurich	131.3
Geneva	130.1
Luxembourg	106.4
New York	100
Miami	92.4
Copenhagen	92.2
Sydney	89.8
Los Angeles	87.5
London	75.5
Brussels	72.8
Tokyo	70.1
Dublin	68.8
Helsinki	67.8
Berlin	64.0
Paris	62.8
Rome	60.0
Hong Kong SAR	49.4
Sao Paulo	34.7
Moscow	21.3
Shanghai	18.1
Beijing	13.4

Source: UBS 2015 study of prices and salaries

Monthly Gross Salaries (Median Value) by Economic Sector and Major Region, 2014

Private Sector (in CHF)

(FIG. 32)

ECONOMIC SECTOR	SWITZERLAND	LAKE GE-NEVA REGION	MITTELLAND REGION	NORTHWEST SWITZERLAND	ZURICH	EAST SWITZERLAND	CENTRAL SWITZERLAND	TICINO:
Total	6,189	6,118	6,112	6,451	6,614	5,813	6,196	5,125
Sector 2: Production	6,227	6,362	6,057	6,057	6,501	5,944	6,285	5,116
Mining, extraction of stones/soils	6,225	5,948	6,525	6,070	-	6,163	6,295	5,856
Processing industry; industry	6,293	6,542	6,011	7,291	6,548	5,957	6,293	4,504
Energy	8,429	9,997	8,264	9,085	8,125	7,557	8,053	6,848
Water supply; waste water/waste disposal	5,731	5,331	5,764	6,223	5,854	5,679	6,185	4,222
Building trade	6,068	6,067	6,000	6,030	6,473	5,884	6,118	5,520
Sector 3: Services	6,161	5,958	6,144	6,215	6,664	5,672	6,137	5,129
Trade, Repair of Motor Vehicles	5,451	5,374	5,238	5,722	5,478	5,356	5,990	4,860
Hotel and catering	4,333	4,200	4,331	4,333	4,463	4,372	4,372	3,895
Transport and warehousing	6,135	5,674	6,442	6,128	5,831	5,337	5,437	4,775
Financial and insurance services	9,374	10,141	7,524	8,603	9,999	7,803	7,677	7,744
IT and communication	8,474	8,500	8,501	8,165	8,952	7,366	7,862	5,510
Education	7,246	7,000	7,137	6,932	7,781	7,587	7,404	6,115
Healthcare and social services	6,103	5,973	6,058	6,097	6,506	5,960	6,164	5,623
Misc. public & pers. services	3,910	3,802	3,756	4,013	4,233	3,906	3,814	3,564

Source: Swiss Federal Statistical Office (FSO), survey of Swiss salary structures

Gross Income from Employment (Median Value) per Annum by Professional Group, 2015

(CHF)

(FIG. 33)

FULL-TIME (90% OR MORE), WOMEN AND MEN		FULL-TIME (90% OR MORE), WOMEN AND MEN	
Employees		Self-employed	
Managers	120,000	Managers	90,000
Academic professions	104,000	Academic professions	109,500
Technicians and professions of equal rank	87,000	Technicians and professions of equal rank	90,000
Office and commercial employees	75,400	Office and commercial employees	71,500
Service and sales professions	61,400	Service and sales professions	55,100
Agricultural specialists	63,800	Agricultural specialists	55,100
Handicraft and allied professions	70,500	Handicraft and allied professions	73,100
Plant and machinery operators	70,500	Plant and machinery operators	68,500
Elementary occupations	58,200	Elementary occupations	50,000
No answer/don't know	89,600	No answer/don't know	76,100
Total	81,900	Total	78,000

Source: Swiss Federal Statistical Office (FSO), Swiss Labor Force Survey

8.2.2 Non-Wage Labor Costs

The deciding factor for employers is not the salaries that they pay, but rather the unit labor cost. Although salaries are high in Switzerland, the non-wage labor costs that employers must bear in addition to gross salaries (employer’s social security contributions) add only about 15%. Coupled with high productivity, modest taxes and low capital costs, this means that at the end of the day many employers pay less than in other European countries.

Payroll Accounting: Employee and Employer’s Contributions; Example: Employee with Two Children

(FIG. 34)

EMPLOYEE	(%)	(IN CHF)
Gross salary		10,000.00
State social welfare (OASI/DI/EO)	5.15%	515.00
State unemployment insurance (ALV)	1.10%	110.00
Accident insurance NBU ¹	2.00%	200.00
Pension fund BVG ²	6.50%	650.00
Daily sickness insurance ³	0.62%	62.00
Social security contributions		-1,537.00
Child/family allowances ⁴		200.00 400.00
Net salary		8,863.00

EMPLOYER	IN %	(IN CHF)
Gross salary		10,000.00
State social welfare (OASI/DI/EO)	5.15%	515.00
Administration fees (OASI/DI/EO)	0.30%	30.30
State unemployment insurance (ALV)	1.10%	110.00
Occupational illness BU ¹	0.50%	50.00
Pension fund BVG ²	6.50%	650.00
Daily sickness insurance ³	0.62%	62.00
Child/family allowances ⁴	2.00%	200.00
Employer’s contributions		-1,617.30
Total personnel costs		11,617.30

¹ Depends on sector and operating risk
² Approach varies depending on age of insured person
³ Voluntary insurance
⁴ Varies depending on family compensation fund and canton

Source: State Secretariat for Economic Affairs (SECO), Swiss Code of Obligations (OR)

8.2.3 Productivity

Productivity is another important aspect of labor. In international comparisons this is usually measured in terms of gross domestic product per hour worked. By this standard, Switzerland is one of the world’s most productive countries.

GDP per Hour Worked, 2016

(nominal, in US dollars)

(FIG. 35)

1	Norway	100.03
2	Luxembourg	94.49
3	Switzerland	87.59
4	Denmark	72.78
5	Ireland	68.57
6	USA	66.96
7	Sweden	64.65
8	Belgium	63.80
9	France	60.37
11	The Netherlands	59.26
12	Germany	56.90
14	United Kingdom	54.81
18	Italy	42.98
21	Hong Kong SAR	38.68
23	Japan	36.61
24	Singapore	36.51
51	Brazil	9.28
52	Russia	9.22

Source: The Conference Board 2016

8.3 EMPLOYMENT CONTRACTS AND EMPLOYEE REPRESENTATION

The Swiss labor market is generally considered one of the world's most liberal (Fig. 36). Swiss labor law specifies the rights and obligations of employees and employers alike. It contains considerably fewer provisions than the legislations in the EU states and is set out in several laws – the Swiss Code of Obligations (individual employment contracts, collective bargaining agreements, normal employment contracts), the Labor Act (general health and safety, working and rest times, young people, pregnant women and new mothers) as well as the Accident Prevention Law (safety at work).

The mandatory law of the Swiss Confederation and the cantons has precedence over the provisions of the collective bargaining agreement, although different provisions can be specified to the benefit of the employee, provided nothing else is stated in the compulsory law. If, on the other hand, the legal provisions are not mandatory, agreements made between the parties have precedence. Some labor law regulations can be amended by collective agreement, but they cannot be amended by an individual employment contract.

Salaries are negotiated either directly between the employer and employee, or within the scope of collective bargaining agreements. Here too, the legislator refrains from strict regulations in accordance with the liberal economic system. This allows a certain amount of room for direct agreements between the social partners.

8.3.1 Individual Employment Contract

Employers are required to provide employees with the key points of the employment contract in writing by no later than one month after the employee starts work.

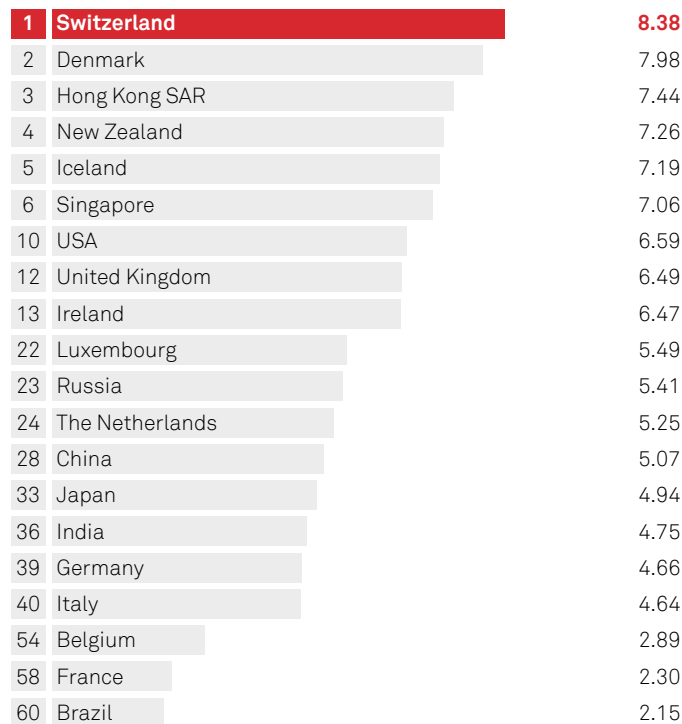
In larger companies, it is recommended to have an employee handbook containing the most important employment provisions, as the employment contract itself only contains provisions on wages, the notice period and special terms (e.g. a non-competition clause). Employment contracts and employee handbooks must conform to the mandatory provisions of the Swiss Code of Obligations and the provisions of collective bargaining agreements, where applicable. Employee handbooks should not be confused with agreements between the employer and the works council, as practiced in EU countries (and which do not exist in this form in Switzerland). However, industrial companies are required to establish "work rules". These work rules must state the regulations on occupational health and safety and accident prevention. Employees or their representatives must be consulted before the rules come into force.

Companies may include in the employment contract a non-competition clause both for the duration of the employment with the company and beyond. Through a non-competition clause, the employer prevents employees who leave the company from using special knowledge that they gained while working there in a way that provides competition for their former employer. In practice, demanding requirements are imposed on the wording and enforcement of such clauses. There is no mandatory provision for compensating employees for agreeing to such non-competition clauses.

Deregulation of the Labor Market, 2016

Hinders entrepreneurial activity 1 = Greatly, 10 = Not at all

(FIG. 36)



Source: IMD World Competitiveness Online 2016

“The Swiss labor market is considered one of the world's most liberal.”

- Non-competition clauses must:
- be written
 - be clearly defined (location, area, client group); general restrictions do not suffice
 - specify the duration; in general no longer than three years.

8.3.2 Collective Bargaining Agreements

Collective bargaining agreements are concluded between employers' and employee associations. By doing so, these parties define the minimum conditions (e.g. minimum salaries, holiday entitlement, working hours, periods of notice or pension age) that individual employment contracts cannot go below. A collective bargaining agreement is normally agreed for a set term. During the term, both sides have an obligation not to engage in industrial action.

With the declarations of general applicability, the scope of a collective bargaining agreement is extended to all employees and employers in a particular sector. Minimum wages which have been negotiated within the scope of a collective bargaining agreement of this kind have to be observed by all employers. The approximately 600 (2014) non-binding collective bargaining agreements must be observed only if the contractual parties are members of the respective associations. In Switzerland there are 42 generally binding collective bargaining agreements that have been issued by the federal government and 39 issued by the cantons (2016).

If there are differences of opinion between an employer and the workforce, an amicable solution is sought, often internally. This fundamental approach dates back to the 1937 "peace agreement" between Swiss employers' and employee organizations. In accordance with the mutual agreement to maintain peace, workers and management seek to resolve conflicts through discussions. Solution-oriented employer-employee relations are the norm in Switzerland (cf. Fig. 37).

www.seco.admin.ch > Topics > Labor > Labor law
Declaration on the general applicability of collective bargaining agreements.
Language: German, French, Italian

8.3.3 Co-Determination and Employee Representation

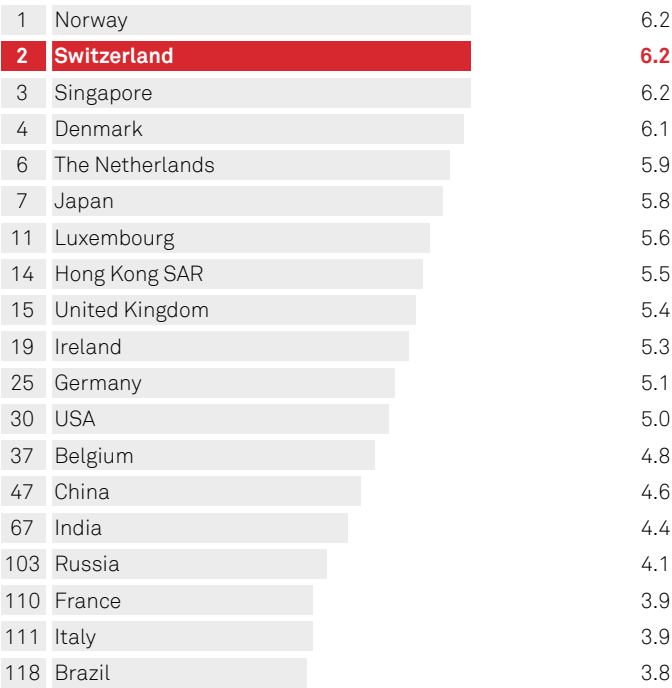
The Co-Determination Act governs the participation of employees in a company and applies to all private companies with employees in Switzerland, regardless of their size. Participation consists mainly of informing and listening to employees. In the areas listed below, the employer must inform employees of all significant circumstances, new developments and/or changes. Employees have the right to take their questions and/or comments to their employer and make suggestions. The act also governs the election of employee representation committees. Employees are entitled to representation in all companies with 50 or more employees. Employers need only inform or consult the employee representative or the affected employees in the following instances:

- In all matters relating to occupational safety and worker protection
- On the transfer of operations
- In the event of mass layoffs
- When joining a professional pension scheme

In addition, the employer must inform the employees at least once a year about the impact the course of business is having on employment and the staff.

Unanimity among employers and employees, 2016

1 = Total confrontation, 7 = Total cooperation
Average: 4.33
(FIG. 37)



Source: World Economic Forum, The Global Competitiveness Report 2016-2017

Works councils in the EU have far greater powers than employee representation committees under Swiss law. The major difference is that, in contrast to works councils, Swiss employee representation committees are not able to push through their own views or to force a decision. Their rights are limited to being informed, having their views heard and providing decision-making input.

8.4 WORKING HOURS AND HOLIDAYS

8.4.1 Normal Working Hours, Maximum Working Hours and Working Time Models

Employment contracts or collective bargaining agreements generally stipulate that normal working hours for employees in Switzerland are 40 to 44 hours per week. The legal maximum working time in Switzerland has remained stable over many decades. The maximum number of working hours per week is 45 hours for industrial companies (this also applies to office staff and technical employees and sales personnel in large retail stores). For commercial operations, the maximum is 50 hours per week. This differentiation between normal and maximum working hours is important for the definition of overtime and excess hours.

In practice, there are many ways of adapting working hours to the needs of a business: for example, flex-time, the range model, two/multiple-shift operation or continuous operation (7 x 24 hours x 365 days) are all possibilities. In particular, in the case of the need for continuous operation, the daily and weekly maximum hours can be extended and break times can be distributed differently.

8.4.2 Overtime and Excess Hours

Overtime is defined as any work undertaken beyond normal working hours and up to the permitted weekly maximum. Employees are obliged to perform such overtime to the extent that they are able to do so and which they may be reasonably expected to perform. By law, overtime must be paid at a premium of 25%. It is possible, however, for the premium to be waived in writing. Instead of overtime pay, employees may be compensated through time in lieu of at least the same duration, provided the employer and employee agree to this. Employees in managerial positions can also be compensated for overtime in general through their normal salary.

If the weekly maximum number of working hours is exceeded, this is referred to as excess hours. Under the Labor Act, excess hours may not exceed two hours per day for an individual employee. In total, excess hours may not exceed 170 hours per year for employees with a weekly maximum working time of 45 hours, or 140 hours for employees with a weekly maximum working time of 50 hours. Unless compensated by time in lieu within a reasonable timeframe, excess hours must be paid at a premium of 25%.

In contrast to many European countries, the consent of the employee representation committee is not necessary in Switzerland for overtime or excess hours. Neither is it necessary to obtain official approval, provided the above limits are not exceeded.

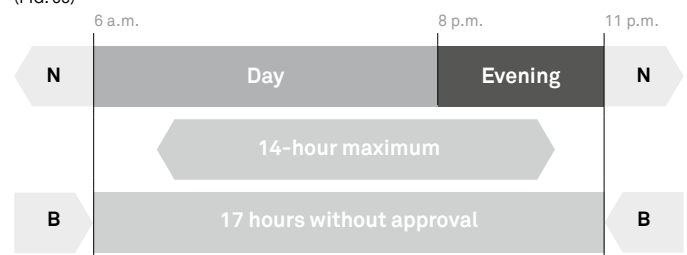
8.4.3 Daytime and Evening Work

Working hours from 6:00 a.m. to 8:00 p.m. are considered daytime work. Work undertaken between 8:00 p.m. and 11:00 p.m. constitutes evening work. Daytime and evening work do not require approval. However, evening work may be introduced only after consultation with the employee representation committee or, if there is none, after consultation with the affected employees. This rule allows the introduction of two-shift operation without official approval. The working time of an individual employee, including breaks and excess hours, must not exceed 14 hours.

Daytime, Evening and Night-time Periods

N = Night-time period, A = Approval required

(FIG. 38)



Source: State Secretariat for Economic Affairs (SECO)

“There are many ways to adapt working hours to the needs of a business.”

8.4.4 Night Work, Working on Sundays and Public Holidays

Approval from the authorities is generally required if night work is needed (apart from companies where special conditions apply). For temporary night work, a premium of 25% must be paid. For permanent or regularly recurring night work, employees are entitled to paid leave of 10% of the time worked during night hours. This leave must be granted within one year. There is no entitlement to compensation in the form of paid leave if the average shift time, including breaks, does not exceed seven hours, or if the person working at night is employed for only four nights per week.

Sunday is defined as the time between 11 p.m. on Saturday and 11 p.m. on Sunday. Except where special regulations apply to certain sectors, approval from the relevant authority is also needed for work on such days. Only one holiday – August 1 (Swiss National Day) – is treated as equivalent to a Sunday throughout the country. The cantons may declare up to eight additional holidays as equivalent to a Sunday. They must be differentiated from the legally recognized public holidays: Although the same rules generally apply to these days as to holidays treated as Sundays, the legal basis for this is defined by the canton or municipality and so may differ in detail from the provisions regarding Sundays.

8.4.5 Leave and Public Holidays

All employees in Switzerland are entitled to at least four weeks' paid leave per year (young people under the age of 20 are entitled to five weeks), at least two of which must be taken consecutively. Part-time employees are also entitled to paid leave in proportion to the percentage of standard hours they work. Leave must be taken, and may not be compensated through payment. There are no further statutory leave entitlements. However, longer entitlements are customary in collective bargaining agreements, and 25 days per year are usually granted to employees over the age of 50. During paid leave, salaries are paid in exactly the same manner as during regular working time. Additional vacation pay, as frequently encountered in tariff agreements in the EU, is unknown in Switzerland.

In addition, employees normally have time off on nine legally-stipulated public holidays. As cantons may stipulate their own public holidays, some cantons may have more public holidays. Only August 1, New Year's Day, Ascension Day and Christmas Day are holidays throughout Switzerland. All other public holidays vary from canton to canton. Employees also receive time off for weddings, funerals, moving, dental appointments, etc. The law does not stipulate how much time may be taken off.

www.feiertagskalender.ch
Holiday calendar
Languages: German, English, French, Italian

8.5 TERMINATION AND SHORT-TIME WORK

An employment contract can be terminated in writing or verbally at any time by either party and without valid reason. Under Swiss law, the employee representation committee does not have a say in this type of termination. Only in the case of mass layoffs does the employee representation committee have the right to be consulted by the employees. The employee representation committee must be given an opportunity to submit proposals about how the layoffs can be avoided or the number of layoffs can be limited and how the effects can be alleviated. Essentially, the recipient of the notice of termination has the right to demand that the reason for termination be stated in writing. There is no investigation of whether or not the termination is socially unjustified, i.e. whether the reasons are related to performance or other characteristics of the employee or whether difficult business considerations made the redundancy necessary. An employment contract can be ended through:

- Termination
- Termination due to change of contract (conclusion of a new employment contract with altered conditions)
- Agreement to terminate employment (mutual cancellation of the employment contract)
- Termination on a specific date (for fixed-term contracts)
- Retirement
- Death of the employee

8.5.1 Notice Periods and Termination Protection

In general, the notice period is defined in the employment contract, in the standard employment contract, by the relevant profession or in the collective bargaining agreement. If there is no contract or regulation, then the provisions of the Swiss Code of Obligations apply:

- During the probationary period (max. 3 months): 7 days
- In the first year of service: 1 month
- In the second to ninth year of service: 2 months
- From the tenth year of service onward: 3 months.

The notice period can be changed in writing but may not be shorter than one month (except under a collective bargaining agreement during the first year of service). For employees in managerial positions, notice periods of up to six months are often fixed from the very outset of employment. After the probationary period, notice of termination may be given only to the end of the month. In order for the termination notice to be legally valid, the person to be dismissed must receive it before the notice period begins. Even in the case of summary dismissal, the employee's salary must continue to be paid out until the end of the notice period.

An employment contract can be terminated summarily only in serious exceptional circumstances, such as fraud, refusal to work or competition with the employer. In practice, summary dismissals are very difficult to carry out, as the reason for termination is often open to interpretation.

It is improper to dismiss an employee on the grounds of their age, skin color or religion, for example. Nor may a person be dismissed because of their political affiliation or membership in a trade union. Improper dismissals can be appealed against, and may give rise to claims for compensation. There are certain times when it is not possible to dismiss an employee, such as when the employee is

Flexibility in Hiring and Firing, 2016

1 = Hindered by regulations,

7 = Flexible and at the employer's discretion

(FIG. 39)

1st	Switzerland	5.8
2	Hong Kong SAR	5.7
3	Singapore	5.6
4	Iceland	5.6
5	Denmark	5.5
6	United Arab Emirates	5.3
7	USA	5.1
9	United Kingdom	5.1
14	Ireland	4.8
15	India	4.8
25	China	4.5
43	Germany	4.1
45	Russia	4.1
49	The Netherlands	4.0
54	Luxembourg	3.9
114	Belgium	3.2
115	Japan	3.2
124	Italy	2.8
129	France	2.6
137	Brazil	1.9

Source: World Economic Forum, The Global Competitiveness Report 2016-2017

sick, has suffered an accident, is pregnant or serving in the military, civil defense, civilian service or aid campaigns abroad. Dismissal in these situations is not valid, and referred to as termination during barred periods.

Compared with other countries, Switzerland has highly investor-friendly labor market provisions. It is relatively easy for companies to hire employees and then dismiss them again to react flexibly to economic change.

8.5.2 Short-Time Work and Mass Layoffs

A company may be forced to take measures to lower staff costs in the event of a deterioration in the order situation or for other reasons. Overcapacity may be alleviated through a temporary reduction in or complete halt in production. In order to maintain jobs, an employer that applies for short-time work receives 80% of the lost income of his employees through his unemployment insurance for a specific period. This is done to prevent dismissal as a result of a temporary and unavoidable lack of work. However, employees have the right to reject the short-term work compensation and to continue to receive the full salary. By doing so, however, they risk being dismissed. This is because dismissals are the last means that a company can resort to when utilization levels

fluctuate. In the event of mass layoffs, Articles 335d-g of the Swiss Code of Obligations stipulate that the employer must

- consult employees, and
- inform the cantonal labor office in writing.

www.treffpunkt-arbeit.ch > For employers > Insurance benefits

Short-time work: brochures, forms and addresses

Language: German, French, Italian

8.6 SOCIAL INSURANCE

The Swiss social insurance system is based on three coordinated pillars: state-sponsored, employer-sponsored and personal plans. Personal responsibility is a key factor in this system. As a result, the overall tax and contribution burden remains modest by international standards.

The three pillars of Swiss social security are as follows:

Pillar 1: This first level meets the basic needs of the insured or beneficiary through the government-sponsored old age and survivors' pension (OASI), as well as long-term disability insurance (DI). Both are compulsory and funded jointly through contributions (percentage of salary) by the employer, the employee and taxes.

Pillar 2: Occupational pension plans (BVG), which supplement the first pillar, enable people to maintain their accustomed standard of living after retirement. All persons working in Switzerland must be insured. The plans are funded through contributions (percentage of salary) by the employer and the employee.

Pillar 3: Personal voluntary retirement plans for employees and self-employed individuals cover additional personal needs, mainly through bank and insurance savings. Contributions to individual retirement plans enjoy preferential treatment under tax laws to some extent.

These three pillars of social insurance are supplemented by unemployment insurance, the compensation system for loss of income due to military service or civil protection, maternity benefits and family allowances, which are governed by cantonal law.

www.bsv.admin.ch

Swiss Federal Social Insurance Office (FSIO)

Language: German, English, French, Italian

www.bsv.admin.ch > Insurance Practices > SMEs/companies

SME guide to social insurance

Language: German, French, Italian

www.kmu.admin.ch > Practical information > Personnel > Personnel management

Social insurance for SMEs

Language: German, French, Italian

Overview of Obligatory Social Insurance Contributions 2016

(FIG. 40)

INSURANCE	EMPLOYEE	EMPLOYER	SELF-EMPLOYED	UNEMPLOYED
Old-Age and Survivors' Insurance (OASI)	4.2% of salary	4.2% of salary	Max. 7.8%	Min. CHF 392 Max. CHF 19,600
Disability Insurance (DI)	0.7% of salary	0.7% of salary	Max. 1.4%	Min. CHF 65 Max. CHF 3,250
Compensation for loss of income and maternity benefits	0.225% of salary	0.225% of salary	Max. 0.45%	Min. CHF 21 Max. CHF 1,050
Occupational accidents	None	0.74% (premium rates according to risk)	Insured through the mandatory health insurance scheme	-
Non-occupational accidents	1.35% (from 8 hours/week)	None	Insured through the mandatory health insurance scheme	-
Health Insurance	per capita	None (voluntary contributions may be possible)	per capita	per capita
Unemployment Insurance	1.1% for income components up to CHF 148,200; 0.5% for salary components of more than CHF 148,200	1.1% for income components up to CHF 148,200; 0.5% for salary components of more than CHF 148,200	(Non-insurable)	-
Occupational Pension Funds	7.73% (calculated in% of insured salary (max. CHF 842,400)) Size depends on insurance regulations	10.43% (calculated in% of insured salary (max. CHF 842,400)) Size depends on insurance regulations	Voluntary	-
Family Allowances	Canton of Valais only (0.3% of total income)	0.3%–3.63% of total income (depending on family compensation fund)	0.3%–3.4%	-

Source: Federal Office for Social Insurance Policies, January 2016

8.6.1 Old Age and Survivors' Insurance

OASI provides old-age benefits (a retirement pension) or benefits to dependents (widows' and orphans' pensions). The benefits depend on the amount of previous income and the amount of time for which contributions were made. OASI insurance is mandatory for everyone who lives or works in Switzerland. All men and women who work in Switzerland are required to contribute, with the employer paying half of the contribution and the employee the other half. The non-active population, such as students, disabled people, pensioners or housewives that live in Switzerland, also pay a contribution. The insurance is based on the pay-as-you-go process: The current economically-active generation finances today's pensioners.

8.6.2 Disability Insurance

The aim of disability insurance is to help integrate or reintegrate persons who are disabled due to birth defects, illness or accidents into the workforce. A pension is paid only if the person is unable to take up employment or return to his/her job. Contributions are mandatory and levied together with OASI contributions.

8.6.3 Accident Insurance

Accident insurance covers all persons employed in Switzerland against accidents at the workplace, occupational illnesses and non-occupational accidents. Healthcare and ancillary needs (treatment, required medical aid, travel and transport costs) and payments (daily benefits allowance, disability pensions, lump-sum compensation and perpetual care benefits and survivors' benefits) are all covered. The employer funds the premiums for occupational accidents and illness, while the employee pays the premiums for non-occupational accidents. The employer must finance the entire premium amount, but part of this amount is deducted from the employee's salary. The amount is based on the employee's insured salary. The maximum insured salary is CHF 126,000 per year.

www.bag.admin.ch > Topics > Accident and military insurance
Swiss Office of Public Health (FOPH) information on accident insurance
Language: German, English, French, Italian

8.6.4 Health Insurance and Daily Sickness Insurance

Mandatory health insurance offers cover for illness, pregnancy and accidents where there is no accident insurance for this. Employees are free to choose their policy. Everyone has the right to basic insurance, regardless of their health or age. In addition, voluntary supplementary policies can be taken out (generally requiring a health check). Premiums are charged per person, not based on income. The amount of the premium depends, amongst other things, on the amount of the division of costs (CHF 0-2,500) of the selected model and the municipality. Employers do not generally make health insurance contributions.

In Switzerland there is no legal obligation for employers to conclude daily sickness insurance for their employees. If group insurance is not arranged for employees, employers are obliged to pay employees their full salary for a certain period (depending on years of service) if they are unable to work through no fault of their own. The same applies to pregnant women who cannot attend work for health reasons.

That is why many employers take out daily sickness insurance for their employees. The costs depend on the scope of coverage (illness, maternity, accident). Maternity benefits as per the Compensation

for Loss of Earnings Act have precedence over daily sickness benefits. If at all, daily sickness benefits are paid to supplement maternity benefits, provided there is no over-compensation.

www.bag.admin.ch > Topics > Health insurance
Swiss Office of Public Health (FOPH) information on health insurance
Language: German, English, French, Italian

www.priminfo.ch
Comparison of health insurance premiums (FOPH)
Language: German, French, Italian

8.6.5 Compensation for Loss of Income and Maternity Benefits

The Ordinance on Compensation for Loss of Income compensates people who have lost part of their income due to military service or civil defense. The ordinance also covers loss of income during pregnancy (maternity benefits). Insurance is mandatory, and must be paid by everyone who makes OASI contributions (half is met by the employer, half by the employee).

Employed pregnant women receive 80% of their average salary before delivery, up to a maximum of CHF 196 per day, for fourteen weeks. The only conditions are that they had mandatory OASI cover for the nine months immediately before birth, worked for at least five months during pregnancy and were still deemed able to work at the time of delivery. It is not possible to dismiss women while they are pregnant or for 16 weeks after delivery. Employed mothers are forbidden from working for up to eight weeks after delivery.

www.bsv.admin.ch > Topics > Loss of income / maternity
FISO information on compensation for loss of income
Languages: German, French, Italian

8.6.6 Unemployment Insurance

Unemployment insurance (ALV) continues to pay a partial salary upon unemployment for a limited amount of time and promotes the re-entry of the unemployed person into the job market. It is mandatory for employees. All workers who are not self-employed must make contributions. Unemployment insurance is financed equally by the employer and the employees (each pays 1.1%). It is not possible for self-employed persons to insure themselves against unemployment, even voluntarily. In order to receive unemployment benefits, employees must be able to demonstrate payment of at least 12 monthly contributions within the last two years, to prove that they have worked. For EU/EFTA citizens, contributions made in their home country also count if employment requiring contributions was carried out in Switzerland after arrival. Another requirement is that the person must be in a position to take up work, which means that he/ she is ready, able and permitted to take on appropriate work and participate in integration measures. Regular application for jobs is mandatory. Compensation generally amounts to 70% of the salary subject to OASI (average of the last six contribution months or, if more advantageous, the last twelve prior to unemployment) or 80% for children requiring support, in the case of disability or for those with income of less than CHF 3,797. The maximum insured salary is CHF 10,500 a month. As a rule, a maximum of 520 daily allowances may be drawn within a two-year period.

www.treffpunkt-arbeit.ch > Arbeitslos – was tun?
Information for the unemployed
Languages: German, French, Italian

8.6.7 Occupational Pension Funds

Occupational pension funds serve to ensure that an employee's accustomed standard of living can be maintained after retirement. They are based on the Federal Act on Occupational Pensions, which since 1985 has provided mandatory insurance for all employed persons from the age of 18 (against risks) and from the age of 25 (savings plan). A person must currently earn a minimum of CHF 21,150 to participate (2015). The maximum mandatorily insured salary is CHF 84,600. The employer contributes at least as high a premium as the employee. Some employers choose to pay more. Premiums can vary between 7% and 18% of income, based on age and sex (the older the person, the higher the premium). The payment of the pension is based on a legally-determined conversion rate, which constitutes the statutory minimum (6.8%; conversion rate as of 2014). Pension funds are foundations, cooperatives or public law institutions that are monitored by cantonal and federal supervisory authorities. Smaller companies often join a collective pension foundation or association.

www.bsv.admin.ch > Topics > Occupational pension funds and 3rd pillar
Swiss Federal Social Insurance Office (FSIO) information on occupational pension funds
Languages: German, French, Italian

8.6.8 Family Allowances

Family allowances partially compensate the costs of raising children. The support, which to date has been limited to just employees, was extended to cover self-employed people on January 1, 2013. In some cantons, entitlement is income-dependent. Normally, people who are not gainfully employed only have a claim if their annual income does not exceed CHF 42,300. Special regulations apply to agriculture. Only one allowance is available for each child.

Family allowances include child and education allowances, as well as birth and adoption allowances mandated by the individual cantons. All cantons provide the following minimum allowances per child per month:

- A child allowance of CHF 200 for children up to the age of 16
- An education allowance of CHF 250 for children between the ages of 16 and 25

Family allowances are financed almost exclusively by the employer, except in Valais (where they are partially financed by the employee).

www.kinderzulagen-rechner.ch
Calculation of family allowances by canton
Languages: German, French, Italian

8.7 RECRUITMENT

There are many options for recruiting external candidates:

1. Ads in newspapers or specialist journals
2. Online ads
3. Contact with universities and colleges
(Internet platforms/trade fairs)
4. External consultants
5. Headhunters
6. Regional employment centers
7. Third parties

Each employer's choice depends on its needs and budget.

8.7.1 Public Employment Service

The regional employment centers (RAV) are public service providers that specialize in advising and placing job-seekers. About 130 RAVs offer employers personal assistance with their recruitment through a personnel consultant. There are many well-qualified job seekers registered with the RAVs who are immediately available for permanent or temporary positions. On request, RAVs can screen applicants according to the employer's criteria, thus making the selection process easier. RAVs can also advertise open positions in the internal job market on its Website and/or on teletext. The employment service Website is the largest job exchange in Switzerland. One advantage is that all RAV services are free.

www.treffpunkt-arbeit.ch > For employers
Regional employment centers (RAV)
Languages: German, French, Italian

8.7.2 Private Employment Agencies

It may be worth using an employment agency to find a highly qualified specialist or manager. These agencies do most of the legwork: designing job ads, planning media use and selecting applicants. It also makes sense to work with an employment agency if the name of the company is to be kept confidential due to sector-specific or internal reasons. However, this method is expensive, as it may cost one or more months' salary for the position to be filled.

8.7.3 Headhunters

Headhunters, or executive search consultants, act as a bridge between a company's need for highly-qualified specialists and managers and the desire of such individuals to find challenging and attractive positions. Headhunters specialize in recruiting through direct contacts and work on a mandate basis. They range from companies specialized in certain industries to large international firms with household names and boutique companies especially suited to generalist tasks, complex jobs or unconventional solutions. Hiring a headhunter is always beneficial if the usual paths of internal recruitment or ads on Websites and in newspapers fail to produce results.

8.7.4 Staffing/Temporary Employment Agencies

Hiring staff for a limited amount of time through temporary employment agencies is useful if there is a temporary surge of orders or if staff need replacing at short notice. An hourly wage is agreed between the agency and the client, which is usually 1.4 to 2 times the normal hourly rate. However, only the hours worked must be paid, and all ancillary costs are included. The agency remunerates temporary staff as their employer and is responsible for all social contributions and insurance. The same labor law protections apply

as with "traditional" forms of employment.

Temporary employment agencies require a cantonal license in order to operate. They are also required to set aside a significant deposit to cover the claims of their employees. A federal license and a higher deposit are also required to operate abroad.

www.sgp.ch
HR Swiss: Swiss Association for Human Resources Management
Languages: German, English, French, Italian

www.swissstaffing.ch
Employment services trade association
Languages: German, English, French, Italian



FINANCIAL CENTER AND CAPITAL MARKET

9

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Accounting for 9.3% of GDP and employing around 212,000 people (5.45% of the employed population in Switzerland), the Swiss financial sector is of key economic importance. The main areas of expertise are private banking, asset management, and insurance. Switzerland's long tradition of economic and financial stability is reflected in low inflation, low interest rates, and the significant international role that the Swiss franc plays, particularly in asset management and issue underwriting business.

9.1 BANKS

9.1.1 Structure and General Conditions

In Switzerland there are some 270 banks, 200 insurance companies, and 2,000 pension funds. Apart from the two major global banks, UBS and Credit Suisse Group, which together hold just under 50% of total assets, the cantonal, regional, and savings banks also play an important role. In addition, there are many smaller financial institutions and private banks, some of which offer highly specialized services such as commodity trade finance. The group of 24 cantonal banks, which are either entirely or partially under state ownership and which mostly offer a government guarantee, have a domestic market share of about one-third. Their share of total assets for all banks domiciled in Switzerland was approximately 18% in 2014. Another 111 foreign-owned banks with a share of 11.6% of the total assets can be added to this number. Switzerland is a center for professional asset management for private clients and institutional investors. With a market share of 27.6% in 2015, it is the world leader in the cross-border asset management business. Overall, Swiss banks managed assets totaling CHF 6,568 billion in 2015.

Switzerland's success as a financial center is thanks to the combined effect of many different factors. Its political and macroeconomic stability are the basic foundation upon which the trust of clients is built - trust which is so important in the financial business. The Swiss franc, with its status as an important international reserve and diversification currency, also contributes to this. Strong global integration and an efficient financial infrastructure allow market players to manage assets and risks profitably and diversify them internationally. Switzerland enjoys a good reputation abroad as a financial center, and it is an attractive location for businesses and an international clientele.

Global Financial Centers, 2016

Overall score from 1 to 1,000

(FIG. 41)

1	London	800
2	New York	792
3	Singapore	755
4	Hong Kong SAR	753
5	Tokyo	728
6	Zurich	714
7	Washington DC	712
13	Seoul	705
15	Geneva	694
18	Frankfurt	689

Source: The Global Financial Centres Index (GFCI 18), 2016

In comparison with other countries, the regulatory obstacles and burdens in the Swiss banking system are relatively low. A permit is required to open a bank, trade professionally in securities, manage a fund, and in some cases to operate as an asset manager. The Swiss Financial Market Supervisory Authority (FINMA), currently supervising over 550 financial institutions, can provide detailed information about specific requirements. The umbrella organization for the banking industry is the Swiss Bankers Association.

www.swissbanking.org
Swiss Bankers Association (SBA)
Languages: German, English, French, Italian

9.1.2 Supervision

As an independent supervisory authority, FINMA protects financial market clients, namely creditors, investors, and insured persons, thus strengthening public trust in Switzerland as a functioning, reliable, and competitive financial center. In addition, self-regulation has proved itself as an additional form of regulation for the Swiss financial market. FINMA is required by the legislature to support self-regulation and to provide it with the necessary space. Corresponding regulations are proposed, for example, by the Swiss Bankers Association and are approved and implemented by FINMA.

All banks operating in Switzerland require a license. The supervisory standards applied in Switzerland not only govern the capital resources and adequacy of the banks but also include the whole range of prudential rules and codes of conduct. As an additional safety cushion, Swiss law specifies higher capital requirements than the Basel Capital Accord (Basel I-III).

www.finma.ch
Swiss Financial Market Supervisory Authority (FINMA)
Languages: German, English, French, Italian

9.1.3 Services

Banks in Switzerland offer a vast range of financial products and services for both private and corporate clients. As the Swiss banking system is based on the universal bank principle, the banks can offer all banking services, such as:

- Credit or lending business
- Asset management and investment consulting
- Payment transactions
- Deposits (savings accounts etc.)
- Securities (stock exchange trading)
- Issue and underwriting business (bond underwriting)
- Financial analysis

Despite this, very different groups of banks and areas of specialization have developed.

Generally speaking, any adult may open a bank account in Switzerland. However, the banks reserve the right to refuse to accept a client. For example, a bank may refuse to enter into a business relationship with “politically exposed persons”, as such clients could represent a reputational risk for the bank. The same applies to companies, irrespective of whether they are domiciled in Switzerland or not. Most Swiss banks do not require a minimum deposit for normal savings or current accounts. Many banks offer accounts in euros, US dollars, or other currencies, in addition to Swiss francs.

If clients have a specific complaint against a bank that is domiciled in Switzerland, they may approach the Swiss Banking Ombudsman, who provides neutral, free information and mediation.

www.kantonalbank.ch
Cantonal banks
Languages: German, English, French, Italian

www.foreignbanks.ch
Association of Foreign Banks in Switzerland
Languages: German, English, French, Italian

www.vav-abg.ch
Association of Swiss Asset and Wealth Management Banks
Languages: German, English, French, Italian

www.abps.ch
Association of Swiss Private Banks
Languages: German, English, French

www.bankingombudsman.ch
Swiss Banking Ombudsman
Languages: German, English, French, Italian

“Switzerland’s financial center and the country’s appeal as a location make the SIX Swiss Exchange very attractive to domestic and foreign businesses.”

9.1.4 Protection of Deposits

Deposits with Swiss financial institutions are protected up to CHF 100,000 per depositor. If the Swiss Financial Market Supervisory Authority (FINMA) initiates protective measures or forced liquidation proceedings against a bank or securities dealer in Switzerland, the members of the association “esisuisse” provide funds so that the deposits deemed preferential under the Banking Act can be paid out as quickly as possible to depositors. All banks and securities dealers with a branch in Switzerland and which receive privileged deposits are members of the association. However, the maximum amount that members may be required to contribute is capped at CHF 6 billion. By guaranteeing preferential deposits, the association plays an important role in protecting creditors and makes a key contribution to the reputation and stability of Switzerland as a financial center.

www.esisuisse.ch
Deposit Protection of Banks and Securities Dealers
Languages: German, English, French, Italian

9.2 SWISS STOCK MARKET: SIX SWISS EXCHANGE

SIX Swiss Exchange is one of the leading regulated stock exchanges in Europe and the most important European stock exchange in the life science area. As a key pillar of the Swiss financial center infrastructure, it provides the best possible trading conditions and links investors, issuers, and participants from all over the world.

The strength of the Swiss financial center, its position as a world leader in cross-border private asset management, and the associated high level of financing and placement power enjoyed by its banks, plus the general attractiveness of Switzerland as a location, make the SIX Swiss Exchange extremely appealing for both domestic and foreign companies.

Public placement and listing on the SIX Swiss Exchange give a company access to an experienced, financially powerful group of international investors. Every company on the SIX Swiss Exchange benefits from a high level of visibility and attention from investors, analysts, and journalists. At the same time, investors in Switzerland have many years of experience with international sector-oriented investment strategies. Given Switzerland’s economic structure, the banking and insurance sectors, the food sector, pharmaceuticals, biotech, medtech, cleantech, as well as the microtechnology and nanotechnology sectors are particularly popular with investors.

In addition, the regulatory provisions of the SIX Swiss Exchange reflect market realities and thus simplify the capital raising process. Under Swiss legislation, the SIX Swiss Exchange has powers of self-regulation and is thus ideally equipped to combine high levels of investor protection with a regulatory environment that is reasonable from a company perspective.

With SMI®, the extensive index offer comprises the most important share indices in Switzerland and in addition to further benchmarks such as SLI® and SPI® also includes bond, segment, sector and customer indices. The stock exchange provides its raw data in real time to financial information providers via SIX Exfeed. With investments in Scoach Schweiz, STOXX, Swiss Fund Data, and Indexium, SIX Swiss Exchange runs successful joint ventures to the benefit of all financial market players.

The SIX Swiss Exchange is a company of the SIX Group, which offers services in the area of trading and processing as well as financial information and payment transactions. In addition to its broad product range, the “Swiss Value Chain,” the fully integrated and completely automated trading, clearing, and settlement system, is especially impressive.

www.six-swiss-exchange.com
SIX Swiss Exchange
Languages: German, English, French

“In 2015, venture capital companies invested over CHF 676 million in innovative new companies in Switzerland.”

9.3 BUSINESS LENDING AND REAL ESTATE FINANCING

Establishing a business is generally a medium to long-term objective. As a rule, significant up-front investments and project financing are needed. Swiss banks place great emphasis on thorough market analysis and professional management.

9.3.1 Financing of Current Business Activity

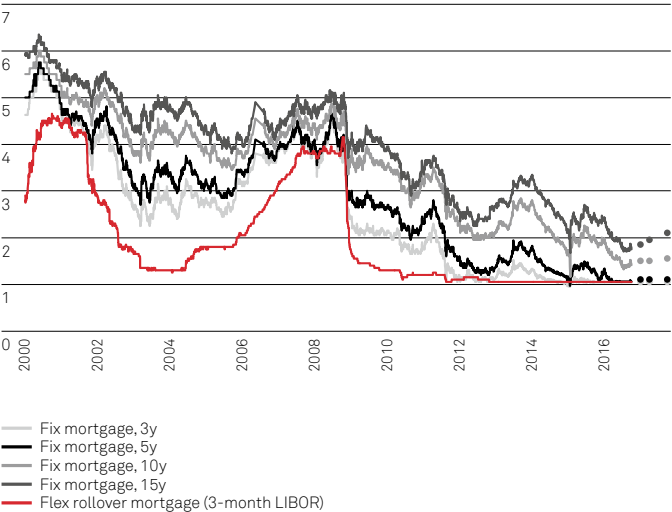
To finance current business activities, banks grant various types of short-term loans. These can take the form of unsecured loans or loans secured by collateral. The amount of the loan granted depends on the trustworthiness and the future prospects of the company. Aside from the usual forms of bank lending, lease financing and forfeiting are also gaining importance. For rapidly growing young enterprises and start-ups deciding on a location, it is important to know what financing possibilities exist for the start-up phase and the second step. The sheer range and quality of financial service providers in Switzerland means that a variety of attractive solutions are available, such as sureties, convertible loans, and equity capital financing by business angels, venture capital and private equity investors.

When a new business is established in Switzerland, financing in Swiss francs should be preferred because of currency considerations. As a rule, it is also more economical than financing in foreign currencies.

Mortgage Rates, 2000-2016

Interest rate in %

(FIG. 42)



Source: Credit Suisse, 2016

9.3.2 Mortgages

If the acquisition of real estate or the building of a production facility accompanies the foundation or establishment of a business, mortgages can be an important credit instrument. There are three main types of mortgage in Switzerland: fixed-rate, variable-rate, and money-market mortgages. While the interest rate for a variable-rate mortgage is continually adjusted to the prevailing capital market rate, the interest rate on a fixed-rate mortgage is typically fixed for three to five years. The interest rate on a money-market mortgage is based on the Libor rate for the euro money market. Providers add a margin on top of this rate, which depends on the creditworthiness of the borrower. Up to 80% of the property's market value may be borrowed; up to 65% of this is taken as a first mortgage, which does not need to be amortized as is usual in other countries; any amount in excess of this is borrowed under a second mortgage, which must be amortized. The bank checks the quality of the property and the creditworthiness of the borrower on the basis of its guidelines. Generally speaking, a minimum requirement is that purchasers should provide at least 20% of the purchase price from their own assets. Secondly, the annual cost of the purchase (interest, repayments, and maintenance) should not total more than one-third of the purchaser's gross income. Interest rates are negotiable, so it is worthwhile requesting offers from a number of lenders.

For commercial real estate, the collateral value depends increasingly on the earning-power value. For industrial projects, normally 50% of the total plant value – market value or construction cost, including machinery and equipment – can be financed against real estate pledges at very attractive rates. For office and service buildings, the loan-to-value ratio is normally around 70 %, but it also depends on the (property-specific) risks. Interest rates and terms generally applied to business investments today depend on the creditworthiness of the company and the rating it is given by the lending bank. Recognition of the risk and future prospects therefore play a key role.

Owners of residential property must pay federal and cantonal taxes on their property as notional income. The rule of thumb for federal tax is an imputed rental value of at least 70% of average market rental, and for cantonal and communal taxes an imputed rental value of at least 60 %. In return, homeowners may deduct mortgage interest and maintenance costs. This is the reason why the first mortgage is rarely ever amortized.

www.hausinfo.ch > Finances & taxes
Financial aspects of home ownership
Languages: German, French

www.hypothekenrechner.ch
Financial feasibility calculator
Language: German

9.4 RISK CAPITAL

In 2015, venture capital companies invested over CHF 676 million in innovative new companies in Switzerland. This represents more than a doubling of the volume of investment since 2012. Alongside the state development programs and loans from business banks, venture capital (VC) is an important pillar of innovation in Switzerland with between 80 to 150 transactions per annum. The federal authorities also support the creation of venture capital through the Federal Act on Venture Capital Companies (RKG), which provides two tax incentives:

- Recognized venture capital companies are exempt from securities issue tax on their capital at the time the company is founded, or for any subsequent capital increase. With respect to direct federal tax, they also have a lower threshold value for claiming the equity participation deduction.
- Private individuals who assist in the foundation and development of new companies as business angels are entitled to relief from direct federal tax if they grant subordinated loans for the formation of start-up companies from their private assets.

The availability of venture capital and similar financing may fluctuate and therefore lacks transparency. Universities, consultants, and the business community jointly provide a number of platforms, some of them online, to bring entrepreneurs and investors together.

www.swissbanking.org > SME > What do I need to know about financing?
Information on financing for SMEs
Languages: German, French, Italian

www.seca.ch
Swiss Private Equity & Corporate Finance Association (SECA)
Languages: German, English, French

9.4.1 Venture Capital

Some financial companies specialize in providing risk capital or venture capital. Venture capital companies contribute to the share capital of a company, with the aim of making large profits if it flourishes or goes public. They provide financial resources without requiring the traditional forms of security. Only fast-growing young companies which are likely to generate significant revenue in a short period of time and have sales potential and a capital requirement of several million Swiss francs are normally considered for this kind of financing. Venture capitalists consider themselves to be guides during the development phase of the financing project. After their job is done, they withdraw and sell their investment on to the company founder or other investors.

www.kmu.admin.ch > Practical information > Financial > Financing > Equity
Start-up help from venture capital companies
Languages: German, French, Italian

www.swiss-venture-club.ch
Information platform, network for businesses
Languages: German, French, Italian

State Support Schemes

(FIG. 43)

INSTRUMENT	BENEFICIARY	REGIONS	MEASURES
New Regional Policy NRP	Industry, production-related services	Economic regeneration areas	Tax relief in respect of direct federal tax
Commercial guarantees	SMEs, commercial undertakings	All of Switzerland	Bank loan guarantees (max. CHF 500,000)
Guarantees for mountain regions	SMEs, commercial undertakings	Mountain regions	Bank loan guarantees (max. CHF 500,000) Interest cost subsidies
Hotel credit	Hotel industry	Tourist and mountain regions	Direct loans Guarantees Interest cost subsidies (partial)
Measures to support independent professional activities	Unemployed	All of Switzerland	Daily allowances (max. 90 days for planning phase) Bank loan guarantees (max. CHF 500,000)
Commission for Technology and Innovation (CTI)	Projects for research collaboration at universities and businesses	All of Switzerland	Payment of researchers' salaries

Source: various federal government agencies, information collated by Generis 2014

9.4.2 Business Angels

During their start-up phase, many promising young companies need seed financing of less than CHF 2 million. Although risk capital is increasingly available these days, the minimum size of financing transactions has risen correspondingly for both risk capital providers and investment companies. Very few professional risk capital providers consider financing deals of less than CHF 2 million. More and more often it is so-called “business angels” – individual investors – who finance start-ups. Typical business angels have experience and connections in addition to capital, which ideally they have acquired as an entrepreneur, which is why they are often also consultants and mentors to young entrepreneurs. Business angels generally invest twice or even three times over in the companies: they invest their capital, experience, and time, which gives young entrepreneurs their “smart money.” Essentially business angels also follow clear return prospects just like venture capital investors. The aim is to start, develop, and establish new companies and to ultimately make them attractive for future investors. Consequently, young entrepreneurs are usually closely supported by business angels, who also demand corresponding access to the business plans.

www.businessangels.ch
Business Angels Switzerland
Languages: German, French

9.4.3 State Support

Although there is relatively little direct financial assistance available in Switzerland, where the state mainly restricts itself to creating favorable operating conditions, the country does offer a wide variety of tools to support companies, ranging from administrative assistance and tax relief to guarantees.

The cantonal economic development agencies also tend not to take direct stakes in companies, although they can offer assistance in finding affordable construction sites or can provide tax relief during the start-up phase or during a planned expansion.

One rare exception is the Swiss Federal Foundation for the Promotion of the Swiss Economy (Eidgenössische Stiftung zur Förderung schweizerischer Volkswirtschaft), which grants interest-free loans and, in exceptional cases, may also provide a share of the risk capital subject to a personal financial commitment on the part of the company founder.

www.kmu.admin.ch > Practical information > Financial > Financing > Equity
State support on financing
Languages: German, French, Italian

Addresses: page 138f.
Cantonal Business Promotion Agencies

9.5 CAPITAL COSTS AND INTEREST

Switzerland is one of the most economically and politically stable countries in the world and is regarded as a “safe haven” (Fig. 44). The country is in a healthy financial situation. This applies to the finances of the central state - at the federal level - as well as the cantons and municipalities. The budget deficit in 2011 of 0.7% of GDP was significantly below the average of EU and OECD member states. Total public sector debt (federal, cantonal, and municipal) amounted to 36.4% of GDP in 2012.

Credit Rating: Top Ten Most Secure Countries, 2016

Maximum = 100 points

(FIG. 44)

1	Norway	88.64
2	Switzerland	87.92
3	Singapore	86.62
4	Luxembourg	84.61
5	The Netherlands	84.60
6	Denmark	84.30
7	Sweden	83.77
8	Canada	82.26
9	Germany	82.23
10	Australia	81.15

Source: Euromoney, September 2016

The high credit rating, together with the high savings rate and large inflows of foreign money, leads to low interest rates. Financing conditions for business and investment are thus comparatively favorable. In recent years, the average spread in the money-market and capital-market interest rates in Swiss francs and euros has ranged between 1.5% and 2%. Interest rates and terms may vary widely depending on the creditworthiness of the client. The IMD management institute in Lausanne also highlights the positive effect of capital costs on economic development, with Switzerland coming out in first place in its ranking (Fig. 45).

www.lik.bfs.admin.ch
Consumer Price Index (CPI)
Languages: German, English, French, Italian

www.efv.admin.ch
Federal Finance Administration (EFV)
Languages: German, English, French, Italian

9.6 INFLATION

Switzerland has always lived up to its reputation as a stable country. The rate of inflation, as measured using the Swiss consumer price index, has consistently remained well below those of the EU, the major industrialized nations and the ASEAN-5 countries in recent years.

Capital Costs, 2016

1 = hamper economic development

10 = promote economic development

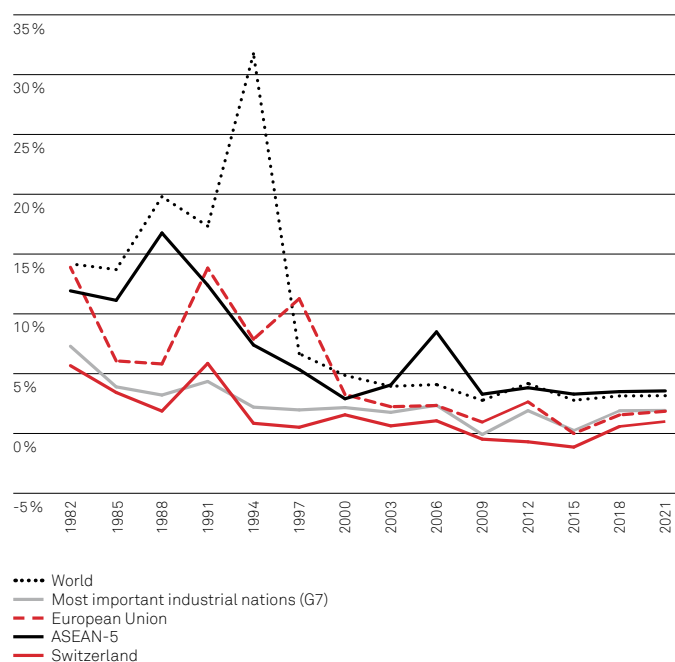
(FIG. 45)

1	Switzerland	8.18
2	Sweden	7.82
3	Hong Kong SAR	7.51
4	Germany	7.36
5	Canada	7.35
6	Singapore	7.33
7	USA	7.16
9	The Netherlands	6.93
10	Denmark	6.86
12	Belgium	6.84
15	Luxembourg	6.61
16	United Kingdom	6.57
18	Ireland	6.47
24	Japan	6.30
33	France	5.43
34	Italy	5.39
48	India	3.94
52	China	3.66
58	Russia	2.31
61	Brazil	1.21

Source: IMD World Competitiveness Online 2016

Inflation, 2016

(FIG. 46)



Source: IMF WEO Report, April 2016



OVERVIEW OF THE SWISS TAX SYSTEM

10

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The Swiss tax system mirrors Switzerland's federal structure, which consists of 26 sovereign cantons with 2,294 independent municipalities. Based on the constitution, all cantons have full right of taxation except for those taxes that are exclusively reserved for the federal government. As a consequence, Switzerland has two levels of taxation: the federal and the cantonal/communal level. The reform of the income tax system implemented in recent years provided for harmonization of the formal aspects of the various cantonal tax laws, for example, determination of taxable income, deductions, tax periods, and assessment procedures. The cantons and municipalities still have significant autonomy for the quantitative aspects of taxation, however, particularly with respect to determining the applicable tax rates. Consequently, the tax burden varies considerably between cantons/municipalities.

10.1 TAXATION OF CORPORATE TAXPAYERS

10.1.1 Corporate Income Tax – Federal Level

The Swiss federal government levies corporate income tax at a flat rate of 8.5% on profit after tax of corporations and cooperatives. For associations, foundations, and other legal entities as well as investment trusts, a flat rate of 4.25% applies. At the federal level, no capital tax is levied.

Taxable Persons

Taxable persons include Swiss resident legal entities, i.e., Swiss corporations, limited liability companies and corporations with unlimited partners, cooperatives, foundations and investment trusts with direct ownership of immovable property. As partnerships are transparent for tax purposes, the partners are taxed individually. Companies which have their registered office or place of effective management in Switzerland are considered resident.

Taxable Income

Resident companies are subject to corporate income tax on their worldwide income with the exception of income attributable to foreign permanent establishments or foreign real estate (immovable property). Such income is excluded from the Swiss tax base and is only taken into account for rate progression purposes in cantons that still apply progressive tax rates.

Non-resident companies are subject to tax only on Swiss source income, i.e., income and capital gains derived from Swiss business, permanent establishments or immovable property, whereas income from immovable property includes income from trading in immovable property.

As a matter of principle, the legally prescribed/statutory accounts of a Swiss company and – in the case of a foreign company the branch accounts – form the basis for determining taxable income. Apart from the indirect participation exemption for shareholdings (dividend and capital gains income), various adjustments required by tax law and the use of existing loss carryforwards (the loss carryforward period can be seven years), there are very few differences between statutory profit and taxable profit. Besides personnel expenses and expenses for merchandise, the most common allowable tax deductions are also amortization and depreciation, tax expense, interest expenses, and management remuneration, as well as service fees/royalties. However, these expenses may only be deducted if they meet the requirements of the arm's length principle.

“Switzerland offers a modern tax system geared to the needs of business and the economy.”

Thin Capitalization Rules

The Swiss Federal Tax Administration has issued safe harbor rules for thin capitalization purposes that apply to related party debt. Third-party financing is not affected by these rules. Specifically speaking, a unique asset-based test is used to determine whether a company is adequately financed. The thin capitalization rules require that each asset class must be underpinned by a certain minimum equity portion (generally expressed as a prescribed percent of the fair market value but often the lower book values suffice).

Related-party debt exceeding the allowable debt as calculated according to the percentages provided from the Tax Administration is classified as equity and added back to the taxable capital for purposes of the cantonal/communal annual capital tax, unless it can be proven that in this particular case the debt terms applied meet the requirements of the arm's length principle and are therefore appropriate. Moreover, the allowable interest deductibility on debt is determined by multiplying the allowable debt by the safe harbor interest rates. If interest payments to related parties exceed the amount which can be paid based on the allowable debt, they are added back to taxable profit if market-related prices cannot be proven on an arm's length comparison. In addition, such excessive interest payments are regarded as hidden dividend payments, which are subject to withholding tax.

Group Taxation

Separate entity taxation applies in Switzerland for income tax purposes. It is not anticipated that group taxation will be introduced anytime in the near future.

Group Reorganizations

Group reorganizations are governed by the Swiss merger law, which also comprises individual tax standards alongside the legal standards as a supplement to the applicable tax laws.

Provided certain prerequisites are met, reorganizations are possible on a tax-neutral basis, as long as the applicable tax accounting values of assets and liabilities remain unaltered and the assets remain in Switzerland.

10.1.2 Corporate income tax – Cantonal and Municipal Level

Given the tax harmonization at cantonal/ municipal level, most tax rules are identical or very similar to the rules on the federal level set out above (e.g. participation exemption, loss carryforward rules and, in most cases, thin capitalization rules).

Special Tax Regimes

In contrast to the Swiss federal tax law, all cantonal tax laws provide special tax regimes, in addition to the direct federal tax, which may be obtained provided that the legal conditions of the tax harmonization law are met. Corporate Tax Reform III will replace the special tax regimes set out below with new measures aimed at underpinning and increasing Switzerland's attractiveness as a location (see section 10.8).

Up-to-date information on Corporate Tax Reform III can be found on our website:

www.s-ge.com/corporate-taxation

Facts and figures on Corporate Taxation in Switzerland

Languages: German, English, French, Italian, Portuguese, Russian, Chinese, Japanese

A) Holding Company

The holding company tax status is available to Swiss companies (or permanent establishments of a foreign company) whose primary purpose according to the by-laws is to hold and manage long-term equity investments in affiliated companies. Furthermore, either the participations or participation income (dividends or capital gains) must represent at least two thirds of the company's total assets or income over the long term.

A holding company which meets one of these requirements is exempt from all cantonal/communal income taxes, with the exception of income from Swiss real estate. As a matter of principle, the effective tax rate of a holding company is 7.83% (i.e., direct federal income tax rate) prior to participation relief for qualifying dividends and capital gains. A reduced capital tax on cantonal/communal tax level applies.

B) Mixed Trading Company

This has been given different names by the cantons, however in an international context, this tax status is most often referred to as the “mixed (trading) company” tax status.

A mixed company may be engaged in limited commercial business activity in Switzerland. As a general rule, at least 80% of the income from commercial activities must derive from non-Swiss sources (i.e., a maximum of 20% of income may be linked to Swiss sources). Many cantons additionally require that at least 80% of costs must be related to activities undertaken abroad.

If a company meets the above criteria, it may apply for tax treatment in accordance with the following rules:

- Qualifying income from participations (including dividends, capital gains, and revaluation gains) is exempt for cantonal and communal tax purposes.
- Other income from Swiss sources is taxed at the normal rate.
- A portion of foreign source income is subject to cantonal/ municipal income taxes depending on the degree of business activity carried out in Switzerland.
- Expenditure that is justified for business purposes and is related economically to certain income and revenues is deductible. In particular, losses from participations can only be offset against taxable income from participations (i.e., income that is not obtained tax-free).
- Reduced capital tax rates are applicable.

10.1.3 Capital Tax

Annual capital tax is only levied at cantonal/communal level. The basis for the calculation of capital tax is in principle the company’s net equity (i.e. share capital, paid-in surplus, legal reserves, other reserves, retained earnings). The taxable base of companies also includes any provisions disallowed as deductions for tax purposes, any other undisclosed reserves, as well as debt that economically has the character of equity under the Swiss thin capitalization rules. Some cantons even provide for crediting the cantonal corporate income tax against capital tax.

The tax rates vary from canton to canton and depend on the tax status of the company. In 2016, this ranged from 0.0010% to 0.5250% for companies subject to ordinary taxation, and from 0.0010% to 0.4007% for companies eligible for a special tax regime.

10.1.4 Tax Relief

Tax relief can be granted at cantonal and communal level and in explicitly defined regions at federal level for qualified new investments for up to 10 years.

Federal Level

The federal government has defined economically weaker regional community centers and regions which are entitled to grant business incentives including partial or full corporate income tax breaks for up to 10 years (see section 14.2.2).

Tax breaks for investment projects that meet certain requirements are provided for. Besides the creation of new production-related workplaces or investing, these also include conditions, for instance, that a competitive situation among existing companies should not arise.

Cantonal and Municipal Level

Most cantons offer partial or full tax breaks for cantonal/communal tax purposes for up to 10 years on a case-by-case basis. In particular, incentives may be obtained for creating a new presence or for an expansion project with particular economic relevance for the canton. Most importantly, however, business incentives are generally granted in connection with the creation of new jobs locally, i.e. requirement of at least 10 to 20 new jobs in most cantons.

10.2 TAX CHARGE RATE IN INTERNATIONAL COMPARISON

The international comparison of the total tax rate shows that Switzerland has a tax system which is consistently extremely competitive compared with other highly developed industrial countries. The total tax rate measures the amount of all taxes and mandatory contributions borne by the business and is expressed as a percentage of commercial profits. The total amount of taxes borne is the sum of all the different taxes and contributions payable after accounting for deductions and exemptions.

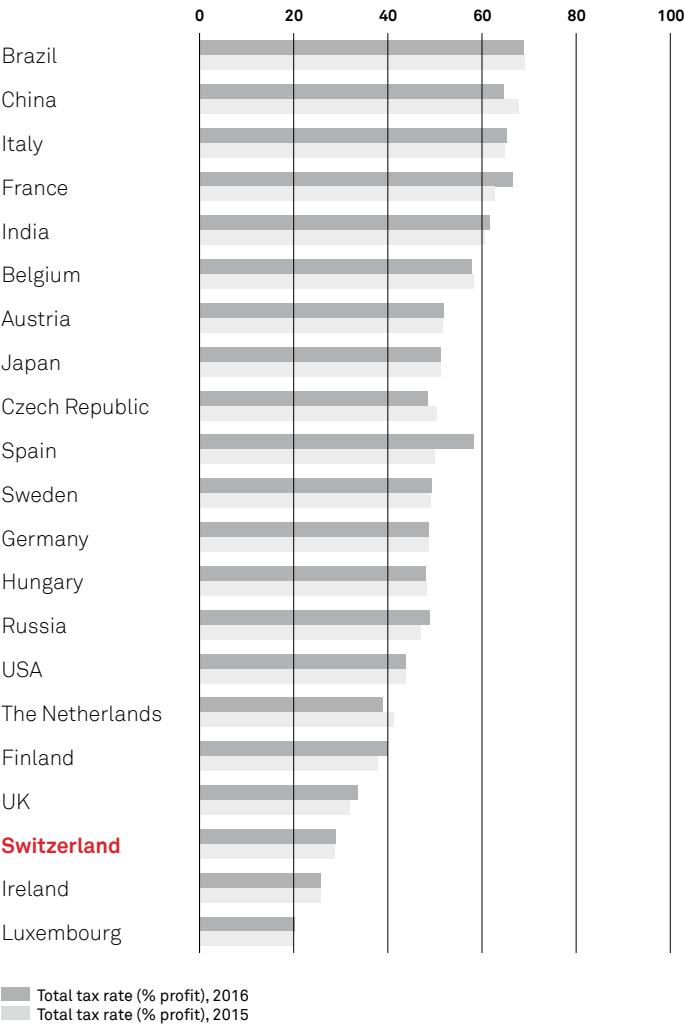
The taxes and contributions included can be divided into the following categories:

- profit or corporate income tax
- social contributions and labor taxes paid by the employer (for which all mandatory contributions are included, even if paid to a private entity such as a pension fund)
- property taxes
- sales taxes (and cascading sales taxes as well as other consumption taxes such as irrecoverable VAT)
- other taxes (such as municipal fees and vehicle and fuel taxes).

It should further be noted that the Swiss tax system is not only attractive for corporate taxpayers but also for individual taxpayers as it provides for a modest tax burden in international comparison as well.

Total Tax Rate, 2015/2016

(FIG. 47)



Source: Price Waterhouse Coopers, 2016

10.3 TAXATION OF INDIVIDUAL TAXPAYERS

10.3.1 Personal Income Tax

Taxable Persons

Individuals are subject to taxation on federal and cantonal/communal level if they have their permanent or temporary residence in Switzerland. Temporary residence is given provided the individual, regardless of any temporary interruptions, stays in Switzerland for a) at least 30 days carrying out a professional activity or b) for 90 days or more without pursuing any professional activity. According to the Swiss tax system, partnerships are transparent; hence each partner is taxed individually.

The income of married couples is aggregated and taxed according to the principle of family taxation. The same applies to any registered civil partnerships. Income of minor children is added to that of the adults. An exception is income earned by minors that is subject to a separate tax.

The federal as well as cantonal/communal income taxes are levied and collected by the cantonal tax authorities and are assessed for a period of one year (calendar year) on the basis of a tax return to be filed by the taxpayer.

Individuals who do not set up a place of residency in Switzerland, are only obliged to pay tax on their income in Switzerland.

Taxable Income

Resident individuals are subject to tax on their worldwide income. However, revenues derived from business conducted abroad, from permanent establishments, and from immovable property situated abroad are exempt and are taken into account only for the determination of the applicable tax rate (exemption with progression). The total income includes income derived through gainful activities, both as an employee and self-employed, income from compensatory or subsidiary payments, and income from movable and immovable property. Taxable income also includes the notional rent value of property that the resident lives in.

Certain types of income such as inheritance, gifts, matrimonial property rights, subsidies paid from private or public sources, etc. are by law excluded from income tax, however, they could be subject to other taxes such as gift tax or inheritance tax (see Chapter 10.3.6). Moreover, individuals may deduct earning costs from gross income including, for example, travel costs between home and their place of work, social security contributions, and contributions to approved savings plans. Additional deductions may be claimed for dependent children and insurance premiums as well as for married couples (single and double income couples). However, the extent of deductions allowed may vary greatly from canton to canton. In addition, interest payments on loans, mortgages, etc. for business purposes are fully deductible. The deductibility of interest for private purposes related to private assets is, however, limited to an aggregate income from movable and immovable assets plus CHF 50,000. Furthermore, value-preserving property expenses can be deducted, or an all-inclusive deduction can be applied instead.

Individual tax rates are typically progressive, whereas a maximum tax rate of 11.5% applies at the federal level. The cantons may set their own tax rates. The applicable cantonal tax rates therefore vary significantly from canton to canton (around 11% to 35% in cantonal capitals). A special family rate was introduced for the 2011 fiscal year at the federal level. This is based on the rate for married couples, but provides for an additional tax deduction per child.

Capital Gains

Depending on whether a capital gain is realized on personal or business property or on movable or immovable property, such gain is taxed differently. Gains on movable personal property are exempt from taxation whereas gains realized on movable business property are attributed to ordinary income.

Losses

Contrary to personal losses, business losses are tax deductible and may be carried forward for seven years if they cannot be offset against the taxpayer's other taxable income in the respective tax period.

Distribution of Capital Contributions

Since January 1, 2011, the distribution of qualified capital contributions is tax free. They are subject to neither withholding tax (chapter 10.4) nor income tax on the part of the receiving individual. While this already applied to the repayment of share capital prior to January 1, 2011, it now also applies to repayments on investments, premiums, and assignments of joint stock companies made after December 31, 1996, as tax-free distributions.

Tax at Source

Foreign employees who do not possess a residence permit are taxed for their earned income by a tax deduction at source. If the source-taxed income exceeds CHF 120,000 (CHF 500,000 in Geneva) per annum, a tax declaration has to be submitted. In other cases, the tax at source is definitive. The employee can, however, assert a special deduction in a separate process.

Employees who have retained their residence abroad are taxed on their earned income at the source, regardless of their nationality, and in general cannot submit a tax declaration in Switzerland for their earned income.

The legislation governing tax at source is in the process of being revised. There are plans for a reduction in the income threshold for a tax declaration. The issues being looked at primarily involve questions of procedure, in particular as regards persons who have no residence in Switzerland but have almost exclusively income from Swiss sources.

10.3.2 Wealth Tax

Net wealth tax is only levied at cantonal/communal level in accordance with the respective cantonal tax laws and rates. The tax is based on the balance of the gross assets including but not limited to immovable property, movable assets such as securities and bank deposits, (cash) redemption value of life insurance, cars, shares of non-distributed inheritances, etc. Taxes are also levied on assets not yielding any income. Shareholdings in foreign businesses and plants are not subject to wealth tax, nor are properties abroad. These assets are, however, taken into account for the calculation of the applicable wealth tax rate, if it is a progressive rate (tax exemption with progression). Individuals can deduct debts from the gross assets, as well as tax exemptions, which vary from canton to canton and according to marital status and whether the person in question has children.

The wealth tax is progressive in most cantons, whereby the cantons can set their own tax rates. The tax burden therefore varies considerably and ranges from 0.0011% to 1%. The federal government does not charge wealth tax.

10.3.3 Expatriates

Qualifying expatriates are foreign managers and certain specialists (e.g. IT specialists) seconded to Switzerland on a temporary basis for a period of up to five years, i.e. the (secondment) contract may only be limited in time for a maximum of five years. Expatriates may claim tax relief on work-related expenses incurred due to their stay in Switzerland.

The following expenses incurred by expatriates are deductible:

1) relocation costs including travel costs to and from Switzerland, 2) reasonable accommodation costs in Switzerland if the residence abroad is still maintained, 3) costs for children of school-going age attending a private school provided that residence is in Switzerland and if local state-funded schools cannot offer adequate educational provisions in their language. Instead of identifying the actual costs for relocation and accommodation, the taxpayer may claim a monthly lump-sum deduction which may vary from canton to canton. Any reimbursement from the employer of work-related costs incurred by the expatriate must be declared in the employee's payslip.

The entitlement to benefit from expatriate status for tax purposes ceases once temporary employment is replaced or superseded by a permanent position.

The federal government revised its Expatriates Ordinance. The changes envisage a restriction with regard to the group of entitled persons and more stringent requirements for the application of deductions.

10.3.4 Cross-Border Commuters

Cross-border commuters are those people who live abroad (e.g. in Germany, France, Italy, Liechtenstein and Austria) and work in Switzerland and who commute from home to work and back each day.

The Swiss taxation of such individuals differs, depending on their place of work and domicile (home country/country of residence). The double tax treaty with Germany, for example, provides for an apportionment of the taxation right between the two countries. The country of work is limited to a flat-rate withholding tax of 4.5% of the gross salary of the cross-border commuter. Such partial taxation of cross-border commuters in the country of work does not relieve the commuter from taxation of the earned income at the place of residence (e.g. taxation with credit). The cross-border commuter status is abandoned if the employee cannot return to his/her domicile abroad on more than 60 working days per year for business reasons. Cantonal agreements vary for cross-border commuters from France.

10.3.5 Lump-Sum Taxation

Both federal and most cantonal tax regulations provide for the possibility to make use of a special tax arrangement often referred to as lump-sum taxation. Under this, qualifying taxpayers resident in Switzerland are taxed on the basis of expenditure and living costs in Switzerland (instead of on the more customary basis of total income and total assets).

Qualifying taxpayers who may apply for lump-sum taxation are individuals who take up temporary or permanent residence in Switzerland for the first time or after an absence of at least ten years and who do not carry out any gainful occupation in Switzerland. While Swiss nationals may only apply for this arrangement in the tax period of taking up residency, foreigners are allowed to apply for an indefinite period, provided that the conditions are fulfilled. The lump-sum taxation provisions are tailored to financially independent persons who are not seeking to work in Switzerland.

In case of spouses moving to Switzerland, the requirements for benefiting from lump-sum taxation must be satisfied by both spouses. As a rule, it is not possible for one spouse to be taxed on a lump-sum basis while the other spouse is taxed on an ordinary basis.

The basis of taxation is calculated annually on the expenses incurred by the taxpayer in Switzerland and abroad. The calculation not only considers the expenses of the taxpayer but also those of the spouse and dependent children as long as they live in Switzerland. Expenses usually taken into account are food, clothing and accommodation, education, leisure activities, and all other expenses linked with the standard of living. The exact calculation is determined together with the relevant tax authorities of the canton in which the person wishes to become a resident. In any case, the measurement base must correspond either with a) at least seven times the rent paid on rental property or the rental value of the taxpayer's property if he lives in his own house or apartment or b) three times the annual costs of lodging if the taxpayer lives in a hotel or similar accommodation. If the taxpayer owns or rents more than one property, the most expensive will be taken into account. A minimum taxable income of CHF 400,000 applies for direct federal tax from January 1, 2016.

Generally, individuals who apply for lump-sum taxation are considered Swiss residents and may also apply for treaty relief on their foreign-source income. Some double taxation treaties, however, allow for treaty benefits only if all income from the source country is subject to ordinary taxation in Switzerland. In 2009, a referendum in the canton of Zurich called for the abolition of lump-sum taxation at the cantonal/communal level. Since the population of the canton of Zurich accepted the draft, the special tax arrangement has no longer been available in Zurich since January 1, 2010. Since then, the cantons of Schaffhausen, Appenzell Ausserrhoden, Basel-Land and Basel-Stadt have also eliminated lump-sum taxation. Other cantons may follow.

10.3.6 Inheritance and Gift Tax

Inheritance and gift taxes are not harmonized. Consequently, the cantons are free to levy such tax and the various cantonal laws differ considerably in almost every respect. With the exception of the canton of Schwyz, all cantons levy inheritance and/or gift taxes for certain asset transfers if the deceased or donor had been resident of the respective canton or if real estate located in the canton is transferred.

Inheritance and gift tax rates are mostly progressive and are usually based on the degree of relationship between the deceased or donor and the beneficiary and/or the amount received by the beneficiary. In all cantons, spouses are exempt from inheritance and gift taxes; most cantons also exempt direct descendants.

10.4 WITHHOLDING TAX

A federal withholding tax is levied at source on the gross amount of dividend distributions by Swiss companies, on income from bonds and similar indebtedness by Swiss issuers, as well as on certain distributions of income by Swiss investment funds, and interest payments on deposits with Swiss banking establishments.

Since the capital contribution principle came into effect on January 1, 2011, repayments of capital contributions made by the shareholder after December 31, 1996, and declared and accounted for correctly are now treated the same as repayments of nominal capital. With regard to withholding tax, these repayments are in general tax-free. The repayment of capital contributions for individuals (if shares are held as private assets) now no longer represents taxable income (see chapter 10.3.1).

Lottery winnings are also subject to withholding tax (money won in excess of CHF 1,000, valid from 2013), as are insurance benefits.

Generally, the debtor is liable for the tax and is required to withhold the amount due, irrespective of whether the recipient is entitled to a full or partial refund. A refund is only possible provided that the respective earnings are properly declared for the purposes of income taxation. The aim is to prevent tax evasion. For Swiss resident corporate taxpayers, withholding tax is reimbursed by way of a refund, whereas for individuals the tax is credited against total tax liability through the regular taxation procedure.

For non-resident taxpayers, the withholding tax generally represents a final tax burden. However, a partial or total refund may be granted based on an international double tax treaty or a bilateral agreement concluded by Switzerland with the country in which the recipient of the earnings is residing.

It should further be noted that a reporting procedure may be applied for certain qualifying dividend distributions, replacing the withholding and refund procedure.

10.4.1 Domestic Rates

The tax rate applied on dividend distributions including deemed profit distributions and interest payments relating to bonds and bond-like debt instruments as well as on interest payments made by banks or bank-like institutions to non-banks is 35%. There is no withholding tax on interest payments relating to qualifying ordinary company loan agreements. Provided that royalties, licenses, service and similar fees payable by Swiss individuals or corporations are at arm's length, no withholding tax is levied.

10.4.2 Treaty Rates

Most double taxation treaties provide for a reduction of the normal 35% rate on dividends. The reduced rate is usually 15% for portfolio investors and 0%, 5%, or 10% for substantial corporate owners. Some treaties require the taxation of Swiss-source income in the recipient's country of residence. Otherwise no relief will be granted. With regard to interest income, most treaties allow for a reduction as well, typically up to 10%. In some treaties a full refund is granted.

However, a reduction is only possible if the person applying for treaty benefits is actually entitled to claim the treaty.

“Thanks to a number of double taxation treaties and bilateral agreements, taxpayers resident outside of Switzerland can be reimbursed for all or part of their withholding tax.”

10.4.3 Bilateral Agreements with the EU

In May 2004, Switzerland and the European Union (EU) concluded eight bilateral agreements (“Bilateral Agreements II”) in addition to the seven existing bilateral agreements (“Bilateral Agreements I,” in force since June 1, 2002).

One of the agreements is the Savings Tax Agreement providing for measures equivalent to those laid down in the EU Savings Tax Directive. To entice Switzerland to enter into the Savings Tax Agreement, the same agreement also incorporated language which was practically identical to the version of the EU Parent/Subsidiary Directive and the EU Interest/Royalty Directive in effect at that time. Switzerland has therefore had de facto access to the respective EU directives since July 1, 2005, whereas future changes to the EU directives will not automatically apply to Switzerland.

Accordingly, dividend, royalty, and interest payments between Switzerland and the member states of the EU will not be subject to withholding tax, provided various conditions such as minimum shareholding and holding period are fulfilled.

In general, the bilateral agreements, including the Savings Tax Agreement, also apply to new EU member states joining the EU after July 1, 2005 (e.g. Bulgaria, Romania).

The application of the above-mentioned benefits from the Savings Tax Agreement can be denied in cases of abuse or fraud. This is because of the explicit reservation made in the Savings Tax Agreement as to the use of domestic or agreement-based provisions for the prevention of fraud or abuse, both by Switzerland and by the individual EU member states.

Double tax treaties between Switzerland and EU member states with more favorable tax treatment of dividend, interest, and royalty payments remain unaffected.

10.5 VALUE ADDED TAX

Although Switzerland is not an EU member state, its value added tax (VAT) system was structured in accordance with the sixth EU VAT Directive (“Sixth Council Directive on the harmonization of the laws of the Member States relating to turnover taxes” whereby turnover refers to revenue) as a non-cumulative, multi-stage tax that provides for deduction of input tax. As a result, Swiss VAT is levied as an indirect tax on most goods and services at the federal level only and applies to each stage of the production and distribution chain. It is designed as a tax owed by the supplier of goods or services (i.e., the tax liability is based on the payment made by the recipient of the goods or services).

10.5.1 Taxable Persons

Any legal entity, establishment, partnership or association without legal capacity, institution, etc. that operates an enterprise (obtains revenues through business or professional activity for a long period of time, regardless of whether there is an intention to make money) is liable for tax. There is a registration obligation if the taxable turnover in Switzerland exceeds CHF 100,000 per year. All permanent domestic establishments of a Swiss parent company form one taxable entity together with the parent company. All domestic establishments of a foreign parent company are also classed as one taxable entity. On the other hand, the domestic establishments and the foreign parent company are each considered a separate taxable entity. A VAT obligation also does not apply to taxable recipients in Switzerland if, in a calendar year, they render services not exceeding 10,000 Swiss francs to companies domiciled abroad that are not entered in the taxpayer register and provided that the service takes place in Switzerland according to the “place of supply is where the recipient is established” principle.

If the revenues of a taxpayer (turnover from taxable supplies of goods and services) are less than CHF 100,000 per year (or less than CHF 150,000 for sports clubs and non-profit institutions), then the entity is exempt from tax liability. However, any such entity may also waive exemption from tax liability. Upon registration with the Federal Tax Administration, the taxpayer receives a VAT number based on the company identification number. The VAT number is added to the company identification number (e.g. CHE-123.456.789 VAT). Since January 31, 2014, the only valid number has been the VAT number based on the company identification number, which has replaced the former six-digit reference number. Taxable recipients in Switzerland who obtain services from companies domiciled abroad and who are not entered in the taxpayer register must declare the services in the context of their normal VAT returns if the place of the service is in Switzerland according to the principle “the place of supply is where the recipient is established”.

A special regulation exists for holding companies. In general the acquisition, holding, and selling of shareholdings is a commercial activity within the meaning Swiss VAT legislation. Shares of capital in other companies over 10% are classed as shareholdings, which are held with the intention of long-term investment and have a considerable influence. The qualification of the holding activity as a commercial action means that the holding company can be voluntarily registered due to the waiving of the exemption from tax. The advantage of the registration is that pre-tax which is due within the scope of the holding activities can be claimed, although the sale of shareholdings essentially represents income exempt from tax (normally, however, a pre-tax correction is necessary due to interest income).

10.5.2 Taxable Supplies

VAT is levied on the following types of services: 1. delivery of goods in Switzerland (including Liechtenstein); 2. purchases of services in Switzerland (including Liechtenstein), 3. purchase of services (and certain goods deliveries in Switzerland) from enterprises with their registered office in another country if the value of goods or services exceeds CHF 10,000 per year; and 4. import of goods.

Certain services provided to foreign recipients (as well as the export of goods and the delivery of goods abroad) are not taxed or are zero-rated with full input tax recovery. The delivery of goods for the purposes of VAT is not limited to goods deliveries as defined by Swiss commercial law. The VAT law provides for a number of business transactions (such as the maintenance of machinery, rental or lease of goods, trade in electricity, etc.) that are deemed to be supplies of goods for VAT purposes.

10.5.3 Taxable Amount

The basis for the calculation of the taxable amount for the supply of goods and services is the agreed upon or the collected gross remuneration (in cash or in kind). Input tax, i.e., the tax paid on purchases of goods and services, can be deducted from the value added tax owed. Consequently, only the value added is taxed (net all-phase principle).

10.5.4 Tax Rates

Since January 1, 2011, the standard rate has been 8% on all taxable supplies of goods or services. A reduced rate of 3.8% is applicable for accommodations. A reduced rate of 2.5% applies on certain categories of goods and services for certain basic needs such as water supply, food and non-alcoholic beverages, cattle, poultry, fish, cereals and grain, books and newspapers, services of non-commercial radio and TV broadcasts, etc.

The Federal Tax Administration offers further simplified VAT accounting for small businesses with turnover of below CHF 5.02 million (incl. VAT) and a tax liability of CHF 109,000 (calculated according to the applicable net tax rate) or less per year. These small businesses may opt to submit VAT based on a balanced tax rate which is lower than the standard rate of 8% if they, in return, waive the standard procedure for input VAT accounting, which would otherwise be deducted from the VAT levied on revenue (input VAT deduction). This simplified taxation method must be maintained for at least one year, and VAT returns need to be filed twice a year only (in contrast to the normal quarterly calculations).

10.5.5 Exemptions

The law differentiates between VAT-exempt revenue and revenue excluded from VAT. No VAT is levied in either case, but a distinction is made regarding the input VAT deduction.

In cases of exclusions, there is no input tax deduction possible for the taxes paid in generating the revenue excluded from VAT. Excluded activities are the healthcare sector, education, culture, sport, social care, most banking and insurance activities, rental and sale of real estate, as well as gambling and lotteries. However, for most of these excluded revenues, it is possible to opt for voluntary taxation. This option is, however, not possible in the case of banking and insurance revenue, as well as the renting of real estate exclusively for residential use. In contrast to activities excluded from VAT, exempt activities allow for an input VAT deduction for all taxes paid in generating the revenue in question (true exemption).

An example of an activity exempt from tax is the export of goods (see also section 10.5.7).

Business activities abroad are not subject to Swiss VAT. These types of revenue are generally the result of international business models. A typical example is a Swiss trading company that buys products from a foreign manufacturing company and sells them to customers in a third country, shipping the products directly to those customers. Activities involving the supply of goods or services abroad only entitle the taxpayer to deduct input tax if the revenue does not qualify as VAT exempt.

10.5.6 Deduction of Input Taxes

An enterprise registered for VAT is liable for VAT on all supplies (sales tax) and will incur VAT on purchases for the business (input tax). In most cases, input taxes may be deducted from the amount of total value added taxes due, and so do not generally represent an additional burden for a business. VAT is a genuine expense only for the end consumer or for a business involved in transactions for which no input tax can be recovered (businesses with excluded income such as banks and insurance companies).

10.5.7 Exports

In addition to exported goods, certain services - if rendered to a recipient domiciled abroad - are also exempt from Swiss VAT (with credit).

However, the Swiss VAT law includes a list of services that are either taxable where the service provider is domiciled or are subject to special provisions according to this list (e.g., services in connection with real estate, hotel and restaurant services; services in relation to culture, sports and the arts; passenger transport, etc.). Services not included in this list that are provided to a foreign recipient are not subject to Swiss VAT (a catch-all provision – the “place of supply is where the recipient is established” – is applied).

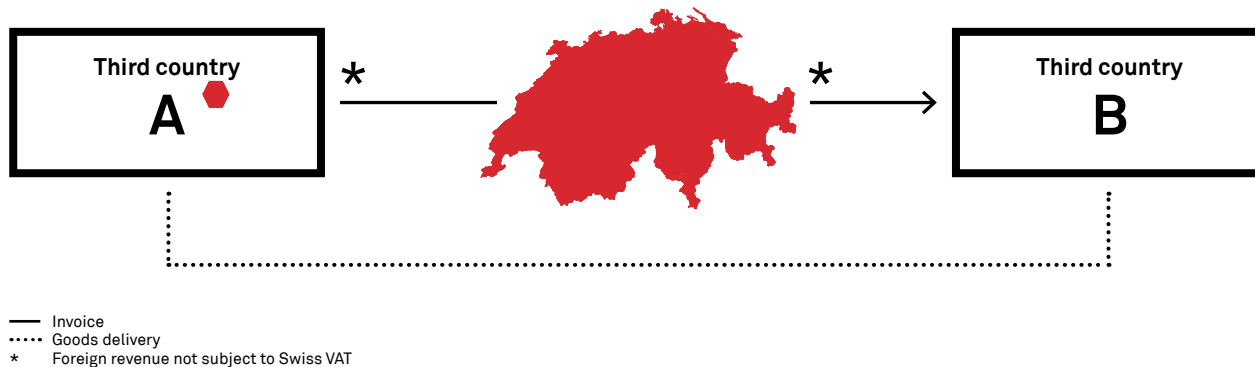
However, the VAT-exempt or non-taxable nature of such services must be proven by the underlying documents such as invoices, agreements, etc. Under all circumstances, it is very important that the documentation be issued in compliance with the requirements according to Swiss VAT law. The same applies to export shipments, where a customs export/ import certificate is required for tax exemption.

10.5.8 International Business Activity

The basic VAT rules described above have the following effect in the case of a Swiss trading company that buys products from a foreign manufacturing company and sells them to customers in a third country, shipping the products directly to those customers:

International Business Activity

(FIG. 48)



Source: compiled by the author

10.5.9 Non-Resident Enterprises

Foreign businesses supplying goods or certain services to or within Switzerland wishing to waive the exemption from tax liability or with corresponding sales revenues in excess of the threshold stated in chapter 10.5.1 are generally required to appoint an authorized VAT representative based in Switzerland. Such entrepreneurs may claim input VAT directly. Foreign companies which exclusively provide services subject to tax to taxable persons are exempt from the VAT obligation; these are supplies in Switzerland, provided these supplies are not subject to import tax, and services based on the principle “the place of supply is where the recipient is established” (exception: telecommunication and electronic services to non-taxable recipients).

Non-resident entrepreneurs without taxable activities in Switzerland are entitled to a refund of Swiss VAT if their foreign activities would qualify as taxable turnover under Swiss VAT law and if the country of residence grants reciprocal treatment to Swiss entrepreneurs (VAT refund).

“At 8%, Switzerland has the lowest rate of VAT in Europe.”

10.6 OTHER TAXES

10.6.1 Stamp Taxes

Generally, the tax liability arises on special legal transactions such as the issuance of shares (issuance stamp tax also known as capital duty) or the trading of securities (securities transfer stamp tax).

The tax on the issuance and the increase of equity of Swiss corporations is 1% on the fair market value of the amount contributed, with an exemption on the first CHF 1 million of capital paid in, whether it is made in an initial or subsequent contribution.

The transfer of Swiss and foreign securities in which a Swiss securities dealer participates as a contracting party or as an intermediary is subject to Swiss securities transfer stamp tax (often called “securities turnover tax” whereby turnover refers to revenue). Depending on the issuer’s residence (Switzerland or foreign country), the tax rate is 0.15% or 0.3% and is calculated on the consideration of the securities traded.

Swiss securities dealers are defined as any persons professionally engaged in buying or selling securities for their own account or for another person, including Swiss banks and other Swiss bank-like institutions. Furthermore, companies holding taxable securities whose book values exceed CHF 10 million and remote members of a Swiss stock exchange with regard to Swiss titles which are quoted on the Swiss stock exchange are considered Swiss securities dealers.

10.6.2 Real Estate Taxes

Capital gains on Swiss immovable property are either subject to a special cantonal real estate gains tax or to ordinary corporate income tax depending on the system that is applied in the canton where the immovable property is located.

Furthermore, in some cantons the transfer of real estate is subject to a conveyance tax, whereas on the federal level no taxes of such kind are levied. As a general rule, conveyance tax is assessed on the purchase price or the taxable value of the real estate and is typically paid by the purchaser of the real estate. Depending on the canton, the applicable tax rate varies between 1% and 3%.

Moreover, about half of the cantons levy a special wealth tax on real estate. This tax is due every year in addition to the general wealth tax. The tax is levied at the place where the property is situated and is assessed on the market or taxable value of the real estate without allowing for deduction of debts. The tax rates applied range between 0.035% and 0.3%.

10.7 DOUBLE TAX TREATIES

To minimize the effect of double taxation in Switzerland and abroad, Switzerland has concluded tax treaties covering direct income taxes with all major industrial countries and many other countries. Most of these treaties are patterned on the principles of the OECD model convention, which defines where the income or the assets are to be taxed and also describes the method for the elimination of double taxation. Switzerland adopted the tax exemption method, exempting income allocable to a foreign country from taxation in Switzerland. The respective income and assets are only considered for the calculation of the applicable tax rate (progression). On certain income streams (dividend, interest, and license fees) both states, the state in which the income is earned and the state of the recipient's residence, are entitled to tax them. However, the double tax treaty limits the right of taxation of the source state, and the source tax can be credited against the tax levied in the recipient's state of residence. To date, more than 80 tax treaties are in effect, plus also the EU bilateral agreements as of July 1, 2005. As Swiss tax treaties are treated as international conventions, they generally supersede federal as well as cantonal/municipal tax rules.

Swiss double tax treaties apply to persons (individuals or companies) who are resident in one or both of the contracting states. As already mentioned in chapter 10.3.5, Swiss residents applying for lump-sum taxation generally qualify for treaty relief as well. However, some treaties provide for special conditions to be met in order to benefit from the treaty applied.

Apart from the tax treaties covering direct income taxes, Switzerland also concluded a few tax treaties in the area of inheritance and estate tax. Switzerland has not negotiated any double tax treaties concerning gift taxes so far. Furthermore, there are some special treaties relating to cross-border commuters, taxation of international air and transport services, and the tax situation of international organizations and their staff.

10.8 CORPORATE TAX REFORM III

Switzerland is currently in the process of modernizing its corporate tax system. The aim of Corporate Tax Reform III (CTR III) is to put in place an attractive system of corporate taxation that is in line with the EU and OECD's internationally accepted tax rules.

Accordingly, with the entry into force of the Corporate Tax Reform III (planned for 1 January 2019), the cantonal tax regimes for holding, management, and mixed companies and the federal principal allocation and the special Swiss finance branch regimes are to be replaced with various measures, including license box taxation for intellectual property and taxation of surplus equity exceeding a core capital.

CTR III is intended to increase the tax appeal of Switzerland as a location on a lasting basis.

Up-to-date information on Corporate Tax Reform III can be found on our website:

www.s-ge.com/corporate-taxation

Facts and figures on Corporate Taxation in Switzerland
Languages: German, English, French, Italian, Portuguese, Russian, Chinese, Japanese

10.9 TRANSFER PRICING RULES

According to Swiss tax law, transactions between group companies must be at arm's length. Switzerland does not have separate transfer pricing legislation and does not plan to introduce such legislation in the near future. Instead, the Swiss tax authorities follow the transfer pricing guidelines of the OECD to determine if a transaction between related parties is at arm's length. In Switzerland, no specific documentation requirements for transfer pricing purposes must be observed. A company doing business in Switzerland should however have the appropriate documentation on file verifying the arm's-length nature of transactions with related parties.

www.efd.admin.ch

Federal Department of Finance (FDF)
Languages: German, English, French, Italian



INFRASTRUCTURE

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Switzerland is closely integrated into the European transportation infrastructure thanks to a dense network of road, rail and air connections. Frequent and reliable connections guarantee the smooth and efficient transport of passengers and goods. The supply of energy, water, communication services and postal services is guaranteed at all times. A well-developed healthcare system ensures that the population has access to medical care without having to travel long distances.

Infrastructure Quality, 2016

1 = Underdeveloped, 7 = Extensive and efficient
(FIG. 49)

1	Switzerland	6.5
2	Singapore	6.4
3	Hong Kong	6.4
4	United Arab Emirates	6.3
5	The Netherlands	6.2
6	Japan	6.2
7	Finland	6.1
8	France	6.0
12	USA	5.7
13	Germany	5.7
15	Luxembourg	5.6
24	United Kingdom	5.2
26	Belgium	5.1
38	Ireland	4.7
43	China	4.5
51	India	4.5
57	Italy	4.3
74	Russia	4.0
116	Brazil	3.0

Source: World Economic Forum, The Global Competitiveness Report 2016 – 2017

www.uvek.admin.ch

Swiss Federal Department of the Environment, Transport, Energy and Communications (DETEC)

Languages: German, English, French, Italian

11.1 TRANSPORTATION

The Swiss economy is supported by an excellent distribution infrastructure for supplying goods and services. With 1.7 kilometers (approx. 1 mile) of roads per square kilometer, Switzerland is one of the continent's most densely developed countries for motorized transport. Nevertheless, Switzerland is rightly known as a railway country, particularly as the national railway network has a length three times that of the freeway network.

The Swiss government's transport policy is primarily aimed at improving the country's attractiveness as a business location and managing increasing mobility in an environmentally compatible manner.

11.1.1 Road Traffic

Switzerland's highway network is one of the densest in the world. There are currently approx. 1,825 km (1,134 miles) of national highways in operation, providing access to all parts of the country. The high proportion of tunnels is remarkable: today 227 tunnels are in operation, running a total length of 233 kilometers (about 145 miles). One in every eight kilometers runs underground. When finished, the currently planned national road network should run for a total of 1,892.5 kilometers (1,175 miles) and include more than 270 tunnels with a combined length of 290 km (180 miles). At least three-quarters of the Swiss highway system consist of four-lane divided freeways. The national highways are also major international transport routes. The connection between Germany and Italy through the Gotthard Tunnel is of critical importance in Europe.

In order to use Switzerland's freeways (Autobahnen), every domestic and foreign motor vehicle weighing up to 3.5 metric tons must have a special freeway sticker or "vignette" (currently CHF 40). The sticker is valid for a calendar year and can be purchased at customs and post offices, gas stations and freeway rest stops. No special tunnel fees are charged for using the Gotthard and San Bernardino transalpine tunnels.

A performance-related vehicle fee (LSVA) is levied on domestic and foreign trucks (motorized vehicles intended for goods transportation with a total weight of more than 3.5 metric tons). In addition to the total weight, the fee depends on the relevant emission category (Euro 0 - II) and the kilometers driven in Switzerland and the Principality of Liechtenstein. For the most-used transit routes from the German to Italian border (about 300 km [186 miles] from Basel to Chiasso), 40-ton trucks pay a fee of CHF 270 - 370 depending on the emission category. In addition, a night-time (10:00 pm - 5:00 am) and Sunday driving ban applies to trucks.

www.astra.admin.ch
Swiss Federal Roads Office (FEDRO)
Languages: German, English, French, Italian

www.strassenverkehrsamt.ch
Cantonal traffic offices
Languages: depends on canton

www.ezv.admin.ch > Information companies > Taxes and duties
Performance-related and lump-sum heavy vehicle charges
Languages: German, English, French, Italian

11.1.2 Rail

Because of the punctuality and reliability of their public transport systems, the Swiss are the most frequent rail travelers in all of Europe. Every day, some 9,000 trains run on the 3,000-kilometer (1,865-mile) rail network operated by SBB (Swiss Federal Railways). In addition to SBB, there are a number of private railway companies in Switzerland that operate on tracks covering somewhat more than 2,000 kilometers (almost 1,250 miles). In spite of the fact that this rail network has the highest capacity utilization in Europe, the trains are very punctual. In 2015, 88% of passenger trains reached their destination within three minutes of the scheduled arrival time. In order to protect the population and the environment, more and more freight traffic will be moved from road to rail in the future.

Three major rail projects now underway will provide important benefits to Switzerland and Europe in the medium and long term. They will increase transport capacities, reduce passenger and freight traffic on roads and highways and help protect and preserve the ecologically sensitive Alpine region:

- ZEB: The "Future Development of the Rail Infrastructure" (ZEB) project was approved by parliament in 2008 and is due to be completed by 2025. The more than 100 authorized projects are worth a combined CHF 5.4 billion and include measures to improve both the frequency and capacity of the rail network. The ZEB project is currently in its third phase, in which various rail lines, especially feeder lines for the Gotthard Base Tunnel, are being made twin-track at a cost of about CHF 300 million.
- AlpTransit or NRLA Project: The new Lötschberg and Gotthard transalpine lines are designed to provide new, fast north-south connections and facilitate substantial expansion of capacity and services. Every day, 42 passenger trains pass through the 34-kilometer (21-mile) Lötschberg base tunnel, which was completed in 2007, at speeds of up to 250 km/h (155 mph). This brings both Valais as well as northern Italy closer to the center of Switzerland. You can now get to Milan from Bern in less than 2 ¾ hours. As for freight transport, the new Lötschberg base route helps meet a key goal of Swiss transport policy, which aims to transfer transalpine freight traffic from road to rail. The route enables transport capacities to be increased substantially, while the larger tunnel cross-sections enable heavier freight trains to pass through (shuttle profile). The AlpTransit or NRLA (New Rail Link through the Alps) project is being built in stages. The Gotthard base tunnel, which is expected to be opened on June 1, 2016, will be the longest tunnel in the world, at 57 kilometers (more than 35 miles).

- Link to the European high-speed rail network: Connection to the European high-speed rail network (TGV and ICE) will make Switzerland the most important hub in Europe's future high-speed network. The Swiss government will invest a total of CHF 992 million (2013 prices) in the rail network by the end of 2020 to provide better connections with the European high-speed rail network. This will shorten travel times from Switzerland to Paris, Lyon, Munich, Ulm and Stuttgart.

www.sbb.ch
Swiss national railway operator SBB
Languages: German, English, French, Italian

www.bav.admin.ch
Swiss Federal Office of Transport (FOT)
Languages: German, English, French, Italian

11.1.3 Shipping and Navigation

When the train and the car were invented, over a century ago, ships and boats were already navigating Swiss waters on a regular basis. Nevertheless, success of cars and trains had a negative impact on shipping and navigation, and the transportation of people and goods on Switzerland's rivers and lakes declined continuously. However, shipping and navigation remain an important part of tourism and international trade.

The River Rhine quickly developed into one of Europe's most important waterways. This was favored by the revised Rhine Navigation Treaty of October 17, 1868, also known as the Mannheim Treaty. Thanks to this agreement, Switzerland has legally guaranteed access to the North Sea. Switzerland also has a deep-sea fishing fleet as well as a (fictitious) deep-sea port in Basel. To this day, shipping is important for Switzerland's trade in goods. Every year, Switzerland's Rhine ports process about 7 million metric tons of goods and about 100,000 containers. Indeed more than 10% of all Swiss foreign trade passes along the Rhine. That is still a sizable proportion, particularly when compared to air freight, which accounts for less than 1% of foreign trade. However as a mode of transport for people, ships really only play a role in tourism and for day trips. Some 13 million passengers a year are transported along and across Switzerland's waterways.

www.port-of-switzerland.ch
Switzerland as a port
Languages: German, English, French

11.1.4 Air Travel

Zurich Airport is one of the most important transport hubs in Europe. Passengers appreciate the excellent standard of service at this airport. This is confirmed by its high ranking in the annual airport rankings. For example, in 2016 Zurich Airport received the World Travel Award as Europe's leading airport for the 13th time for its user-friendliness and quality standards. Zurich Airport received the Eco-Innovation Award for the first time in 2011 for its extensive and systematic environmental management system. It was also the first airport to introduce emission-dependent landing fees.

Some 26.3 million passengers used the Zurich airport in 2015. The freight volume in the same period totaled 411,780 metric tons. The airport currently serves 169 destinations in 60 countries on four continents. Most of the flights (86%) connect Switzerland with the rest of Europe, while 14% are intercontinental. The intercontinental flights connect Zurich with 52 cities in 26 countries in North and South America, the Middle East, the Far East and Africa.

Switzerland's two other international airports – Geneva and Euro-Airport Basel – also have many connections to key European business centers and holiday destinations and a number of direct flights to overseas destinations. Geneva handled 15.8 million passengers and 70,400 metric tons of freight in 2015. In the same year, Basel Airport processed 7.1 million passengers and 49,021 metric tons of freight.

The fact that the three international airports are located in border areas only a short distance away from neighboring countries facilitates international trade to and from the EU through Switzerland. Airfreight is an important freight transport option for exporting companies in the areas around their airports. The most important export products include specialty chemical and pharmaceutical products, high-tech products, automotive components and perishable goods.

Just over three-quarters of Swiss airfreight is processed at the cargo hub in Zurich. But the two other international airports, Geneva and EuroAirport Basel, are also becoming increasingly important freight support points, particularly for express and courier services. The volumes handled by the world's leading express, package and courier services are growing.

The regional airports in Bern, Lugano and St. Gallen-Altenrhein also offer attractive scheduled flights to European destinations on a daily basis. Sion and St. Moritz-Samedan have seasonal business connections that are not only important for tourism but also save time for the entire service sector.

www.swissworld.org > Economy > Transport > Air travel
Overview of aviation
Languages: German, English, French, Italian, Spanish, Russian, Chinese, Japanese

Direct Intercontinental Flight Connections from Zurich (ZRH) and Geneva (GVA), 2016

In brackets: airport; duration of flight

(FIG. 50)

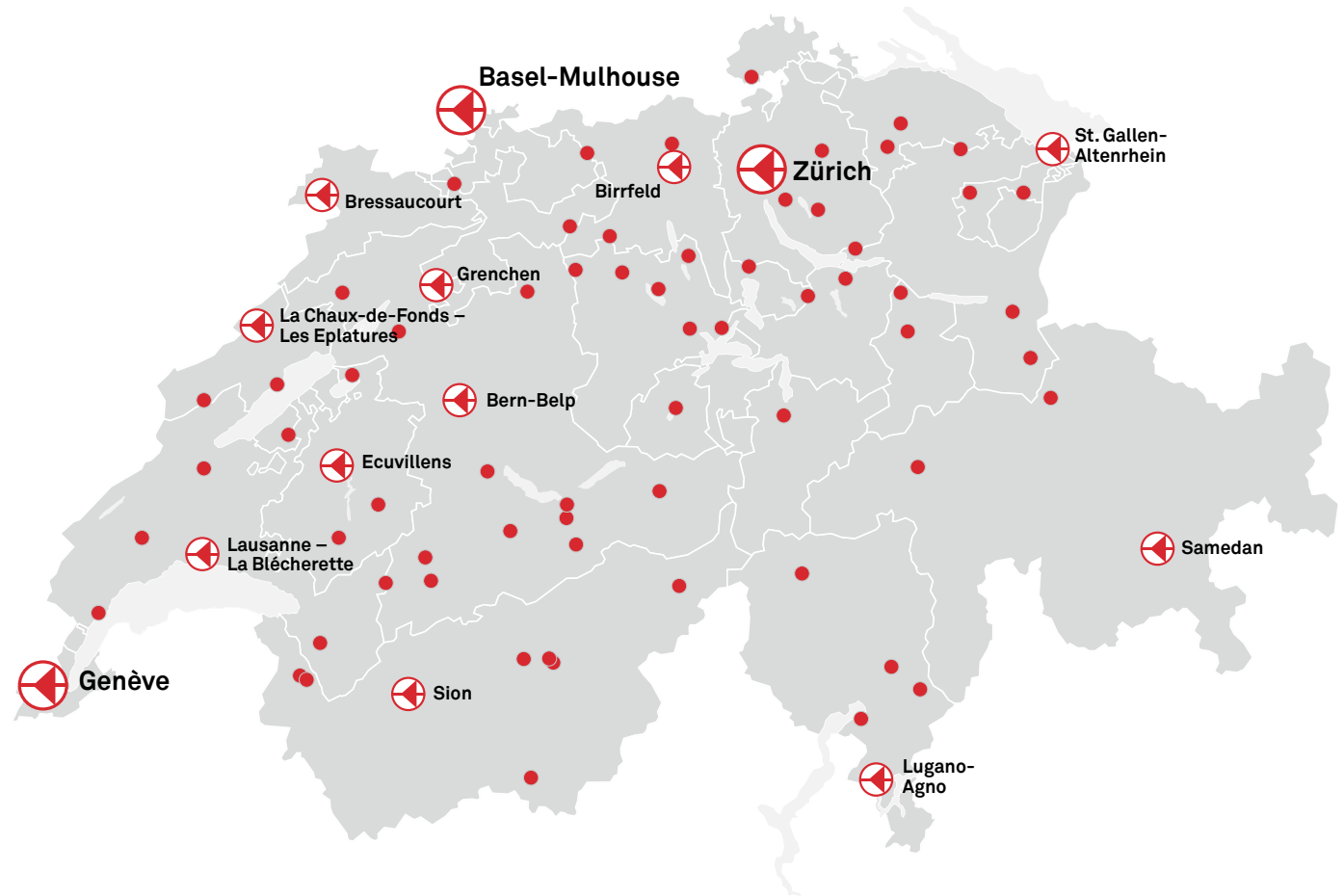





Source: Zurich Airport, Geneva Airport; own representation of S-GE

1 San Francisco (ZRH; 12h15)	15 New York JFK (ZRH / GVA; 08h40)	29 Cairo (ZRH / GVA; 03h55)	43 Abu Dhabi (ZRH / GVA; 06h25)
2 Vancouver (ZRH; 10h40)	16 Boston (ZRH; 08h15)	30 Hurghada (ZRH; 04h25)	44 Muscat (ZRH; 07h50)
3 Los Angeles (ZRH; 12h30)	17 Punta Cana (ZRH; 10h20)	31 Sharm el Sheikh (ZRH; 04h25)	45 Mumbai (ZRH; 08h15)
4 Calgary (ZRH; 12h00)	18 Sao Paulo (ZRH; 12h00)	32 Marsa Alam (ZRH; 04h45)	46 Maledives (ZRH; 09h30)
5 Las Vegas (ZRH; 11h55)	19 Rio de Janeiro (ZRH; 12h00)	33 Nairobi (ZRH; 07h40)	47 Delhi (ZRH; 07h40)
6 Chicago (ZRH; 09h40)	20 Casablanca (ZRH / GVA; 02h50)	34 Tel Aviv (ZRH / GVA; 03h50)	48 Phuket (ZRH; 11h05)
7 Atlanta (ZRH; 10h25)	21 Marrakesh (ZRH / GVA; 03h15)	35 Beirut (ZRH / GVA; 03h50)	49 Bangkok (ZRH; 11h00)
8 Toronto (ZRH; 08h50)	22 Algiers (ZRH; 01h55)	36 Moscow (ZRH; 03h15)	50 Singapore (ZRH; 12h05)
9 Tampa (ZRH; 11h05)	23 Tunis (ZRH / GVA; 02h00)	37 Amman (ZRH / GVA; 06h25)	51 Hong Kong (ZRH; 11h55)
10 Havanna (ZRH; 11h20)	24 Cape Town (ZRH; 11h25)	38 Jeddah (ZRH; 05h20)	52 Peking (ZRH / GVA; 10h00)
11 Miami (ZRH; 10h25)	25 Enfidha (ZRH; 02h05)	39 Riyadh (ZRH; 06h00)	53 Shanghai (ZRH; 11h30)
12 Washington (ZRH; 09h10)	26 Djerba (ZRH / GVA; 02h25)	40 Doha (ZRH / GVA; 06h00)	54 Seoul (ZRH; 10h50)
13 Montreal (ZRH / GVA; 08h10)	27 Johannesburg (ZRH; 10h25)	41 Mauritius (ZRH; 11h05)	55 Tokyo (ZRH; 11h50)
14 New York Newark (ZRH / GVA; 09h05)	28 St. Petersburg (ZRH; 03h05)	42 Dubai (ZRH / GVA; 06h05)	

Switzerland's National and Regional Airports, 2016

(FIG. 51)



 National airport
  Regional airport
  Airfield, heliport

Source: Swiss Federal Office for Civil Aviation (BAZL); own representation of S-GE

www.bazl.admin.ch

Swiss Federal Office for Civil Aviation (BAZL)
Languages: German, English, French, Italian

www.swiss.com

Swiss International Air Lines
Languages: German, English, French, Italian

www.flughafenzuerich.ch

Zurich Airport
Languages: German, English, French

www.gva.ch

Geneva Airport
Languages: German, English, French

www.euroairport.com

EuroAirport Basel
Languages: German, English, French

www.aerosuisse.ch

Umbrella association of the Swiss aerospace industry
Languages: German, French

www.aopa.ch

Aircraft Owners' and Pilots' Association
Languages: German, French

For international corporations, the ability to schedule business flights at short notice is becoming more and more critical. In addition to the national airports, there are also regional airports throughout the country set up to handle business aviation, and most of them are suitable for smaller jets. The modern infrastructure of these airports is designed for business travelers, offering either customs clearance or allowing authorized cross-border travel by persons from the areas covered by the Schengen Agreement (the Schengen Area). In Switzerland there are countless providers of business flights which have their own offices at larger airports and airfields. The offers range from charter planes to the use of pooled planes.

11.2 COMMUNICATION

Switzerland has outstanding access to ICT infrastructure. According to the latest study by the International Telecommunication Union (ITU), the country ranks second worldwide. In 2015, more than 50% of Switzerland's inhabitants were subscribed to fixed-line broadband Internet access. That puts Switzerland significantly above the average for OECD countries (29%) and among the leading nations worldwide (Fig. 52). To ensure that the further development of Internet services and applications is possible, the speed and performance of the network has to be constantly increased. Consequently, the coordinated implementation of a national optical fiber network – to which all residential and commercial buildings are connected – is being intensively promoted (Fiber to the Home).

With 135 mobile phone subscriptions per 100 inhabitants, Switzerland was in the middle of the OECD comparison in 2015, though ahead of the United Kingdom, France and Canada. Since the introduction of third-generation mobile technology (3G: UMTS/HSPA/HSPA+), the number of people accessing the Internet via mobile phone has risen sharply. The mobile phone network has therefore

been expanded accordingly, and 99.8 % of the population can now benefit from 3G coverage in their area. Depending on the provider, fourth generation (4G: LTE) network coverage is already up to 98%.

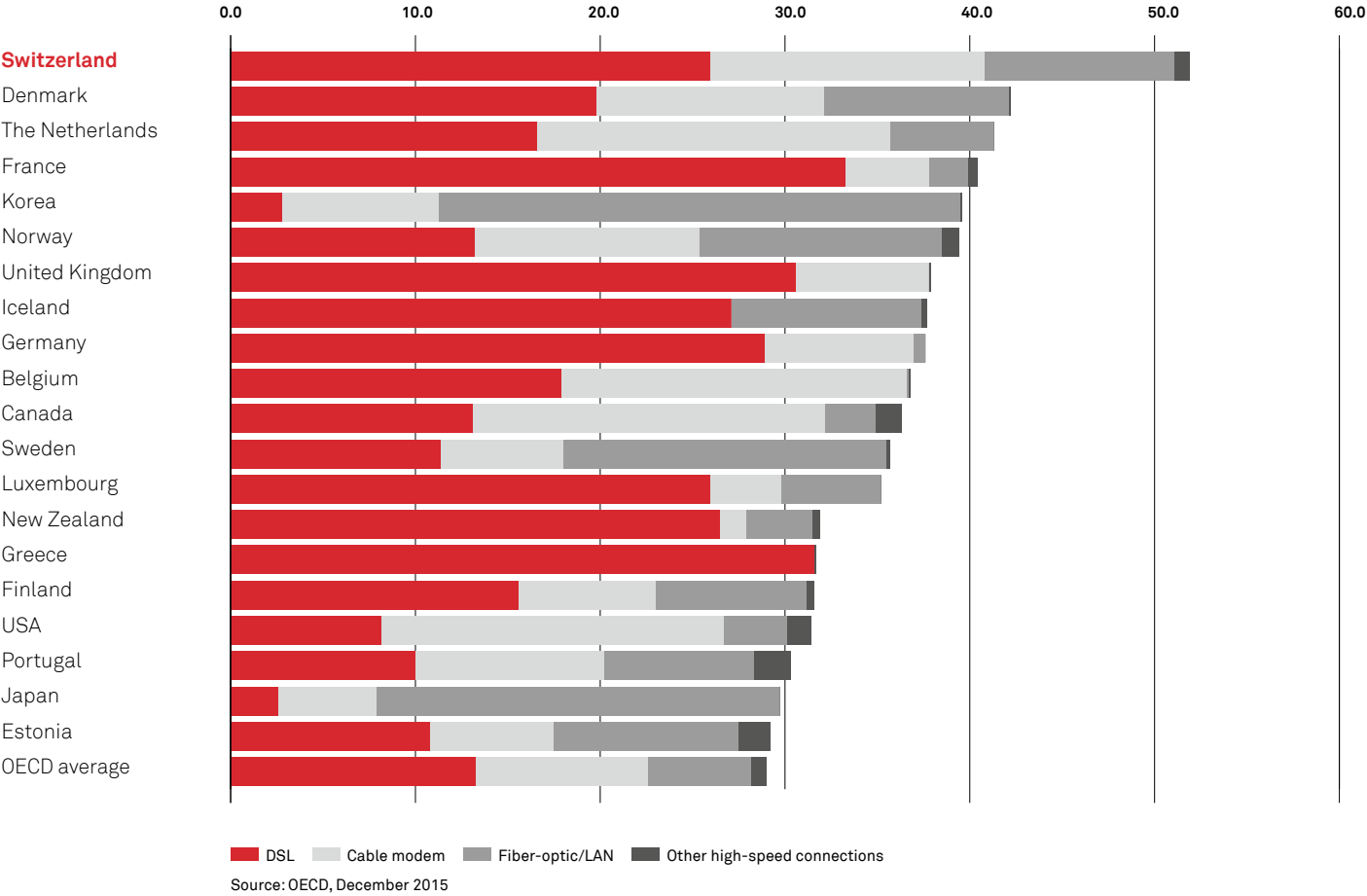
This continually strong increase in the number of mobile phone users as well as advances in Internet technology have an effect on the development of infrastructure. In particular, for example, land-line connections are increasingly being replaced by mobile phone connections and – albeit to a modest extent up to now – by VoIP phones.

www.bakom.admin.ch
Federal Office of Communications (OFCOM)
Languages: German, English, French, Italian

www.bfs.admin.ch > Topics > Culture, media, information society, sports
Information society indicators
Languages: German, French

www.nic.ch
Swiss Internet domain name registry (.ch, .li).
Languages: German, English, French, Italian

Internet Access Subscribers, 2015
Subscribers to high-speed Internet connections per 100 inhabitants
(FIG. 52)



11.3 ENERGY

Switzerland has a reliable and secure nationwide energy supply system. Petroleum products accounted for 41.9% of gross energy consumption in Switzerland in 2015. Nuclear power plants supplied 22.3% of the nation's energy, and 13.1% was produced using hydroelectric power. Gas also plays a relatively significant role, supplying 11% of the energy requirements. In 2015, electricity accounted for 25% of final consumption and was generated for the most part in Switzerland. Compared to the neighboring countries, Switzerland has a practically CO₂-free production mix. The most important power suppliers in Switzerland are hydroelectric power plants (2015: 59.9%) and nuclear power plants (2015: 33.5%). Compared to other countries, Switzerland thereby has an attractive energy mix at relatively low production costs, which are not directly linked to the price of oil and natural gas. Switzerland's integration into the interconnected European energy system ensures that the entire country is supplied with electricity, even during periods of particularly high power consumption. This also applies to the other forms of energy, such as natural gas and petroleum. An extensive network of almost 3,500 gas stations provides fuel for motor vehicles. Within the scope of Swiss environmental policy, mineral oil taxes are levied on gasoline and diesel (approx. CHF 0.75 per liter), revenues which are appropriated specially and mainly flow back into road-building (steering tax). To promote environmentally-friendly fuels, fuels from renewable sources (such as biogas, bioethanol, biodiesel, vegetable and animal oils) are partially or fully exempt from the mineral oil tax. The taxation of natural and liquid gas used as fuels is also reduced. In addition there are voluntary private measures, such as the climate charges on fuels, with which reduction measures are financed domestically and abroad. Nevertheless, the price of gasoline, which averaged at CHF 1.40 per liter in August 2016, is comparatively moderate.

The Swiss electric power market is highly fragmented. Approximately 700 utility companies supply the country with electricity, including eight associated companies and numerous small producers. Thanks to the partial liberalization of the market in 2009, major consumers (i.e. those requiring more than 100,000 kWh per year) can now choose their supplier. A federal statute is required to introduce the complete opening up of the market, which can then be challenged in a referendum.

www.bfe.admin.ch
Swiss Federal Office of Energy (SFOE)
Languages: German, English, French, Italian

www.stromkunden.ch
Group of major electricity consumers
Language: German

11.4 WATER

Switzerland is a water-rich country. Six percent of Europe's fresh water is stored in the Swiss Alps. The Gotthard massif in the center of the Swiss Alps forms a continental divide as far as Europe's water is concerned. From there the Rhine flows to the North Sea, the Rhone to the western Mediterranean, the Ticino (Po) to the Adriatic Sea, and the Inn (Danube) to the Black Sea.

www.bafu.admin.ch > Topics > Water
Swiss Federal Office for the Environment (FOEN): Water
Languages: German, English, French, Italian

11.4.1 Drinking Water

The water that flows through all water pipes in Switzerland is so fresh and pure that it meets the purity requirements for mineral water, even though it is a thousand times cheaper. Even the water in public fountains can be drunk without concern. Only 2% of annual precipitation is utilized for the drinking water supply. The Swiss population consumes about 300 liters of water per capita per day in homes, industry and commercial operations. On average, household consumption accounts for 142 liters of this. Drinking water from water pipes costs an average of about CHF 2 per thousand liters in Switzerland. At a cost of CHF 0.30 per person per day, the cost is just under CHF 0.90 per day for a 3-person household. Groundwater from wells and springs accounts for 80% of consumption, and the rest comes primarily from lakes.

www.trinkwasser.ch
Drinking Water
Languages: German, French, Italian

11.4.2 Waste Water Disposal and Water Pollution Control

Because of its role as the “water reservoir” of Europe, Switzerland is obliged to make special efforts in water pollution control. Purification of waste water is a necessary requirement for maintaining and preserving water ecosystems over the long term. Thanks to modern waste water purification technology, there is no health risk associated with swimming in Switzerland’s many lakes and rivers. The waste water from households, industry, business and agriculture is piped to purification systems through sewage pipes running a total length of 40,000-50,000 kilometers (about 25,000-31,000 miles). Today, 97% of all Swiss households are connected to one of the country’s approx. 900 waste water treatment plants.

11.5 POSTAL SERVICES

Swiss Post serves the entire country (universal nationwide service). It is a byword for reliability, breaking European records again and again.

In recent years, the postal market has undergone fundamental changes. In addition to the state-run postal system, numerous private companies are now offering postal delivery services in certain areas in which competition is allowed. The package delivery market (for packages over 1kg) was liberalized in 2004. Since April 2006, letters weighing more than 100g can be handled by private postal services, provided that they have the required license. Swiss Post has maintained its monopoly only on the delivery of domestic letters and letters from abroad weighing 50g or less. Further liberalization will not take place for the time being, although full liberalization continues to be discussed.

With almost 2,200 branches and agencies, the post office network is very dense. In an international comparison with seven other European countries, Switzerland had the highest density of post office branches per area and the smallest average distance to the nearest post office branch. In addition, Swiss Post offers total logistics solutions ranging from procurement through warehousing to information logistics, including cross-border service.

www.post.ch
Swiss Post
Languages: German, English, French, Italian

11.6 HEALTHCARE

11.6.1 Medical Care

Highly trained medical professionals, famous hospitals and top medical institutions help make the Swiss healthcare system among the best in the world. Approximately 11% of gross domestic product was spent on healthcare in 2014. A dense network of hospitals, pharmacies, medical and dental practices ensures universal access to out-patient and in-patient care. In addition to 108 general hospitals there are 181 specialized clinics (as of 2014). Emergency medical care on the road (emergency services of hospitals) and by air (Swiss air-rescue service Rega or TCS) is well developed and functions professionally. An organization called Spitex provides medical care at home.

The life expectancy at birth has almost doubled in Switzerland since 1900. According to an OECD study, the Swiss people have the world’s third-highest life expectancy, at an average of 82.9 years.

11.6.2 Health Insurance

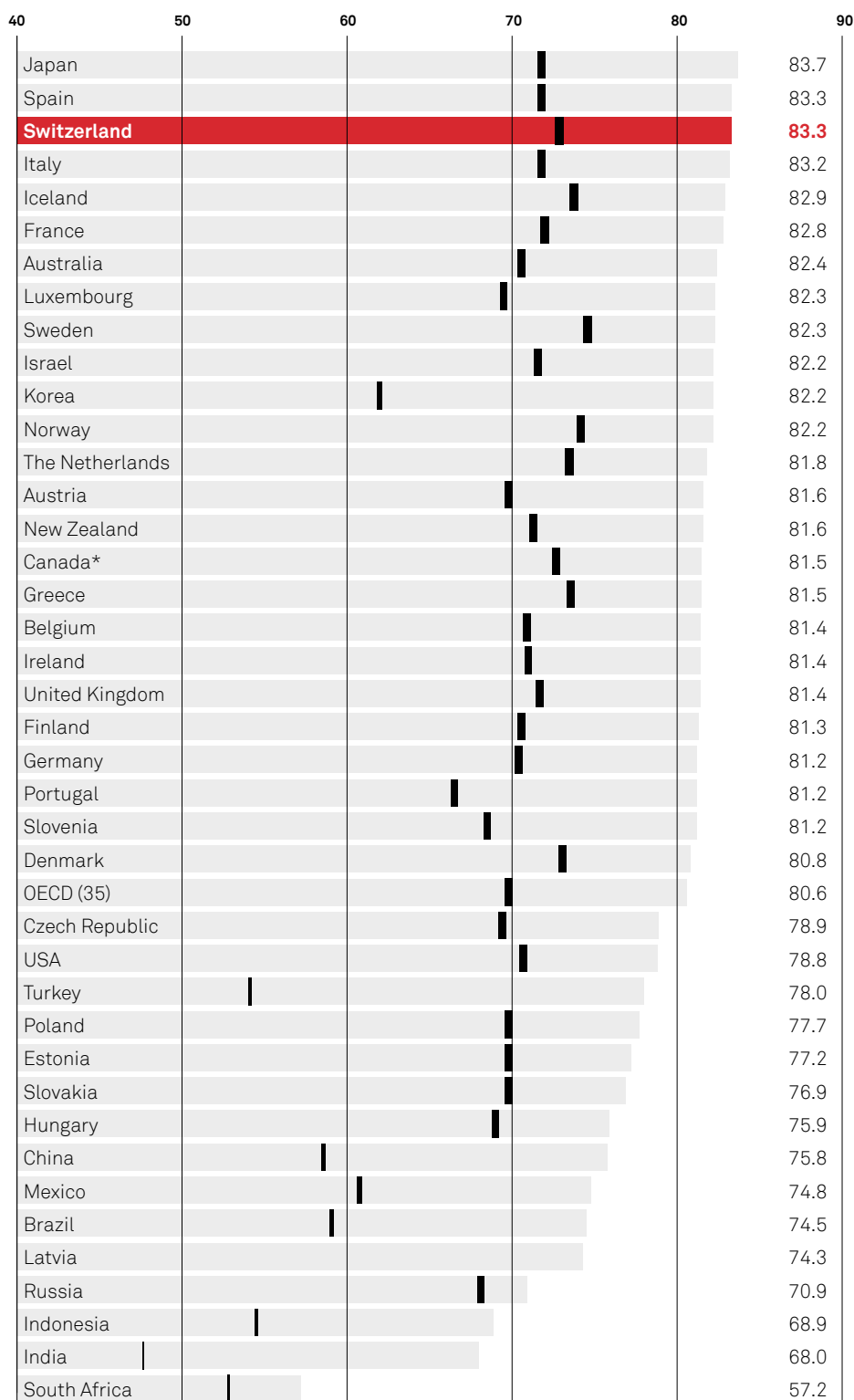
The basic health insurance that all persons residing in Switzerland are required to carry guarantees access to good medical care. This covers medical treatment in the event of illness or accidents if treatment is not covered by accident insurance (even in foreign countries in some cases). The system is not state-run, but offered through 94 private health insurance companies. Additional insurance is optional.

www.bag.admin.ch > Topics > Health insurance
Overview of health insurance
Languages: German, English, French, Italian

“At an average of 83.3 years, the Swiss people have the world’s third-highest life expectancy.”

Life expectancy at birth, 1970 and 2014

(FIG. 53)



2014 (*2011) — 1970

Source: OECD Health Statistics 2016

www.bag.admin.ch

Swiss Federal Office of Public Health (FOPH)
Languages: German, English, French, Italian

www.redcross.ch

Swiss Red Cross
Languages: German, French

www.hplus.ch

Hospitals in Switzerland
Languages: German, French, Italian

www.fmh.ch

Swiss Medical Association (FMH)
Languages: German, French, Italian

www.doctorfmh.ch

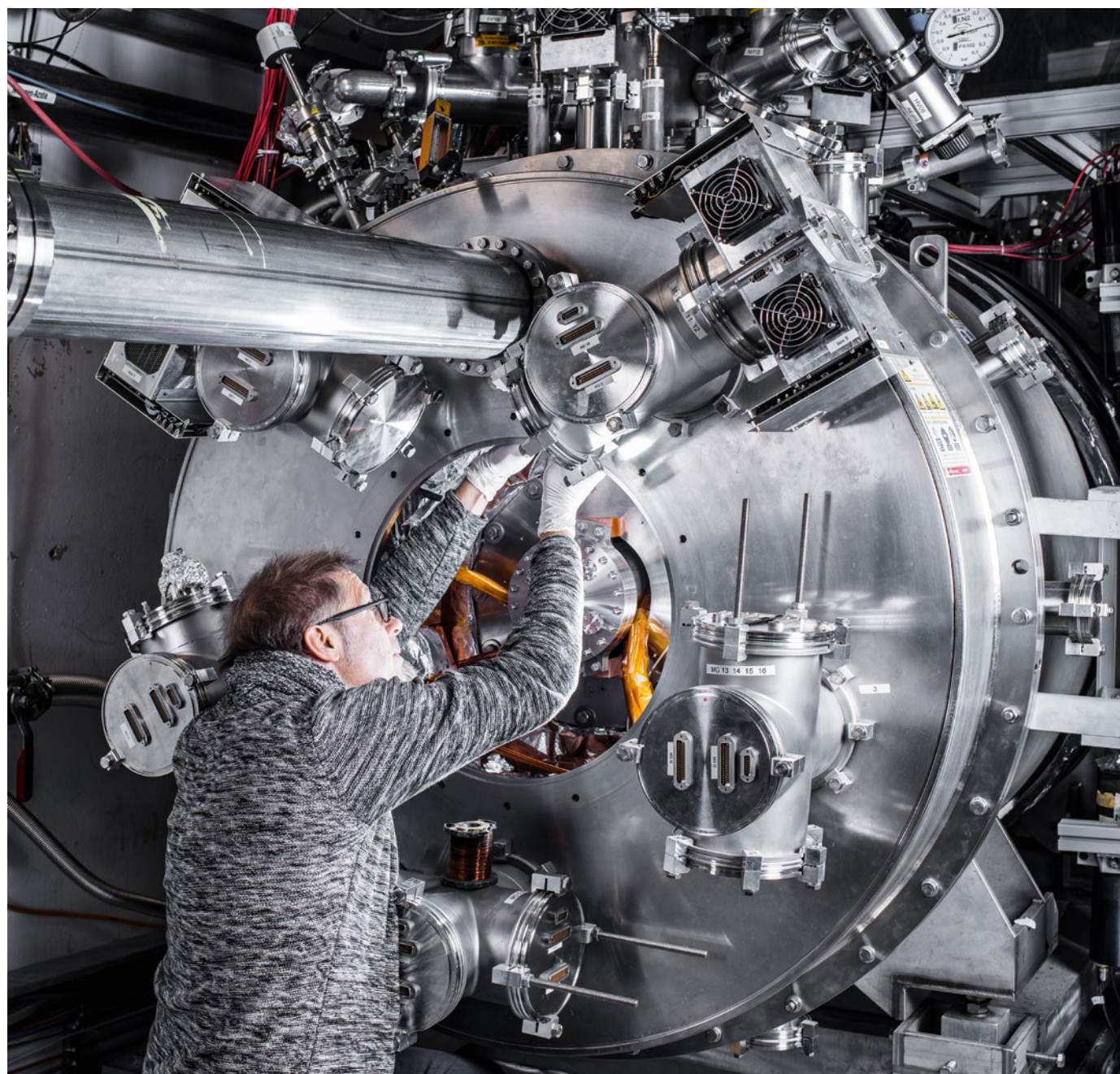
List of FMH doctors
Languages: German, English, French, Italian

www.rega.ch

Swiss Air-Rescue Service (Rega)
Languages: German, English, French, Italian

www.spitex.ch

Spitex association, Switzerland
Languages: German, French



EDUCATION AND RESEARCH

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For a country like Switzerland with few natural resources, a well-educated workforce and constant innovation are its most important capital. Swiss education and research policy is designed accordingly. Switzerland's public schools, universities, postgraduate studies and international private and boarding schools are famous worldwide for their quality. The country's federal structure also ensures both high quality and proximity of the business world and research institutions to the educational system. One special feature of Swiss education is the dual training system: students have a choice between the traditional educational path at high schools and universities or, on the other hand, industrial vocations and careers in the service sector, where they receive hands-on training on the job.

12.1 SCHOOLING AND VOCATIONAL TRAINING

Switzerland's dual vocational training system is unique worldwide and provides the country with a highly-qualified and innovative workforce and thus a leading position in the global economy.

Under the Swiss system, the cantons are responsible for the quality and type of education (basic education, universities, universities of applied sciences) within their territory. Only the Swiss Federal Institutes of Technology (ETH/EPFL) are under federal direction. Various coordinating bodies ensure that the educational and training plans are harmonized between cantons.

www.edk.ch
Swiss Conference of Cantonal Ministers of Education (EDK)
Languages: German, English, French, Italian

www.educa.ch
Swiss education server
Languages: German, English, French, Italian

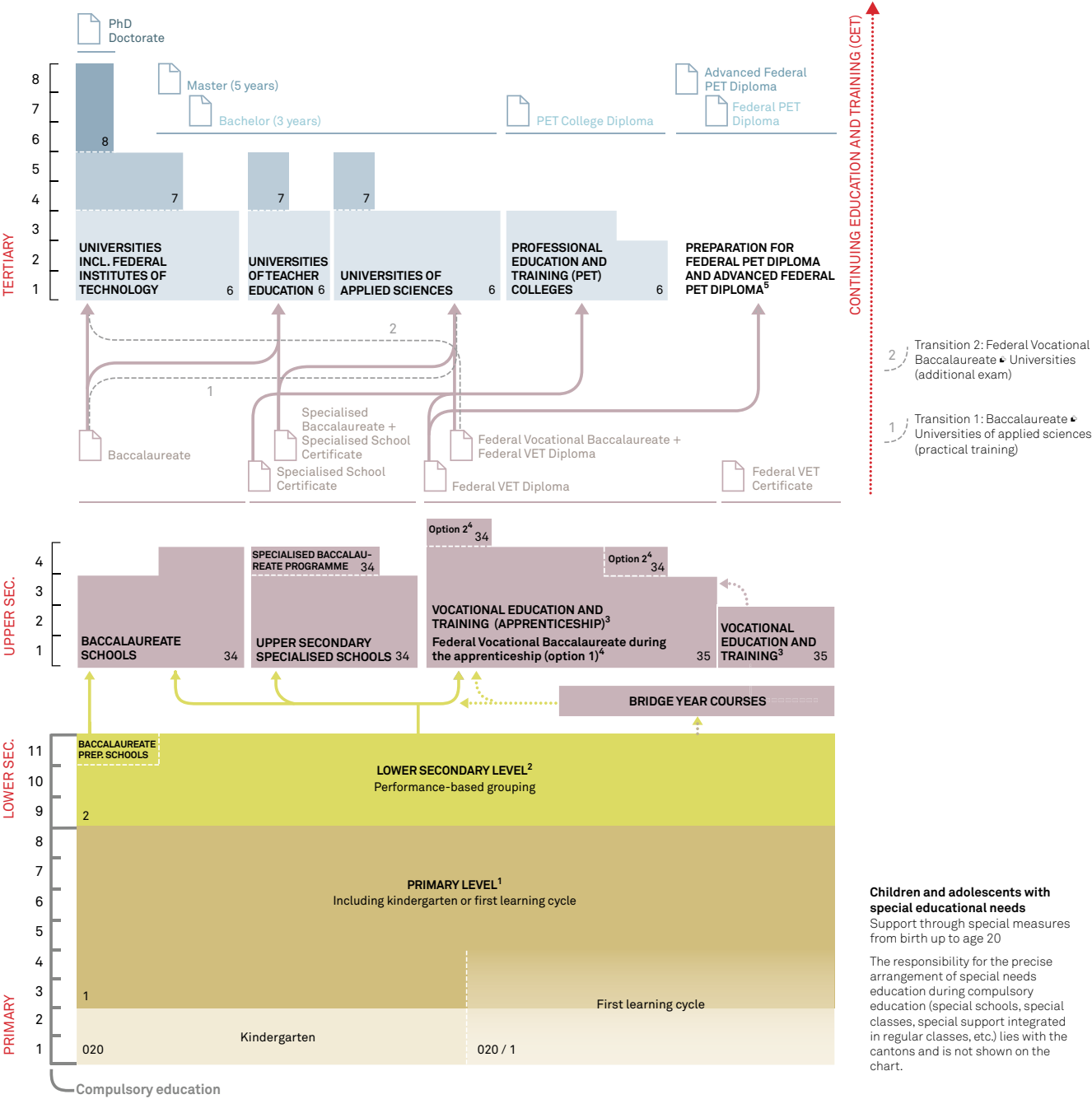
www.bildungssystem.bfs.admin.ch
Education statistics
Languages: German, French

12.1.1 Basic and Further Education

Education begins at the kindergarten level at age five or six. Primary school starts at age seven and runs through to grades four to six, followed by a lower secondary school the levels of which correspond to their personal ability. The name and curriculum of the educational levels varies from canton to canton. Once they have completed lower secondary school, students have finished their compulsory nine years' schooling. They can then either begin vocational training or attend high school to prepare them for university studies. Aside from apprenticeship and high school, students can continue their education beyond the statutory minimum by attending an intermediate diploma school to earn a specialized diploma.

The Swiss Education System

(FIG. 54)



© EDK CDIP CDEP CDPE, November 2015

ISCED | International Standard Classification of Education 2011

- ISCED 8
- ISCED 7
- ISCED 6
- ISCED 4
- ISCED 34 + 35
- ISCED 2
- ISCED 1
- ISCED 020

- Two years of kindergarten or the first two years of a first learning cycle: included in compulsory education in the majority of cantons
- Lower secondary level: 4-year scuola media in the Canton of Ticino (pursuant to exception clause in Art. 6 HarmoS Agreement)
- Vocational education and training (apprenticeship): training company + VET school + intercompany courses; full-time school education possible
- Federal Vocational Baccalaureate: combined with an apprenticeship (option 1) or after an apprenticeship (option 2); duration option 2: full-time 1 year, part-time 1.5 – 2 years
- Federal PET examination / Federal PET diploma = ISCED 6
Advanced federal PET examination / Advanced federal PET diploma = ISCED 7

Quality of the Education System, 2016

1 = Completely fails to meet the economy's needs,
10 = Meets the economy's needs

(FIG. 55)

1	Switzerland	9.11
2	Finland	8.70
3	Singapore	8.18
4	The Netherlands	8.13
5	Canada	8.05
6	Denmark	7.90
8	Belgium	7.71
9	Ireland	7.67
10	Germany	7.63
16	Hong Kong	6.88
18	United Kingdom	6.51
19	Luxembourg	6.44
23	USA	6.28
26	France	6.03
28	Italy	5.85
29	Japan	5.70
34	India	5.46
42	Russia	4.48
47	China	4.21
59	Brazil	2.68

Source: IMD World Competitiveness Yearbook 2016

95 % of students finish their mandatory education at a local state school. Only 5 % attend private schools. Public schools enjoy a good reputation. In the 2012 OECD Program for International Student Assessments (PISA), Swiss students scored higher than the average in OECD states, with public schools achieving slightly higher scores than private ones. Within Europe, Switzerland is in second place overall behind the Principality of Liechtenstein. The IMD management institute has also confirmed that Switzerland has a high-quality education system that meets the economy's needs (Fig. 55).

Switzerland's public schools not only provide an education, they also fulfill an important integration function: children with different social, linguistic and/or cultural backgrounds all attend the same schools. For Switzerland, a country with four national languages, multilingual skills are extremely important. In addition to their mother tongue, children are taught a second national language and English from primary school onward.

In 2013, public-sector spending on education in Switzerland was just under CHF 35.4 billion . That's 5.6 % of the gross domestic product. On a per-capita basis, this level of spending puts Switzerland in first place worldwide.

www.pisa.oecd.org
PISA study
Languages: German, English, French, Spanish

Public Per Capita Spending on Education, 2014

in US dollars

(FIG. 56)

1	Luxembourg	6,272
2	Switzerland	5,091
3	Norway	5,027
4	Denmark	4,448
5	Sweden	3,975
6	Australia	3,575
9	USA	3,184
11	Belgium	3,011
13	The Netherlands	2,815
15	Ireland	2,433
16	France	2,359
18	United Kingdom	2,288
20	Germany	1,838
21	Singapore	1,673
22	Japan	1,650
24	Italy	1,458
25	Hong Kong	1,313
34	Brazil	736
42	Russia	551
50	China	274
60	India	50

Source: IMD World Competitiveness Yearbook 2016

12.1.2 Vocational Training

Basic vocational training begins after the completion of compulsory education. Great importance is placed on practical on-the-job training. More than three-quarters of all young people complete a work-and-training-based apprenticeship lasting three to four years and consisting of practical work in a company coupled with study of the accompanying theory at a vocational school for the relevant sector. In addition, students are eligible to obtain professional certification, which entitles them to enter a university of applied sciences where they can earn a Bachelor's or, in some cases, a Master's degree. Universities of applied sciences provide a tertiary level of education. 88 % of Swiss students continue their education once they have completed compulsory schooling, placing Switzerland near the top of all OECD countries with regard to further education.

This dual system ensures that businesses have a choice of well-qualified and practically-trained employees ready to enter the relevant sector. Youth unemployment is significantly below that of the average in the Euro countries. It is important to note that the practical aspect of vocational training in no way reduces the importance of in-depth teaching in school.

Professional education and training play an important role in Switzerland. Higher specialist and professional training courses are conducted with the approval of the federal authorities and professional associations. Successful completion of these courses leads to the attainment of a Swiss federal vocational certificate or diploma. In Switzerland there are nearly 150 federally recognized schools offering professional college degree programs, the majority of which are engineering colleges. These schools teach qualifications that are often learned only at universities in other countries. Vocational degrees are mutually recognized through bilateral agreements between Switzerland and the EU. The plethora of Switzerland's vocational training courses is made easier to understand and compare by the National Qualification Framework for Swiss Vocational and Professional Education and Training (NQF VPET) as well as explanations about certificates and diploma supplements.

www.s-ge.com/education

Facts and figures on professional training in Switzerland
Languages: German, English, French, Italian, Portuguese, Russian, Chinese, Japanese

www.sbf.admin.ch

State Secretariat for Education, Research and Innovation (SBFI)
Languages: German, English, French, Italian

www.wbf.admin.ch > Topics > Education Research and innovation

Information issued by the Swiss Federal Department of Economic Affairs, Education and Research (EAER)
Languages: German, French, Italian

www.swissworld.org > Education

Education in Switzerland
Languages: German, English, French, Italian, Spanish, Russian, Chinese, Japanese

www.berufsberatung.ch

Advice on choosing a profession, higher education course and career
Languages: German, French, Italian

12.2 FURTHER EDUCATION

Continuing training plays an important role in Switzerland. Public institutions such as universities and universities of applied sciences offer not only postgraduate programs but also courses on various specialized topics which are open to everyone, not just graduates. Non-students can also register to sit in on regular courses. Adult education courses are publicly subsidized and open to everyone. There is also a wide variety of courses offered by private educational establishments, from language courses to yoga and managerial courses.

www.weiterbildung.ch

www.ausbildung-weiterbildung.ch

www.seminare.ch

Overview of continuing training (providers and courses)
Language: German

www.up-vhs.ch

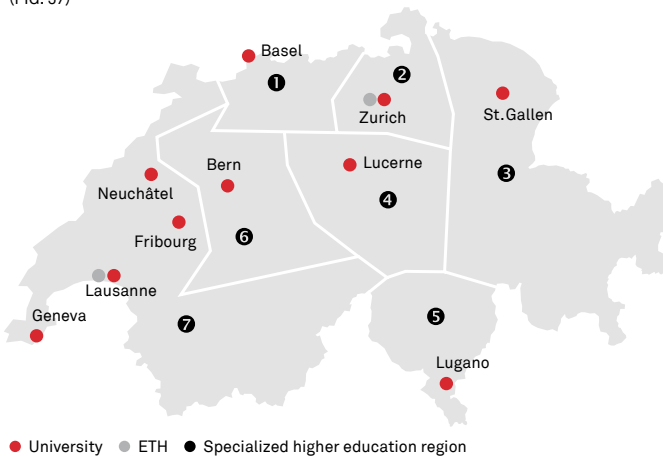
Swiss Adult Education Association
Languages: German, English, French

12.3 UNIVERSITIES AND COLLEGES

12.3.1 Universities and Technical Colleges

Universities and Technical Colleges

(FIG. 57)



Source: State Secretariat for Education, Research and Innovation (SERI), 2016

Annual Tuition Fees, 2014/2015

(Bachelor degree, in CHF)

(FIG. 58)

	EPF LAUSANNE	ETH ZURICH	UNIVER- SITY OF BASEL	UNIVER- SITY OF BERN	UNIVERSI- TY OF FRIBOURG	UNIVER- SITY OF GENEVA	UNIVERSI- TY OF LAUSANNE	UNIVERSI- TY OF LUCERNE	UNIVERSITY OF NEUCHÂTEL	UNIVERSI- TY OF ST. GALL	UNIVERSI- TY OF ZURICH	USI (LUGANO MENDRISIO)
Domestic students	1,266	1,288	1,700	1,568	1,310	1,000	1,160	1,620	1,030	2,452	1,538	4,000
Additional fees for international students					300			600	550	3,800	1,000	4,000
Total for international students	1,266	1,288	1,700	1,568	1,610	1,000	1,160	2,220	1,580	6,252	2,538	8,000

Source: berufsberatung.ch

In Switzerland there are ten cantonal universities at which the main language of instruction is either German (Basel, Bern, Zurich, Lucerne, St. Gallen), French (Geneva, Lausanne, Neuchâtel), Italian (Lugano) or bilingual – German and French (Fribourg). There is a Swiss Federal Institute of Technology in Lausanne (French) and one in Zurich (German). In the 2015/2016 autumn semester, around 145,946 students were enrolled in these twelve universities, 50 % of whom were female and 29.9 % were foreign students. This is one of the highest percentages of international students worldwide. At 50 %, the number of foreign professors is also comparatively high, and has been rising since 2002, underlining the international aspect of Swiss universities.

The range of subjects offered for study at Swiss universities is very wide. With the exception of medicine, there are no specific restrictions on admission. For a Bachelor's/Master's degree, foreign students must meet the language requirements and some universities require students to pass an admissions exam. Tuition fees for international students are also very reasonable. In addition to tuition, between CHF 18,000 and CHF 28,000 a year are required for living expenses, depending on the city and personal needs. As a result of the Bologna Accords, which aim to create a European higher education area, all Swiss universities have converted all courses of study to the Bachelor's/Master's system. Within the scope of this reform, courses of study are increasingly offered either partially or fully in English (esp. Master's courses). Switzerland participates in international student exchange programs such as ISEP, which enable foreign students to study at a Swiss university for a semester.

Swiss universities have earned high praise worldwide for their curricula and fields of research in certain areas of specialization in various degree subjects. The two Federal Institutes of Technology in Zurich (ETHZ) and Lausanne (EPFL) work together with the international research community to conduct cutting-edge research. They strive to attract world-renowned scientists. Swiss universities regularly rank among the top 100 universities worldwide and even higher in Europe, while some institutes are part of the world elite. Swiss colleges and universities are also involved in international research programs and offer postgraduate studies (e.g. in cooperation with foreign academic institutions).

www.ch.ch > Studying at a university

Information on studying in Switzerland
Languages: German, English, French, Italian

www.sbf.admin.ch

State Secretariat for Education, Research and Innovation (SBFI)
Languages: German, English, French, Italian

www.universityrankings.ch

University rankings
Languages: German, English, French, Italian

www.swissuni.ch

Swiss university continuing training association
Languages: German, English, French

www.swissuniversity.ch

Information for foreign students
Languages: English

www.crus.ch

Studying in Switzerland
Languages: German, English, French, Italian

Executive MBAs: The Most Important Providers

(FIG. 59)

SUPPLIER	TEACHING LOCATIONS	HOMEPAGE
International Institute for Management Development (IMD)	Lausanne (Switzerland), Europe (Ireland, Romania), Shanghai (China), Silicon Valley (United States)	www.imd.ch/programs/emba English
Omnium Alliance (University of St. Gallen, University of Toronto, partner schools)	Brazil, China, India, Canada, Switzerland, Hungary, Argentina, Turkey, United Arab Emirates	www.omniumgemba.com www.gemba.unisg.ch English
University of St. Gallen	St. Gallen (Switzerland), Germany, UK, Brazil, Argentina	www.emba.unisg.ch German/English
University of Zurich	Zurich (Switzerland), Yale (United States), Shanghai (China), Hyderabad (India)	www.executive-mba.ch English
Rochester-Bern (University of Bern, University of Rochester)	Bern (Switzerland), Rochester (United States), Shanghai (China)	www.lorange.org German/English
Lorange	Zurich (Switzerland)	www.lorange.org German/English
ZfU International Business School	Zurich (Switzerland), Boston (United States)	www.zfu.ch/weiterbildung/master German

Source: collated internally

12.3.2 Universities of Applied Sciences

Universities of applied sciences offer practical training at the Bachelor’s and Master’s level for professionals, most of whom have professional certification and have already gathered professional experience. In addition to normal teaching, these universities carry out research and development projects with private companies, particularly SMEs, and provide advanced training courses to local enterprises.

www.sbfi.admin.ch > Topics > Higher education > Universities of Applied Sciences
Overview of universities of applied sciences
Languages: German, English, French, Italian

As a result, universities of applied sciences have partial responsibility for regional science and technology transfer and therefore continuously interact with industry. They have a large pool of teaching, research, development and services skills which are strongly geared to clients, markets and practice. In their role as research institutes, they are supported at the national level by the Commission for Technology and Innovation (CTI) and work together with the Swiss Federal Institutes of Technology and universities.

“In Switzerland, 100,000 children at 240 private schools are taught in German, French, Italian or English (and in some cases in other languages).”

12.3.3 Executive MBA (EMBA) Programs

A special type of further education is the Executive MBA program, which is aimed at managers with many years’ managerial experience under their belt. Generally, EMBA courses are work-study programs that are based on a modular system. Most of the degree programs also include time studying abroad in addition to the courses in Switzerland. IMD in Lausanne is a prime example of a top Swiss school whose EMBA program is regularly ranked as one of the best in the world. The program at the University of St. Gallen is also in the top 30 in Europe.

- www.find-mba.com > Europe > Switzerland
MBA/EMBA programs in Switzerland
Language: English
- www.ausbildung-weiterbildung.ch
Swiss continuing training portal
Language: German
- www.swissuniversity.ch
Programs at Swiss universities
Language: English
- www.economist.com > Business & Finance > Which MBA?
Economist rankings
Language: English
- www.ft.com > Management > Business Education
Financial Times rankings
Language: English

Cost of Private International Schools, 2014

in US dollars

(FIG. 60)

City	ENGLISH SCHOOL		FRENCH SCHOOL		GERMAN SCHOOL	
	Annual fees for primary school	Annual fees for secondary school	Annual fees for primary school	Annual fees for secondary school	Annual fees for primary school	Annual fees for secondary school
Amsterdam	19,448	20,680	6,936	10,914	9,551	9,551
Brussels	33,156	40,388	6,787	8,228	12,962	14,600
Budapest	19,568	20,518	6,136	7,261	5,117	5,117
Dublin	16,889*	20,238*	5,047	7,507	6,290	5,935
Frankfurt	20,589*	22,391	4,844	5,908	Not available	Not available
Geneva	24,568	Not available	16,807	18,985	13,233	13,233
London	22,884	24,194	7,481	9,129	10,069	10,069
Milan	17,492	19,935	5,645	7,000	7,573	7,573
New York	39,650	39,650	22,760	25,950	18,875	18,875
Paris	28,214	32,758	6,734	6,754	10,506	10,506
Singapore	23,613	28,551	14,995	16,810	12,975	14,971
Vienna	17,514*	22,235*	7,944	8,061	Not available	Not available

* No English school available. Information is based on the international school.

Source: Mercer, Cost-of-Living Report, March 2014

12.4 INTERNATIONAL PRIVATE SCHOOLS AND BOARDING SCHOOLS

The Swiss education system also includes private schools. The more than 240 private schools teach courses in one of the three national languages – German, French and Italian – or in English (and some also offer other languages) to about 100,000 students. International schools are primarily important for employees of foreign companies who often remain in Switzerland for only a short time. During their stay, the children receive a suitable education in their native language or an international education and are prepared for the school-leaving certificates valid in their home country, such as the German Abitur, French baccalauréat or US university admission certificate. Suitable establishments can be found in every region and all cities. The school fees are average compared to other countries.

Swiss boarding schools are known not only for their high level of education, but also for their strict discipline and international student body. Often they have very selective acceptance criteria and are known for their elite standing in the world.

www.swissprivateschoolregister.com
Register of private schools in Switzerland
Languages: German, English, French, Italian

www.swiss-schools.ch
Swiss Federation of Private Schools (SFPS)
Languages: German, English, French, Spanish, Italian

www.sgischools.com
Swiss Group of International Schools
Language: English

12.5 RESEARCH AND DEVELOPMENT

12.5.1 Conducting Research in Switzerland

The faster the pace of technological change, the greater the role that research and development play in a country's economy. Switzerland is one of the world's most research-intensive countries. In 2012 it spent more than 3 % of its GDP on research and development. Since 1996, the real rate of change has been 4.1 % as an annual average and thereby higher than the average annual economic growth during the same period (2.9 %). All relevant indicators put Switzerland in the top ranks in international comparisons.

Of the CHF 17.8 billion spent on research and development in 2012, 88 % (approx. CHF 15.7 billion) was financed by the private sector. The pharmaceutical industry (CHF 5.1 billion) and the mechanical engineering industry (CHF 1.7 billion) have the highest expenditure. The combined R&D expenses of all universities and research institutes amounted to CHF 213 million in 2012, 1.2 % of total Swiss expenditure. In 2012, more than 53,000 people worked in research, nearly 52,000 of them in the private sector.

Relative to its population, Switzerland has the world's second-highest proportion of Nobel laureates (Fig. 62). Since 1901, 24 Swiss citizens have had the honor of receiving the world's highest scientific accolade.

Overall per Capita Spending on Research and Development 2014 in US dollars

(FIG. 61)

1	Switzerland*	2,481.50
2	Denmark	1,877.00
3	Sweden	1,852.00
8	Luxembourg	1,482.40
9	USA *	1,442.90
11	Germany	1,355.60
12	Japan	1,297.90
13	Singapore	1,230.30
15	Belgium	1,168.80
16	The Netherlands	1,028.70
18	France	966.00
19	Ireland	826.40
21	United Kingdom	790.40
26	Italy	453.40
30	Hong Kong	297.90
33	Brazil **	197.90
38	China	154.90
39	Russia	153.70
56	India	14.40

Exceptions to the reference year: * 2012, ** 2013

Source: IMD World Competitiveness Yearbook 2016

Nobel Laureates per Million Inhabitants, 2015

(FIG. 62)

1	Norway	1.53
2	Switzerland	1.46
3	Sweden	1.02
4	United Kingdom	0.96
5	Israel	0.95
6	USA	0.89
7	Denmark	0.71
8	The Netherlands	0.47
10	Ireland	0.43
11	Germany	0.39
12	Belgium	0.36
15	France	0.30
17	Hong Kong	0.14
18	Japan	0.13
21	Italy	0.08
22	Russia	0.07
26	China	0.00
27	India	0.00
28	Brazil	0.00
28	Luxembourg	0.00
28	Singapore	0.00

Source: IMD World Competitiveness Yearbook 2016

Publishing articles in scientific journals (whether printed or digital) is the most important way to distribute research findings and knowledge. The “impact factor” shows how often articles in one journal are cited in another. Across all scientific disciplines, Switzerland is in second place overall behind the US on this scale. The impact of Swiss publications has been increasing continuously since the 1980s and is now 17 % higher than the global average. If the number of publications is compared to the size of the population, Switzerland is currently the world’s most productive nation, with 3.9 publications per 1,000 inhabitants (Fig. 63).

Government funding is provided principally for basic research. The private sector and the scientific community work closely together. Each institute at university and college level has a coordination office for cooperation with the private sector. The Commission for Technology and Innovation (CTI) can make significant financial contributions to research and development projects in which companies cooperate with non-profit research organizations.

www.sbf.admin.ch > Topics > Research + innovation

State Secretariat for Education, Research and Innovation (SBFI)
Languages: German, English, French, Italian

www.kti-cti.ch

Swiss Federal Innovation Promotion Agency
Languages: German, English, French, Italian

www.snf.ch

Swiss National Science Foundation (SNSF)
Languages: German, English, French, Italian

www.myscience.ch

Swiss research and innovation portal
Languages: German, English, French

12.5.2 International Collaborative Research

The Swiss private sector has a keen interest in research cooperation with partners abroad, particularly from the EU. Research and development cooperation with innovative foreign partners also gives smaller companies access to know-how from which they can benefit. Bilateral agreements with the EU create even more favorable conditions for this type of cooperation.

Further information on international collaborative research can be found in Section 4.2.4.

www.snf.ch > The SNF > Research policies > International co-operation

International Collaborative Research
Languages: German, English, French, Italian

www.sbf.admin.ch > Topics > International cooperation in research and innovation

International cooperation on education, science and research
Languages: German, English, French, Italian

Scientific publications, average 2009–2013

(FIG. 63)

	NUMBER OF BROADBAND CONNECTIONS PER 1000 INHABITANTS	SHARE OF WORLDWIDE PUBLICATIONS	NUMBER OF PUBLICATIONS PER RESEARCHER
Switzerland	3.9	1.2%	0.86
Finland	3.5	0.7%	0.46
Denmark	3.4	0.8%	0.49
The Netherlands	3.4	2.3%	0.94
Sweden	3.2	1.2%	0.60
United Kingdom	2.3	5.7%	0.56
France	2.2	5.7%	0.58
USA	2.2	27.1%	0.55
Austria	1.8	0.6%	0.41
Italy	1.7	4.0%	0.93
Germany	1.6	5.3%	0.39
Japan	1.0	5.0%	0.19
China	0.2	8.4%	0.16

Source: State Secretariat for Education, Research and Innovation (SERI), 2016

Research Establishments in Switzerland

(FIG. 64)

INSTITUTION		LOCATION	HOME PAGE
CERN	European Organization for Nuclear Research	Geneva	www.cern.ch English, French
EAWAG	Aquatic research institute of the ETH	Dübendorf (ZH), Kastanienbaum (LU)	www.benevol.ch German, English, French
EMPA	Swiss Federal Laboratories for Materials Science & Technology	Thun (BE), Dübendorf (ZH), St. Gallen	www.empa.ch German, English, French
PSI	Paul Scherrer Institute	Villigen (AG)	www.psi.ch German, English, French
SLF	Swiss Federal Institute for Snow and Avalanche Research	Davos (GR)	www.slf.ch German, English, French, Italian
The Graduate Institute	The Graduate Institute of International and Development Studies	Geneva	www.graduateinstitute.ch English, French
WSL	Swiss Federal Institute for Forest, Snow and Landscape Research	Birmensdorf (ZH), Bellinzona (IT), Davos (GR), Lausanne (VD), Sion (VS)	www.wsl.ch German, English, French, Italian

Source: Swiss National Science Foundation (SNSF)

12.6 SWITZERLAND INNOVATION – THE SWISS INNOVATION PARK

Switzerland Innovation, the Swiss innovation park provides access to the expertise of the world’s leading universities, among them the Swiss Federal Institute of Technology (ETH), which ranks among the top 10 universities worldwide. This expertise is used to make innovations in the areas of health and life sciences, energy, the environment and natural resources, manufacturing and materials, and computer and computational science marketable.

Switzerland Innovation creates a platform for R&D professionals to further their research activities in partnership with top-ranking universities and higher-education institutions and can call upon the expertise of more than 10,000 researchers. The R&D staff located at Switzerland Innovation sites benefit from the opportunity to collaborate with highly qualified specialists, researchers and engineers and access to an international network of institutes, universities, development partners and knowledge-transfer platforms.

Innovative companies are thus provided with the perfect conditions to focus on quickly transforming their investments and technologies into marketable innovations. New scientific knowledge, methods and technologies are made commercially viable, and research results are used for development of new products and services. Working together closely in a single space accelerates the development process for all parties.

12.6.1 Innovation Focus Areas

Switzerland Innovation focuses on five innovation focus areas: health and life sciences, mobility and transportation, energy, the environment and natural resources, manufacturing and production, and computer and computational science. Each of these fields is a breeding ground for the development of a broad range of innovations that benefit society in areas such as robotics, artificial intelligence, space, nanotechnology, materials research, additive manufacturing, diagnostics, cancer treatments or renewable energy.

12.6.2 Switzerland Innovation Parks

Switzerland Innovation Park Network West EPFL

Switzerland Innovation Park Network West EPFL brings together the prestigious Swiss Federal Institute of Technology EPFL and the specialized sites of western Switzerland. The productive scientific environment of Switzerland Innovation Park Network West EPFL offers the perfect platform for disruptive innovation in all of the innovation focus areas. With direct access to research teams, innovation cells and the cutting-edge laboratories of the six innovation centers that make up Switzerland Innovation Park Network West EPFL, ideas are transformed into marketable products. Scientific collaboration enables the R&D teams of large corporations and start-ups to create the future with new innovations and product developments. By uniting the forces at the forefront of scientific and technological innovation, Switzerland Innovation Park Network West EPFL aims to generate private research and development investments for the disruptive innovation that will create the game-changing products of the near future.

Switzerland Innovation Park Zurich

Switzerland Innovation Park Zurich is in close proximity to the top-ranking Swiss Federal Institute of Technology (ETH) Zurich and the University of Zurich, and just outside Zurich, the city with the highest standard of living in Europe. Innovations secure a company’s entry into the markets of the future. Switzerland Innovation Park Zurich provides the ideal conditions for academic and industrial researchers to achieve success in international markets more quickly. It offers physical proximity, the opportunity for interdisciplinary communication and a creative environment. The findings from different research areas and the practical experience of the companies accelerate the development of new, marketable products, services and technologies. And this all takes place at a site that is only a 15-minute drive from the international airport and the city center of Zurich.

Innovation focus areas and specialist areas
(FIG. 65)



Source: Switzerland Innovation; own representation S-GE

Switzerland Innovation Park Basel Area

Switzerland Innovation Park Basel Area is an independent biomedical and biotech research playground for academic, pre-competitive and spin-out R&D collaboration. As an independent catalyst for R&D in biotech and biomedical engineering, sciences and technologies it helps to spearhead innovation at the nexus of life sciences, IT and materials science, as well as biotech and medtech. Its facilities provide plug-and-play labs and office space located at the heart of Europe's leading life-sciences cluster close to the center of Basel. EuroAirport Basel-Mulhouse-Fribourg is within 15 minutes' drive. The park's mission is to nurture a collaborative community and to build strong partnerships between resident groups and its network of partners.

Switzerland Innovation Park Innovaare

Situated in close proximity to the Paul Scherrer Institute (PSI), Switzerland's largest research institute for the natural sciences and engineering science with more than 2,000 scientists and engineers, and boasting a unique complex of large research facilities, Switzerland Innovation Park innovaare is the perfect place for science-driven innovations. With a strong focus on four innovation areas – accelerator technology, advanced materials and processes, humans and health and energy – Switzerland Innovation Park innovaare supports large enterprises and SMEs from many different industries in their R&D activities. Switzerland Innovation Park innovaare has been in operation since 2015 and offers generous office space and conference facilities as well as state-of-the-art laboratories and clean rooms. Thanks to its central location with two international airports just an hour's drive away, a business-friendly environment and a fast-growing innovation ecosystem of high-tech residents, Switzerland Innovation Park innovaare is on its way to becoming the place where innovation accelerates.

Switzerland Innovation Park Biel/Bienne

Switzerland Innovation Park Biel/Bienne carries out application-oriented research and innovation in the areas of industry 4.0, advanced manufacturing technologies, energy, mobility and medtech. A quarter of all industrial jobs in Switzerland are located in the greater Biel/Bienne region and focus on the area of research. Research partners with specific expertise are active in each focus area. The time it takes for an idea to become a marketable product is significantly reduced by the additional services, coaching and business expertise on offer. Switzerland Innovation Park Biel/Bienne supports and encourages business and innovation teams. It provides infrastructure (space and laboratories), research services and services for SMEs and start-ups and helps them to develop and create a marketable product.

12.6.3 Target Audience

The strategic position of Switzerland Innovation at the forefront of global research attracts many highly innovative businesses. Research teams and innovation cells work together in an environment that inspires innovation and is focused on successfully launching new products on the global market. Whether within their own fields or in complementary fields of expertise, easy access to advanced research and interdisciplinary collaboration speed up the realization of innovation and development goals for all residents. The target audience consists of:

- Medium-sized and large innovative companies that develop new marketable products, services and processes
- Established companies from high-tech industries with a high value-added ratio and a clear focus on R&D and innovation activities
- Research groups, R&D teams of corporations and start-ups
- Companies with an R&D focus that intend to cooperate with universities or research institutes at Switzerland Innovation

12.6.4 Services

A wide range of services and excellent research infrastructure have been specifically designed to ensure the full potential and operational effectiveness of R&D staff and innovation cells at Switzerland Innovation, for example:

- Assistance in collaborating with universities and other research institutes
- Interdisciplinary research centers that enable residents to network with the right contacts, increasing the potential of disruptive innovation
- Developing business cases and concepts and creating links between companies and research to help develop technology and innovation platforms
- Assistance in applying for Swiss governmental research funding and business loans for resident companies or companies planning to relocate to one of the Switzerland Innovation Park sites
- Interesting funding sources such as EU programs are easily identified with the help of skilled accounting staff
- Plug-and-play labs and flexible office solutions that cater to the needs of innovation teams
- Access to other companies working in similar areas inside and outside the innovation network that enables innovation cells to increase their reach and create successful collaboration synergies

www.switzerland-innovation.com
Switzerland Innovation Foundation
Languages: German, English, French



LIVING IN SWITZERLAND

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Image
Lakeside promenade, Lugano

Thanks to the excellent quality of life and the safe environment, life expectancy in Switzerland is among the highest in the world. The unspoiled natural surroundings and highly diverse cultural and recreational opportunities attract not only many tourists but also qualified foreign employees. Swiss households have an average monthly earned income of CHF 7,618, of which about 70% remains as disposable income for consumption after deduction of social security contributions and taxes. Switzerland therefore has the highest purchasing power in the world, despite relatively high prices.

13.1 SAFETY AND QUALITY OF LIFE

Switzerland is a very safe country and offers an extremely high quality of life. Switzerland receives high scores, in both cities and rural regions, for important criteria such as income, healthcare, climate and geography, political stability, safety and security, individual freedom, and family and community life.

The Swiss cities of Zurich, Bern and Geneva have for years occupied the top spots in global rankings of cities compiled by the global consultancy firm Mercer (Fig. 66).

International Comparison of Quality of Life, 2016

(FIG. 66)

1	Vienna, Austria
2	Zurich, Switzerland
3	Auckland, New Zealand
4	Munich, Germany
5	Vancouver, Canada
6	Dusseldorf, Germany
7	Frankfurt, Germany
8	Geneva, Switzerland
9	Copenhagen, Denmark
10	Sydney, Australia
11	Amsterdam, The Netherlands
12	Wellington, New Zealand
13	Berlin, Germany
14	Berne, Switzerland
15	Toronto, Canada
33	Dublin, Ireland
38	Paris, France
39	London, United Kingdom
41	Milan, Italy
44	New York, USA
44	Tokyo, Japan
70	Hong Kong, Hong Kong

Source: Mercer Survey, Quality of Living Rankings, 2016

Everyone is guaranteed freedom of movement and safety – everywhere and at all times. There are relatively few large population centers or extensive monotonous and impersonal housing developments. Children generally walk to school unaccompanied. The safe environment and the traditional discretion of the Swiss people are widely valued. Even internationally known celebrities can mostly move about in Switzerland without personal protection.

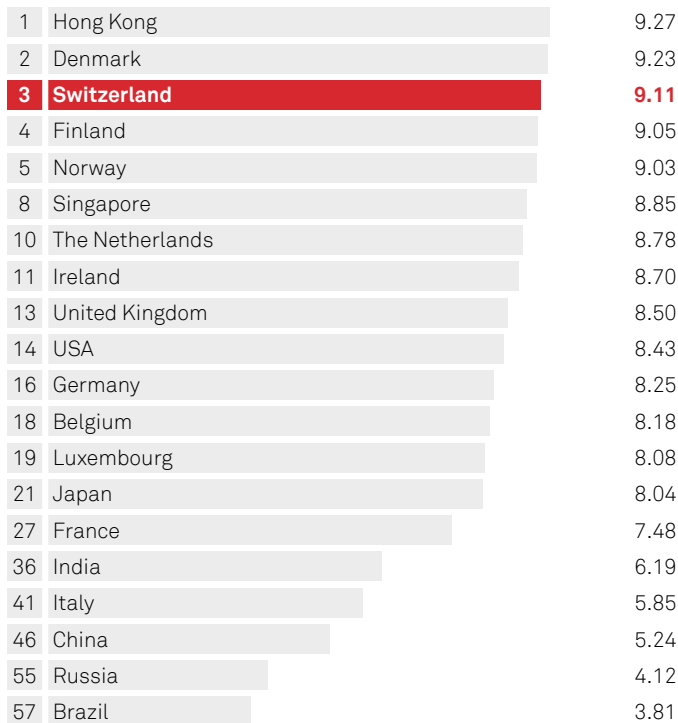
Switzerland acts like a magnet to qualified workers from abroad. According to a comparative study of the most attractive countries, Switzerland takes first place thanks to its stable economic and political climate, top-notch education system and high productivity. Its people also have high level of international expertise and enjoy an excellent quality of life.

“Switzerland is the country of choice for qualified workers from abroad.”

Personal Safety and Property Rights, 2016

1 = Low, 10 = High

(FIG. 67)

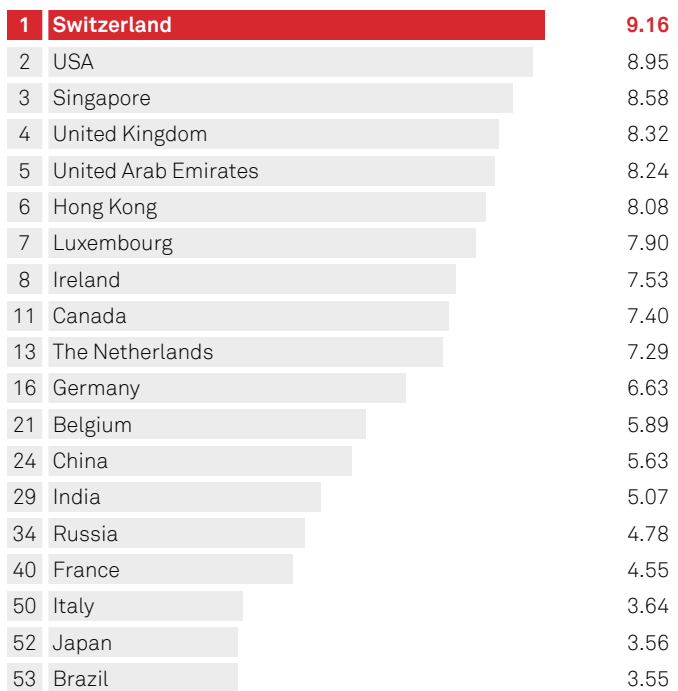


Source: IMD World Competitiveness Yearbook 2016

Attractiveness to Highly Qualified Personnel from Abroad, 2016

1 = Low, 10 = High

(FIG. 68)



Source: IMD World Competitiveness Yearbook 2016

13.2 RELOCATION AND INTEGRATION

More than 10,000 foreign enterprises currently operate in or from Switzerland. Many of them often send foreign managers and specialists to Switzerland for short-term temporary stays to work as expatriates. There are specialized relocation agencies, expat groups, books and websites designed to help these transferred employees settle in and adapt quickly to life in Switzerland.

Moving to a foreign country raises many questions depending on one's individual situation. Which school is the most appropriate? Where can you shop? How do we find a house? How high are the taxes, duties and other fees? There are competent, internationally experienced consultants in all parts of the country who can give further assistance with these issues. Specialized relocation agencies offer comprehensive packages that cover relocation issues and the initial orientation period in Switzerland. The Internet offers a wealth of information. A number of the cantonal economic development agencies also have their own online information platforms that cater specifically to expatriates.

www.ch.ch > Moving to Switzerland
Moving to and within Switzerland
Languages: German, English, French, Italian

13.2.1 Moving

The personal effects of people moving to Switzerland (household items, personal collections, animals, vehicles, etc.) can be imported duty-free. The only requirement is that the imported items must have been used personally abroad for at least six months and will continue to be used in Switzerland after arrival. In addition to a list of personal effects to be imported, the entry-point customs office must on arrival also be provided with an employment contract, rental agreement or the de-registration certificate from the country of departure (for citizens from EU25/EFTA countries) or residence permit (nationals of other countries). After entering Switzerland you are obligated to register with the local residential authorities within fourteen days. To do so, the following documents are required:

- A valid official identification document such as a passport or ID card (for each family member entering the country)
- Confirmation of health insurance (proof of mandatory basic coverage) The period for registering with a Swiss health insurance fund is three months, so confirmation of health insurance can also be submitted later.
- A passport photo (for each family member entering the country)
- Marital status documents (e.g. an excerpt from the register of births and marriages, marriage certificate, birth certificates for children, etc.)
- An employment contract

If a vehicle is being brought into Switzerland, it must be registered for a technical inspection and be insured and licensed in Switzerland within twelve months. A Swiss driver's license is also required within the same time period.

www.ezv.admin.ch > Information individuals > Personal property, students, holiday homes, getting married and inheritance
Form for listing imported personal effects
Languages: German, English, French, Italian

13.2.2 Language Courses

Many Swiss citizens understand English and/or a second national language of Switzerland. In order to become integrated into Swiss society, however, knowledge of the national language spoken in the particular region is a great advantage. Depending on the area, the language may be German, French, Italian or Romansh. The fact that there are four national languages in Switzerland does not mean, however, that all Swiss people speak four languages.

There are large numbers of private companies and individuals offering language courses tailored to every need. Public institutions also offer language courses in the respective national language, partly in conjunction with immigrant integration efforts. We recommend searching the Internet or consulting the Website of the Swiss Federation for Adult Learning for courses.

www.alice.ch > Courses
Swiss Federation for Adult Learning
Languages: German, French, Italian

13.3 RENTING AN APARTMENT

Anyone interested in renting an apartment should contact the advertiser (often a professional property management company) and set up an appointment to see the apartment. If the apartment meets your expectations, you are generally asked to fill out an application form. This form includes information such as age, marital status, profession or occupation, children, residential status, employer, salary and pets. Applicants are often required to provide an abstract from the debt enforcement register as proof that they can pay the rent. This document can be obtained from the local debt enforcement office.

13.3.1 Deposits and Rental Agreements

Tenants must often pay a certain amount in advance as a security deposit. This may total up to three months' rent, which is deposited in a special bank account in the tenant's name. The deposit serves as security for the landlord. After moving out, the tenant receives the deposit back with interest.

Tenants have the right to move into a clean and usable property. The formal handover takes place before the new tenant moves in. The tenant and landlord inspect the condition of the property together and record any defects in writing.

In general, tenants pay their rent monthly in advance for the next month. Tenants mostly also pay additional costs for heating, hot water or cable television, for example. Tenants receive monthly or quarterly bills from the utility company for the electricity consumed in the apartment itself. Since there are a number of providers of telephone and Internet services (and often cable television as well), tenants enter into separate agreements for these services and pay the providers directly.

“In Switzerland you can choose among countless providers of fixed-line and mobile telephony, VoIP and Internet access.”

If landlords wish to increase the rent (after renovation or a rise in mortgage rates, for example), they must do so using an official form. Any tenant who considers a rent increase to be unreasonable has 30 days in which to submit a written appeal to the arbitration authority.

The lease or rental agreement may be terminated by either the tenant or the landlord. The required terms of notice are stated in the agreement. Any tenant giving notice of termination must do so in writing, preferably by registered mail. Married couples have equal rights. This means that the notice of termination is not valid unless signed by both spouses. When moving out, tenants are required to hand over a clean property. The tenant and landlord inspect the condition of the property together and record any defects in writing. They then decide jointly which party shall pay for any repairs that might be necessary.

13.3.2 House Rules and Maintenance

In most cases, professional property management companies are responsible for building management. In large buildings in particular, there is also a building superintendent who can answer tenants' questions, make minor repairs and oversee security and maintenance. Regional tenants' associations can also assist tenants with problems.

www.bwo.admin.ch > Documentation > Publications > Info sheet for tenants

Important information for tenants
Languages: German, French, Italian

Tenants' associations

German-speaking Switzerland: www.mieterverband.ch

Language: German

French-speaking Switzerland: www.asloca.ch

Language: French

Ticino: www.asi-infoalloggio.ch

Language: Italian

13.4 TELEPHONE, INTERNET AND TV

Before liberalization in 1998, the Swiss telecommunications market was dominated by Swisscom. Today you can choose among numerous providers of landline and mobile telephone, VoIP and Internet services. Swisscom, Salt and Sunrise are the major providers of mobile telephone services. However, there are also other companies that use the networks of the major providers and offer very attractive terms (including M-Budget Mobile, CoopMobile, yallo, mobilezone). All services are also available to foreign nationals who are living in Switzerland temporarily. Even so, registration is obligatory (even for prepaid plans). Setting up Internet access is easy. Analog connections, ISDN, DSL and a variety of cable connections are available.

upc cablecom and Swisscom are the market leaders for television. With upc cablecom's analog cable connection, which is already installed in three-quarters of all Swiss households, you can receive more than 60 TV channels. An additional receiver is required for digital reception. It is also possible to receive more than 200 channels via the telephone line with Bluewin TV (from Swisscom). More than 300 regional cable operators offer services similar to those of upc cablecom. And of course you can also receive television programs via satellite. Anyone who listens to the radio or watches television in Switzerland must always pay reception fees. These license fees must be paid regardless of which programs are watched or listened to or how they are received. The license fees for radio and TV channels are invoiced and collected by Billag AG.

www.local.ch
Phone book
Languages: German, English, French, Italian

www.comparis.ch
Comparison of providers and prices
Languages: German, English, French, Italian

www.teltarif.ch
Comparison of providers and prices
Language: German

www.billag.com
Radio and TV license fees
Languages: German, French, Italian

13.5 INSURANCE COMPANIES

Swiss citizens enjoy comprehensive insurance coverage. Swiss families spend an average of 19% of their household budget on insurance. Medical insurance is by far the most expensive insurance.

Contributions to pension and unemployment insurance are mandatory, as are medical and fire insurance (for property owners). Contributions to pension and unemployment insurance are set by the government and are deducted directly from employees' salaries. Medical and liability insurance can be purchased privately based on one's own choice of provider.

Tenants are urged to take out insurance covering household contents and personal liability (available either separately or in combination). Contents insurance covers damage such as water damage to the floor caused by an overflowing bathtub. Personal liability insurance covers damage caused by the insured person to third parties (property damage and/or personal injury).

Every owner of a motor vehicle is required to have motor vehicle liability insurance. This covers personal injury and/or property damage caused by operation of the insured motor vehicle, regardless of who is driving the vehicle at the time of the accident. Comprehensive and fully-comprehensive cover are also recommended.

13.6 PUBLIC TRANSPORT

Thanks to public transport, people in Switzerland have many ways to get around, even if they do not have their own car. The rail, bus and boat network is very dense, and traffic intensity is one of the highest in the world. Boats not only operate for tourism purposes but also represent important transport connections. There is not a single village in Switzerland that is not served by some form of public transport at least every two hours.

There is a wide range of tickets and passes for public transport. The basic rule is that the longer a pass is valid, the cheaper it is. For a 12-month pass you pay the equivalent of eight months' worth of single tickets. And with the "General-Abo", a one-year pass for all forms of public transport, you can travel at all times on the entire SBB rail network, most private railways, boats, buses and urban transit networks. The low-priced "Halbtax-Abo", which is available for one, two or three years, gives holders a 50% discount on SBB routes as well as many private and mountain railways. Children up to 6 years of age travel free of charge. Under-16s with a "Junior-Karte" can travel for free with their parents, as can those with the "Enkel-Karte" when accompanied by their grandparents. Young people between the ages of 16 and 25 can ride free in 2nd class cars after 7 p.m. with the "Gleis 7" pass. Although these special rates benefit people living in Switzerland, tourists can also benefit from offers that are designed especially for them.

www.sbb.ch > SBB ticket shop
Timetables and ticket sales
Languages: German, English, French, Italian

www.swisstravelsystem.com
Traveling in Switzerland for foreign visitors
Languages: German, English, French, Italian

13.7 LEISURE ACTIVITIES

13.7.1 Recreational and Cultural Offers

Switzerland offers a great variety of cultural and recreational activities. It is no coincidence that the country is an ideal year-round destination for nature lovers, sports enthusiasts, people seeking peace and quiet, art aficionados and business travelers. Switzerland is synonymous with individuality, true relaxation and adventure. Both tourists and permanent Swiss residents find just what they need here: summer and winter sports on the doorstep, charming market towns and busy urban centers, culture and nature, relaxation and action every hour of the day. Thanks to decentralized residential development, cultural life and opportunities for participating in sports and social activities are plentiful in both the city and the countryside. Switzerland is home to prestigious events like the Lucerne Festival and Montreux Jazz festival, the Menuhin Festival in Gstaad, the Film Festival in Locarno, Art Basel, the Omega European Masters golf tournament in Crans-Montana, and Swiss Indoors Basel and the world-class athletics meeting in Zurich. In addition to these major events, there is also a lively local cultural scene.

With more than 900 museums, Switzerland has the world's highest density of museums. Nine opera houses and 15 theaters provide venues for a wide range of theatrical events, from amateur dramatics to performances by international artists. More than 800 libraries are open to the public. Switzerland's ten largest libraries hold more than 55 million titles.

Lovers of the great outdoors will find all their heart desires in the country's 20 nature reserves and on the more than 85,000 kilometers (53,000 miles) of footpaths and mountain hiking paths. The nature reserves cover a total area of 6,335 square kilometers (2,446 square miles) and thus about 15% of the total surface area of Switzerland. There are also 11 UNESCO World Cultural Heritage Sites to marvel at. These include the prehistoric houses on stilts all around the Alps, the terraced vineyards of Lavaux, the three castles of Bellinzona, the Benedictine monastery in St. Gallen and the old town of Bern.

Popular sports are also extremely beloved in Switzerland. Football clubs and gymnastics associations can be found in the smallest communities. Switzerland's sport infrastructure comprises more than 28,000 sports facilities, including more than 4,000 sports halls and more than 3,500 all-weather fields. In elite sports, it's clear to see that Switzerland is primarily a winter sports country. For example, Switzerland typically finishes among the top ten nations at the Winter Olympics. Tennis is one exception to this rule. There are no fewer than two Swiss players – Roger Federer and Stanislas Wawrinka – among the world's top ten (as at October 2016). It's therefore hardly surprising that the sport is extremely popular, even among amateur players.

- www.myswitzerland.com
Swiss Tourist Board, including calendar of events
Languages: German, English, French, Italian, Portuguese, Russian, Chinese, Japanese
- www.theater.ch
Theater and dance
Languages: German, French, Italian
- www.swissworld.org > Culture > Seasonal customs
Seasonal customs
Languages: German, English, French, Italian, Spanish, Russian, Chinese, Japanese

13.7.2 Associations and Volunteer Work

Many Swiss citizens are actively involved in clubs and pursue hobbies during their non-working hours. Even the smallest communities and villages cultivate and promote an active cultural and club life and offer the necessary infrastructure. From music, theater, sports and politics to hiking and conservation, there is hardly an area of life that does not have its own special club. There is often no clear-cut dividing line between hobbies and volunteer work. Approximately a fifth of the population in Switzerland engages in institutionalized volunteer and thus unpaid work. Since Switzerland does not require clubs and organizations to be registered, there is no complete list. However, the homepages of municipal websites generally give information about local clubs.

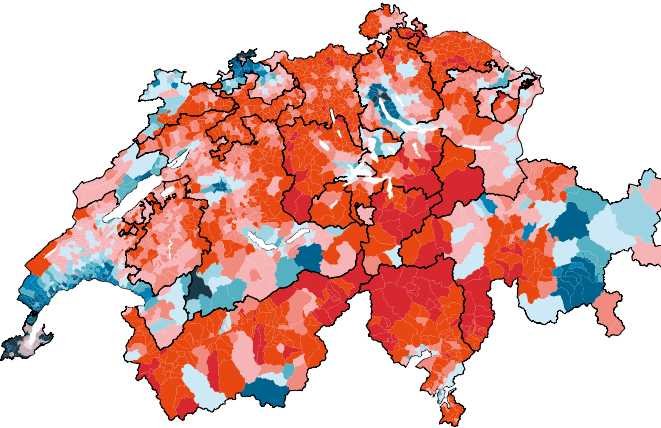
- www.benevol.ch
Volunteer work
Languages: German, French
- www.ch.ch > Addresses of administrative authorities
Addresses of administrative authorities
Languages: German, English, French, Italian

13.8 INCOME AND COST OF LIVING

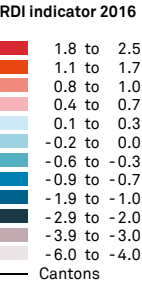
The average Swiss household has 2.19 inhabitants with a combined monthly earned income of CHF 7,618. Together with income from other sources and transfer income, gross income totals CHF 10,052. After deduction of social security contributions and taxes, approximately 70% remains as disposable income for consumption. There are considerable regional differences in real disposable income (after the deduction of all fixed costs). Real disposable income is below the Swiss average (low RDI value), not only in the business centers but also in a small number of mountain communities. These are popular tourism areas with very high real estate prices. The cantons of Aargau, Lucerne, Schaffhausen, Schwyz, Solothurn and Thurgau are in attractive locations and have high real disposable income (high RDI value), while the cities of Bern, Geneva, Lausanne and Zurich are at the other end of the scale (Fig. 69).

According to a UBS study (Fig. 71), Switzerland is in first place with the world's highest purchasing power, i.e. the highest real disposable income when compared with prices. The price level in Zurich is the highest in the world, followed by Geneva in second place and New York in third. In an international comparison of salaries Zurich also comes in first place, followed by Geneva and Luxembourg.

Real Disposable Income of Swiss Municipalities, 2016 (FIG. 69)



Source: Credit Suisse, 2016



Average Household Budget, 2013

(CHF)

(FIG. 70)

GROSS INCOME (EARNED INCOME, TRANSFERS, ETC)	10,052	100.0%
Mandatory transfer expenses	-2,748	-27.3%
Social security contributions	-1,008	-10.0%
Taxes	-1,180	-11.7%
Health insurance: premiums for basic cover	-560	-5.6%
Money transfer expenses to other households	-175	-1.7%
DISPOSABLE INCOME	7,130	70.9%
Other insurance, fees and transfers	-662	-6.6%
CONSUMER SPENDING	-5,481	-54.5%
Foodstuffs and non-alcoholic drinks	-645	-6.4%
Alcoholic drinks and tobacco	-106	-1.1%
Restaurants and accommodation	-579	-5.8%
Clothing and shoes	-225	-2.2%
Living costs and energy	-1,521	-15.1%
Furnishings and ongoing household costs	-274	-2.7%
Health spending	-261	-2.6%
Transportation	-786	-7.8%
Communication	-188	-1.9%
Entertainment, recreation and culture	-605	-6.0%
Other goods and services	-289	-2.9%
SPORADIC INCOME	342	3.4%
SAVINGS	1,329	13.2%
Number of people per household (median)	2.19	

Source: Swiss Federal Statistical Office (FSO), HABE, 2015

International Comparison of Purchasing Power, 2015

Net hourly income divided by the cost of the entire commodities basket, including rent

(FIG. 71)

Luxembourg	134.3
Zurich	130.5
Geneva	127.5
Munich	104.2
Frankfurt	102.0
Berlin	101.9
New York	100.0
Lyon	96.9
Paris	92.4
Dublin	91.4
Brussels	90.9
Oslo	86.6
London	85.3
Amsterdam	81.7
Rome	80.8
Tokyo	80.0
Hong Kong	70.4
Sao Paulo	65.4
Copenhagen	64.5
Moscow	41.4
Shanghai	29.6
Peking	23.6
Mumbai	20.3

Source: UBS, Prices and Earnings 2015

www.swissworld.org > Economy > Wages and prosperity

Consumer spending

Languages: German, English, French, Italian, Spanish, Russian, Chinese, Japanese

www.bfs.admin.ch > Economic and social situation of the population > Income, consumption and wealth

Statistics on income, consumption and wealth

Languages: German, English, French, Italian



INVESTMENT PROMOTION

14

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Investment promotion is an important part of Swiss economic policy and takes the form of close cooperation between businesses, the state, the cantons and Switzerland Global Enterprise. The activities used to promote foreign direct investment in Switzerland are organized and coordinated by Switzerland Global Enterprise on behalf of the state.

14.1 RESPONSIBILITIES AND SERVICES

In accordance with Switzerland's federal form of government, responsibility for investment promotion is shared between the federal government and the cantons.

Acting on behalf of the State Secretariat for Economic Affairs (SECO) and the cantons, Switzerland Global Enterprise (S-GE) informs foreign potential investors about Switzerland's particular strengths as well as the underlying conditions for doing business in Switzerland.

S-GE maintains offices abroad, known as Swiss Business Hubs (SBH). The specialists at these hubs are the first point of contact for foreign investors. Foreign investors from countries without SBHs can contact the S-GE team of experts in Switzerland directly. S-GE assesses the project's potential before passing it on to the cantons.

Area and cantonal economic development agencies are responsible for informing potential investors about the advantages of locating a business in their respective canton, presenting them with concrete location proposals, and organizing local support for investors as they settle in. Even after an investment project has been completed successfully, the economic development agencies continue to look after the investors through a kind of customer service.

S-GE supports foreign investors with the following tasks through the network of cantonal economic development agencies and various private-sector partners:

- Making contact with regional and cantonal economic development offices
- Looking for the ideal location in Switzerland
- Meeting legal and administrative requirements
- Working together with research centers and universities
- Obtaining work and residence permits
- Defining the ideal corporate structure and understanding the Swiss tax system

Switzerland Global Enterprise supports companies at all times throughout their investment project. Contact addresses can be found in the annex.

www.s-ge.com/invest

Switzerland Global Enterprise (S-GE)

Languages: German, English, French, Italian, Spanish, Portuguese, Russian, Chinese, Japanese

www.s-ge.com/cantons

Areas and cantons

Language: English

14.2 BUSINESS PROMOTION POLICY AND INSTRUMENTS

In line with Switzerland’s liberal economic system, economic policy in Switzerland focuses on optimum structuring and support for the general business environment. Financial assistance programs are time-limited and strategic. In general, financial assistance from the state always complements private initiatives.

The possible funding options, the mix of various instruments and the scale of payments depend on the specific investment project. There is always room for individual solutions. It is therefore advisable, once a project has been roughly evaluated, to discuss it with the cantonal economic development agencies first.

14.2.1 Cantonal Promotion

Most Swiss cantons have their own economic development agencies, although some of these work together with other cantons. All cantons can offer tax relief to businesses as an economic development incentive. Other forms of economic assistance vary from canton to canton, depending on interest and regional economic conditions.

14.2.2 Tax Relief as Part of Regional Policy

As part of federal regional policy, specific support is given for the economic development of structurally weak regions such as mountainous areas and rural districts. The federal government can support major investment and innovation projects as well as the establishment of new companies in these regions through tax relief (Fig. 73). The main requirement for federal tax relief is that the canton in question also supports the project by providing an equivalent level of tax relief.

The application process for tax relief in connection with regional policies is always handled by the cantons. The cantonal economic development agencies in question provide advice on the best way to proceed.

See also section 9.4.3

www.seco.admin.ch > Topics > Location promotion > SME policy
Tax relief (regional policy)
Languages: German, French, Italian

Examples of Cantonal Business Promotion Instruments

(FIG. 72)

AREA	TYPE OF SUPPORT
Procurement of sites and premises	<ul style="list-style-type: none">– Support in finding business premises and sites– Subsidizing the planning and/or development of industrial sites– Subsidizing the cost of converting corporate buildings
Taxes	<ul style="list-style-type: none">– Offering tax relief during the start-up or construction phase as well as for restructuring projects
Funding investment	<ul style="list-style-type: none">– Granting or assisting with securities for bank loans– Assisting with interest-rate cuts or paying/waiving interest costs– Offering interest-free or low-interest cantonal loans– One-off donations (outright grants)

Source: Legal basis and information from cantonal economic development agencies

Areas of Application for Tax Breaks, 2016

(FIG. 73)



● Areas of application as per DEA directive of July 1, 2016

Source: State Secretariat for Economic Affairs (SECO)

14.2.3 Commission for Technology and Innovation (CTI)

CTI is Switzerland's federal innovation promotion agency. For more than 60 years, it has fostered the transfer of knowledge and technology between businesses and universities. It brings partners from these two areas together in applied research and development projects and provides assistance to start-up companies during the development phase. Switzerland has one of the highest levels of innovation of any country in the world. CTI has a budget of about CHF 100 million and operates under the motto "Science to Market." Companies work with universities to generate new knowledge that can be used to develop products and services and bring them to market.

CTI provides funding for:

- Market-oriented R&D projects carried out jointly by companies and universities to develop products and services
- The formation and development of science-based companies
- Know-how and technology transfers through platforms and networks

R&D project grants are available in all disciplines involving scientific innovation. Project applications are submitted in accordance with the bottom-up principle. Grants are awarded on the basis of innovative content and market potential.

In its Venturelab program, CTI helps promising entrepreneurs get started by guiding them through customized training modules. The modules give them the tools and methods they need to implement an exciting business idea and establish a new company. Young entrepreneurs can also apply for professional coaching. Support is provided to knowledge-intensive technology-based companies with great market potential.

CTI's KTT support strengthens knowledge and technology transfer between universities and industries in the same region. Professionally-run national thematic networks (NTNs) provide on-site assistance to SMEs and universities in making contacts and developing projects. Innovative Swiss companies and researchers are also offered development opportunities through access to international programs and networks such as IMS, ESA and EUREKA.

www.kti-cti.ch

Swiss Commission for Technology and Innovation (CTI)
Languages: German, English, French, Italian

www.venturelab.ch

Venturelab
Languages: German, English, French

www.ctistartup.ch

CTI start-up
Language: English

14.2.4 Technology Parks and Business Incubators

Facilities and support centers designed to encourage or facilitate entrepreneurial activity are now part of an economy's infrastructure. Switzerland has a large number of technology parks and business incubator or start-up centers. Most have joined together to form networks or associations. They differ in concept and specific focus; some have developed in close cooperation with universities while others stem from purely private initiatives. They offer premises (generally at preferential rates) for the start-up and development phase as well as shared infrastructure and professional support.

Participation by their umbrella organizations in international networks enables them to use technology park infrastructures throughout Europe. This enables companies to speed up the difficult start-up phase and save on start-up costs. A number of business incubation centers have also been formed in major cities. They too serve as short-term start-up locations for foreign companies establishing new operations in Switzerland by providing flexible and expandable premises, contacts, and business incubation support.

Technology parks and business incubators have the following advantages:

- They provide services such as advice, coaching, telephone services, etc.
- They offer contacts to universities
- Companies are surrounded by like-minded entrepreneurs
- Good infrastructure and flexible premises
- Networking
- Higher chance of success: The average survival rate is more than 90%

www.swissparks.ch

Association of Swiss Technology Parks and Business Incubators
Language: English

“Numerous technology parks and business incubators offer premises, shared infrastructure and professional support.”

Science parks, incubators, and research institutes

(FIG. 74)

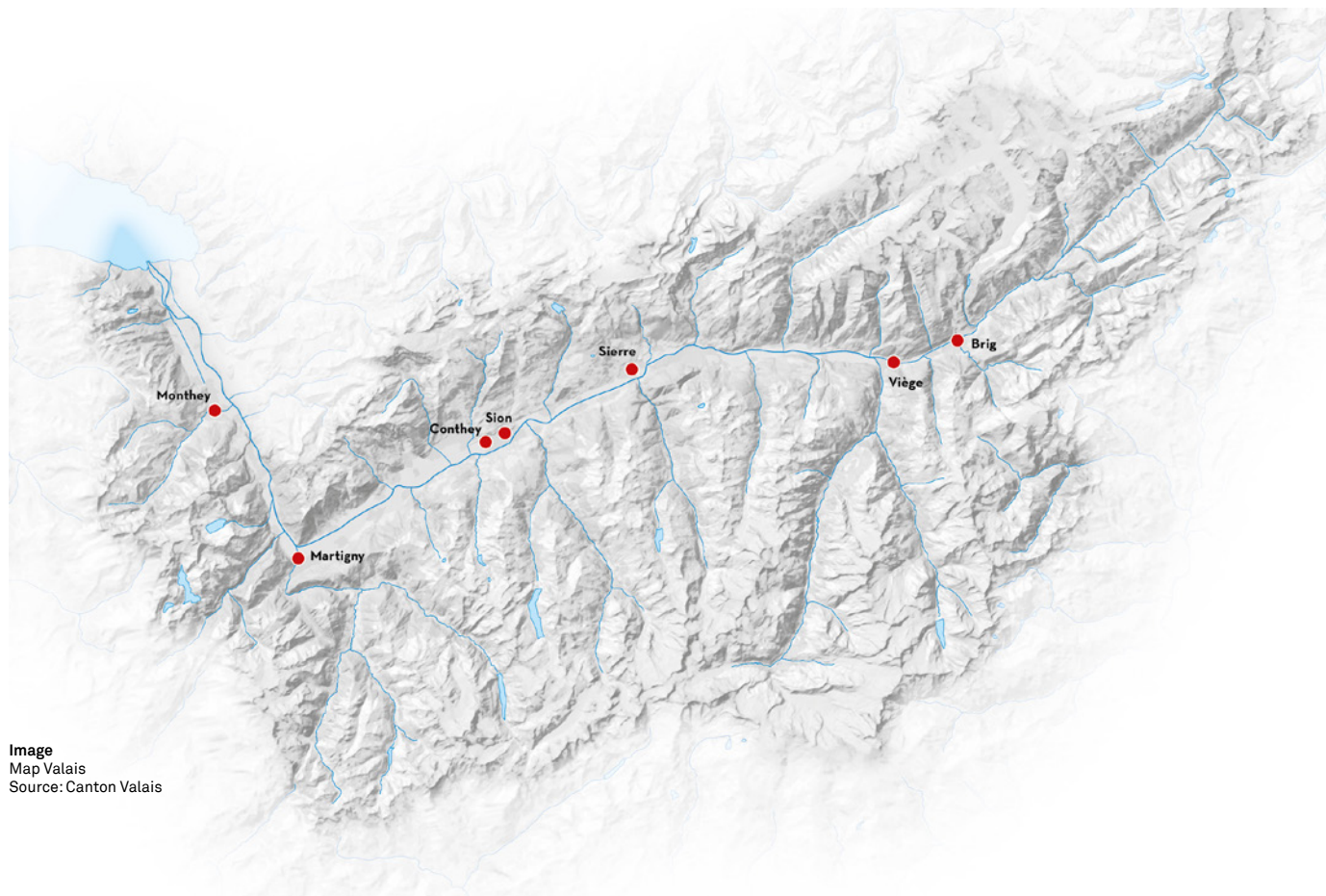


Image
Map Valais
Source: Canton Valais

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www.bioarkvisp.ch



ANNEX

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15.1 INTERNATIONAL NETWORK

15.1.1 Swiss Business Hubs Investment Promotion (Target Markets)

Europe

Germany

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15.1.2 Other Swiss Business Hubs of Switzerland Global Enterprise

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15.2 CANTONAL NETWORK



Economic Development Office

The Economic Development office promotes and supports sustainable and balanced growth in the Valais economy through the implementation of cantonal policy on tourism and economics, as well as regional policy. Working in tune with the needs of the client, the service supports start-ups, institutions, companies already established in Valais, and those looking to move to the canton. It promotes innovation, establishes favourable conditions and coordinates activity between different economic players.

www.business-valais.ch



Center for Guarantees and Financing

The CCF SA (Centre de Cautionnement et de Financement) is the financial arm of Business Valais. It offers advice to new and existing companies in Valais, aimed at assisting them during start-up, development or restructuring phases, as well as on financial evaluation assignments. It also offers financial support in the form of equity to companies based in Valais, or who are in the process of setting up in the canton.

www.ccf-valais.ch



Antenne Région Valais romand

Operating within the French-speaking part of the canton, Antenne Régions Valais romand serves the local authorities (the communes, prefectures and regions) at a socio-economic level through economic development and socio-cultural and health projects. It provides existing and early-stage traditional businesses with local support in a range of areas including: establishing a company, business development, recruitment, fundraising and general consultation.

www.regionvalaisromand.ch



Regions- und Wirtschaftszentrum Oberwallis (RWO)

RWO operates within the German-speaking part of the canton and is active in three economic areas: economic support, regional management and knowledge transfer. It provides existing and early-stage traditional businesses with local support in a range of areas including: establishing a company, business development, recruitment, fundraising and general consultation.

www.rw-oberwallis.ch



CimArk SA

Technological services provider of Business Valais, CimArk brings a professional support to companies active in high value-added areas (ICT, life sciences, energy and environment) through targeted services (technology valorisation, business creation, innovation in SMEs and start-ups...). CimArk is the operational arm of The Ark, the Foundation for Innovation in Valais. In this way, CimArk serves the economic fabric by supporting SMEs, start-ups and research institutes in their diversification and innovations.

www.cimark.ch

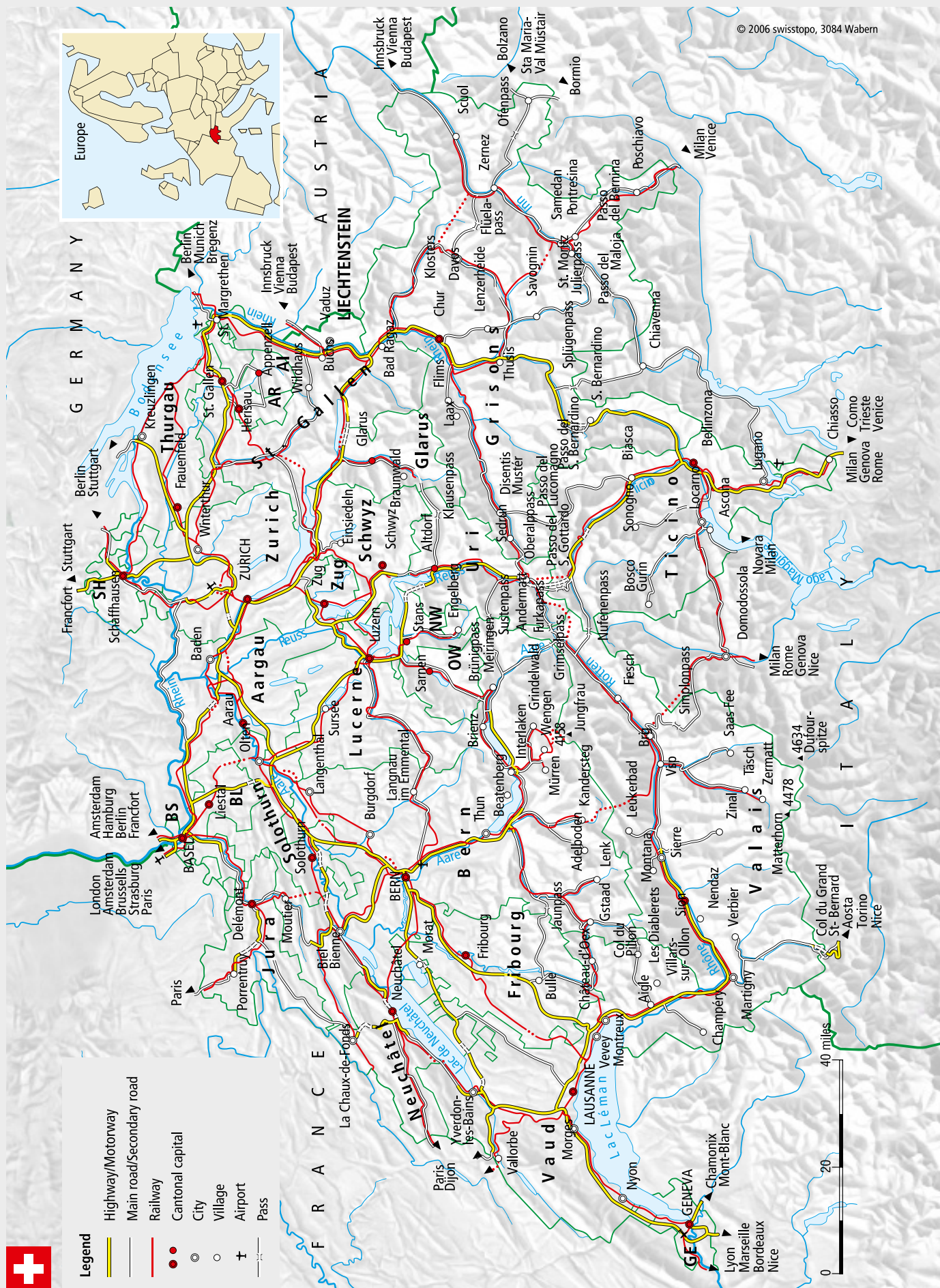
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MAP OF EUROPE



MAP OF SWITZERLAND

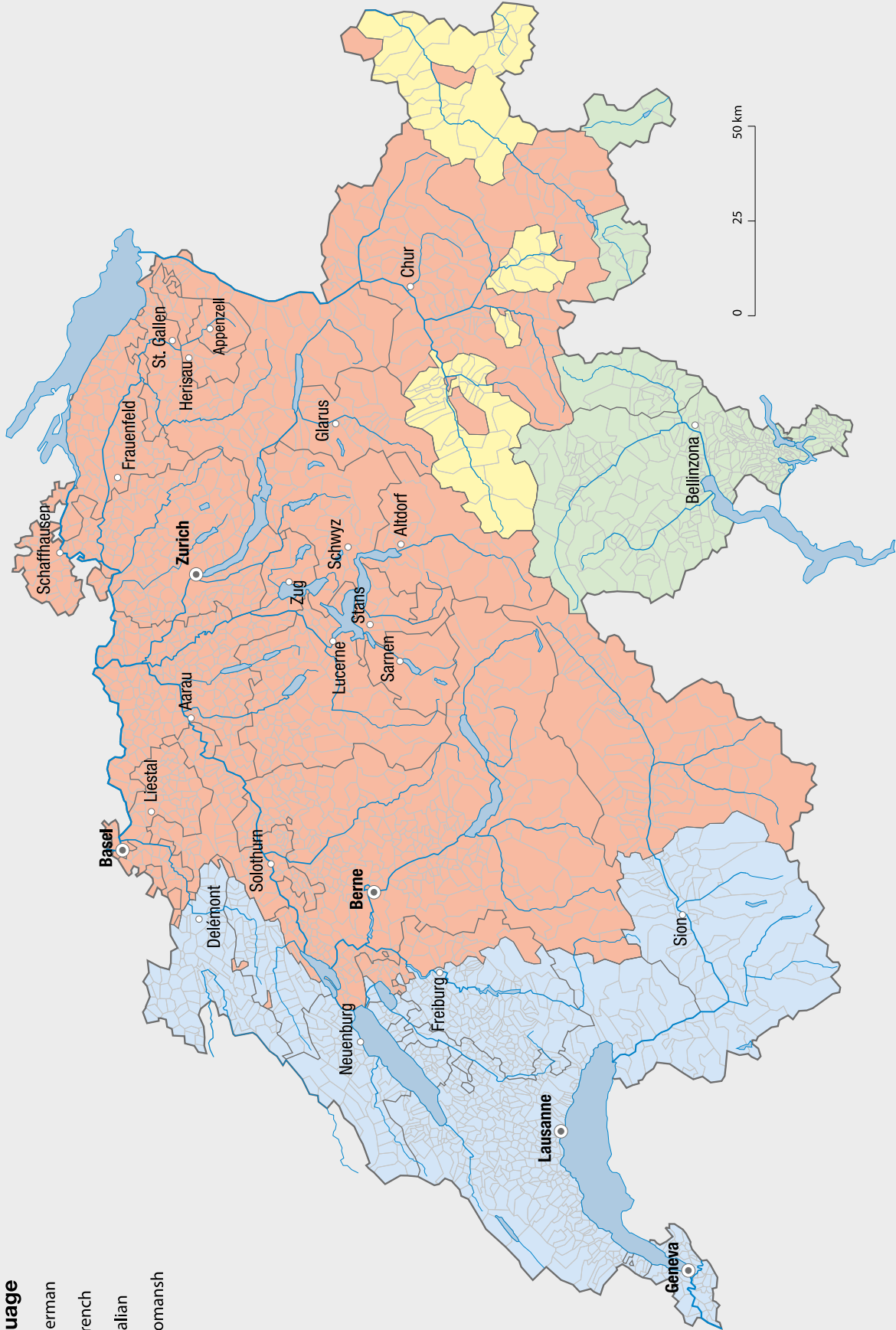


LINGUISTIC AREAS OF SWITZERLAND

Language regions

Language

- German
- French
- Italian
- Romansh



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